



**PPRA**  
PUBLIC PROCUREMENT  
REGULATORY AUTHORITY

# ANNUAL REPORT

## 2021 - 2022

**UPHOLDING PROCUREMENT  
STANDARDS**

Prepared in accordance with Section 26 of the  
Public Procurement and Asset Disposal Act, 2015.



### Vision

A dynamic public procurement and asset disposal system for a prosperous nation.

### Mission

To regulate the public procurement and asset disposal system through monitoring and enforcement for socio economic development in Kenya.



### Core Values

In the endeavour to realize its vision and mission, PPRA upholds the following core values:

- Integrity.
- Customer focus.
- Courage.
- Teamwork.



### Slogan

Upholding Procurement Standards.





## **PPRA ANUAL REPORT 2021 – 2022**

Prepared in accordance with section 26 of the  
Public Procurement and Asset Disposal Act, 2015.

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# Abbreviations and Acronyms

<b>AA</b>	Automobile Association of Kenya
<b>AGPO</b>	Access to Government Procurement Opportunities
<b>APPs</b>	Annual Procurement Plans
<b>CAJ</b>	Commission on Administrative Justice
<b>CECM</b>	County Executive Committee Member
<b>CMS</b>	Case Management System
<b>DC</b>	Debarment Committee
<b>eARCMS</b>	electronic Administrative Review Case Management System
<b>FY</b>	Financial Year
<b>GDP</b>	Gross Domestic Product
<b>GESDek</b>	Governance for Enabling Service Delivery and Public Investment in Kenya
<b>GIZ</b>	German Agency for International Cooperation
<b>HoAGDP</b>	Horn of Africa Gateway Development Project
<b>ICSK</b>	Institute of Certified Public Secretaries
<b>ICT</b>	Information Communication Technology
<b>IFMIS</b>	Integrated Financial Information Management System
<b>JKIA</b>	Jomo Kenyatta International Airport
<b>KeNHA</b>	Kenya National Highways Authority
<b>KIPPRA</b>	Kenya Institute for Public Policy Research and Analysis
<b>KISM</b>	Kenya Institute of Supplies Management
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>MAPS</b>	Methodology for Assessing Procurement System
<b>NDICC</b>	National Development Implementation and Communications Committee
<b>NDITC</b>	National Development Implementation Technical Committee
<b>NGAAF</b>	National Government Affirmative Action Fund
<b>NGCDF</b>	National Government Constituencies Development Fund
<b>OCDS</b>	Open Contracting Data Standard
<b>OCP</b>	Open Contracting Partnership
<b>PFMR</b>	Public Financial Management Reforms Secretariat
<b>PPD</b>	Public Procurement Department
<b>PPRA</b>	Public Procurement Regulatory Authority
<b>PWDs</b>	Persons With Disabilities
<b>SAGAs</b>	State Administered General Assistance
<b>SCAC</b>	State Corporations Advisory Committee
<b>STD</b>	Standard Tender Documents
<b>TNA</b>	Training Needs Analysis
<b>TVETs</b>	Technical and Vocational Education and Training



# CHAIRMAN'S STATEMENT

It is my greatest pleasure to present to you the Public Procurement Regulatory Authority's 2021–2022 annual report.

During the financial year, the Authority carried out its activities within the Public Procurement and Asset Disposal Act, 2015 (the Act). The robust law is aimed at strengthening procurement planning, promote growth of the Kenyan economy through gender mainstreaming and encouraging micro and small enterprises through participation in public procurement opportunities under preference and reservation schemes, ensuring transparency and accountability by streamlining the functions at the National Government, County Governments and all other public procuring entities (PEs) across the board.

During the financial year, the Authority enhanced the features of the Public Procurement Information Portal (PPIP) by incorporating additional modules to help in collecting data relating to preference and reservation schemes, use of direct procurement method and termination of procurement proceedings and general reports as procurement and asset disposal transactions. The upgrade also introduced an online self-registration module to enable Procuring Entities to self-register to reduce the turnaround time. The Authority has also been working closely with the Open Contracting Partnership (OCP) towards mainstreaming

Open Contracting Data Standard (OCDS) and standardising the data published through the Portal to make its retrieval, comparison and analysis easier. The Authority has institutionalized measures aimed at strengthening publication of contract awards by all procuring entities; this has included a directive to ensure that no physical reports are submitted to the Authority.

The Authority recognizes the immense support from the Government to ensure that the country gets a procurement and disposal system that is efficient and effective. It is envisaged that the full implementation of the e-Government Procurement System will reduce the challenges that have been experienced in public procurement system.

A well-funded regulator has the capacity of minimizing malpractices currently experienced in the public procurement system and immensely contributing to the fight against corruption. The Authority therefore recommends to the Parliament of Kenya and National Treasury and Planning to consider allocating adequate resources to the Authority to strengthen delivery of its mandate.

Reflecting on the achievements of 2021–2022 Financial year, I wish to commend the National Treasury and Planning for the great stewardship and commitment to the success and governance of the Authority. I also wish to recognize the various players in procurement industry for

their committed efforts to ensure that there is improvement in our procurement system.

Going forward and with the continued support of the Government and stakeholders, we see great opportunities abounding for the Authority as we commit to provide quality regulatory services by facilitating and ensuring the implementation of an effective and efficient public procurement and

disposal system. The Authority will within its mandate ensure that it is in tandem with emerging issues in procurement, technological changes and embrace best practices.



**Andrew M. Musangi**  
**CHAIRMAN**



# DIRECTOR GENERAL'S STATEMENT

**T**his annual report is prepared pursuant to the provisions of section 26 of the Public Procurement and Asset Disposal Act, 2015. It provides a summary of activities undertaken by the Authority during the 2021/2022 financial year with highlights of its operations, requisite statistical information; and challenges experienced during the review period and recommendations thereof.

Compliance and monitoring reviews have continued to ensure value for money is achieved by a public procurement system that pays attention to economy and efficiency. A strategic outcome of compliance has allowed stakeholders to understand and monitor how public funds are spent through public procurement.

During the period in review, the Authority monitored compliance through procurement assessments, reviews, contract audits, complaints management, investigations and review of mandatory reports submitted by Procuring Entities.

On Capacity building, the Authority continued to offer the appropriate training and advisory services to the procuring entities to ensure that the procurement process is indeed smooth for all the stakeholders.

The Administrative Review Board has continued to play a central role in ensuring bidders have an avenue to be heard when procurement disputes arise. The Board has strived to

exercise impartiality and demonstrate consistency in its decisions and is applying various strategies in its operations with an aim of enhancing efficiency in handling applications for review and compliance with the Public procurement law.

The Authority is committed to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders, the environment and society at large. During the year under review, the Authority participated in a tree planting activity at Kimondi Forest Station in Nandi County. This was in line with the Presidential directive on “inclusion of tree planting in Corporate Social Responsibilities activities.

A number of challenges affected the execution of the Authority’s mandate during the year under review; these include inadequate budgetary allocation and institutional capacity and delayed operationalization of the Capacity-building levy. It was noted that some procuring entities failed to submit mandatory reports as prescribed.

Beside these challenges, the Authority is committed to providing uninterrupted services to stakeholders within the ambit of its legal framework.



**Patrick K. Wanjuki**  
**Director General**

# Executive Summary

This report demonstrates the progress made by the Public Procurement Regulatory Authority (the Authority) in the execution of its mandate during the 2021/2022 financial year. The Report is segmented into four chapters with each addressing a broad area containing a number of strategic objectives. The first chapter provides the organizational overview of the Authority in terms of establishment and mandate/functions, vision, mission, core values and structure. Chapter 2 covers the Achievements of the Authority while chapter 3 outlines the Management of Internal Organization of the Authority. Chapter 4 presents conclusions and recommendations to the National Treasury and to Accounting Officers. The content of the subsequent chapters is summarised below.

## Strengthening Performance and Compliance Monitoring of the Public Procurement and Asset Disposal System

### (a) Review of Mandatory Reports

The Authority continued to monitor the level of compliance with the Legal and Regulatory Framework through review of mandatory reports submitted by procuring entities. During the period, **117** PEs submitted Annual Procurement Plans (APPs)

worth Kshs. **36,275,302,004.93** of which Ksh. **7,707,864,266.60** was reserved for procurement of goods, works and services from firms owned by disadvantaged groups, translating to an average of **21.2%**.

On contract awards, **315** procuring entities submitted to the Authority reports on contract awards worth Kshs. **137,297,174,922.28**. Some of the weaknesses observed included: some PEs failed to use the prescribed reporting formats thus ended up not disclosing all the required information, such as total contract values, thus making aggregation difficult; some procuring entities contracts with values or sums in different currencies thus making it difficult to establish the total contract sums for all contracts submitted by the PEs; and a number of the PEs submitted reports after lapse of the prescribed timelines, while a majority failed to submit the reports.

In addition, **883** reports were received on termination of procurement proceedings, **757** on use of direct procurement method, worth Kshs. **15,996,372,062.05**, and others in Euro **296,232,830.74** and USD. **4,426,262.08** and 36 on contract variations/amendments. On termination, the main reason given by most of the PEs for terminations is non-responsiveness of the tenders, quoted prices being above budget and material governance. On use of direct



procurement method, the major reasons were need for standardization and existence of only one supplier for the items under procurement.

### **(b) Compliance Monitoring Activities**

The Authority conducted **15** procurement assessments, **11** procurement reviews, **102** contract audits, **four** follow ups and **three** inspections. Based on the compliance monitoring activities, the average compliance level was **61.9%** which indicates average compliance with the Legal and Regulatory Framework.

On compliance monitoring activities, the average compliance level was **61.9%** which indicates average compliance with the Legal and Regulatory Framework. Some common weaknesses identified in the procurement systems of a majority of the PEs monitored, included: The PEs had not developed internal procurement and asset disposal manuals/policies to guide decision making on procurement operations as contemplated under Section 45(1) of the Act. In cases where the manuals/policies existed, they had not been aligned to the Regulations, 2020.

In addition, the PEs did not maintain individual procurement and contract files; in cases where the individual procurement and contract files were available, they were incomplete as some of the records were not available for review. The heads of Procurement Functions did not prepare monthly progress reports on

procurement contracts as required under Section 152 of the Act and Regulation 140 of the Regulations. Whereas most of the PEs used the standard tender documents while preparing the tender documents, a number of them had challenges in customising the standard tender documents. The PEs did not publicize all contract awards pursuant to Section 138 of the Act and Regulations 131 of the Regulations, PPRA Circular No.1/2021 of 22<sup>nd</sup> April 2021 and Executive Order No. 2 of 28<sup>th</sup> June, 2018.

### **Enhancing Enforcement of the Public Procurement and Asset Disposal Standards**

#### **(a) Complaints Management and Investigation**

The Authority handled **256** complaints out of which **128** were resolved while **128** were pending by close of the year. On the nature of the complaints, majority were on flaws in tender evaluation and specifications, request for review of procurement processes, alleged corruption during procurement proceedings and delayed payments. The Authority also completed **10** investigations commenced during the financial year.

#### **(b) Debarment**

On debarment, the Regulatory Board constituted a Debarment Committee to hear and determine all debarment cases. The Debarment Committee received **19** requests for debarment,

out of these 11 were determined not to have met the prima facie case and **five (5)** resulted into debarment determination. The remaining three (3) were undergoing analysis as at the end of the year.

### **Conducting Quality Research on Public Procurement and Asset Disposal Issues for Enhanced Service Delivery**

During the year, the Authority finalized and published the results of a market price index for the survey conducted in the fourth quarter of the 2020/2021 fiscal year. The published market price reference guide reports are available in the website [www.ppra.go.ke](http://www.ppra.go.ke) for reference by all stakeholders. The Authority due to financial constraints, did not undertake market surveys during the year to inform preparation of market price indices as envisaged in the Act and Regulations. As a result of this gap, there exists the risk of accounting officers not receiving proper guidance while making procurement decisions prices offered by bidders, which could erode the gains made in enhancing value for money in public procurement.

### **Research on Uptake of 30% Reservation by the Youth, Women and PWDs**

The Authority engaged Kenya Institute for Public Policy Research and Analysis (KIPPRA) to conduct a study to identify and assess factors influencing the uptake of the thirty

percent (30%) procurement spend set aside for Youth, Women and Persons with Disabilities in Kenya. The study included the development of strategies needed to strengthen the reforms aimed at enhancing the uptake of the reserved procurement opportunities for the target groups. The scope of the study included expenditure data collection, identifying factors affecting the target groups, challenges in scheme implementation, remedial measures, impact of the scheme in the economy, emerging issues and policy recommendations.

The study was finalized with some of the issues that emerged during the study included:

- (a) **Corruption and Lack of transparency in public procurement processes;** where the respondents indicated that the AGPO scheme has increased corrupt and unethical practices in public procurement, through request for bribes, favoritism and nepotism (relatives and friends of the public officials), and lack of transparency where the procurement process outcomes were not communicated to the bidders.
- (b) **Misuse of AGPO certificates;** where AGPO certificates were being used by non-targeted groups to win government tenders. This led to exploitation of the scheme by non-targeted persons through use of proxies with AGPO certificates to get tenders from public entities. This has resulted to

unfair competition with genuine bidders.

- (c) **Delayed payments;** where payment for performed contracts took longer time than expected time. This discouraged some bidders from taking up the reserved procurements.

Based on the study findings, the following recommendations are made:

- (a) To enhance the uptake of the procurement opportunities the National Treasury and the Authority should address the issues relating to corrupt and unethical practices including bribery cases, nepotism and lack of transparency in the procurement processes.
- (b) There is need to simplify the procurement processes, reduce many legal requirements and eliminate bureaucracy which hinders the target groups from easily accessing the reserved tenders which would consequently improve the uptake of the procurement opportunities.
- (c) The government to strengthen the framework of ensuring the affirmative action funds are accessible to the target groups given that most of the groups failed to uptake the procurement opportunities due to inability to finance the cost involved in the whole process.
- (d) Continuous sensitization/ awareness creation and trainings

focused on areas such as procurement rules, regulations and the general procurement process would be crucial in ensuring the target groups uptake the procurement opportunities given that lack of knowledge and skills was a major challenge. This can be achieved through workshops, exhibition forums, centralized systems to access reserved tenders and related information, to equip the target groups with the required information.

### **Strengthening the Public Procurement and Asset Disposal Legal and Regulatory Framework**

#### **(a) Advisory Services to Stakeholders**

The Authority received and addressed **116** requests for advices and clarifications from procuring entities and stakeholders mainly on: Use of and customization of the new standard tender documents and formats; Contract management (reporting, variation/ Amendment, extension, expiry); including contract variations and amendments, emanating from delays in conclusion of new procurement proceedings; Choice of procurement methods for different types of procurements; and Development and specification of evaluation Criteria.

## **(b) Regulatory Circulars and Directives**

The Authority during period issued three (3) directives/ regulatory circulars for compliance and or information by stakeholders. These included; Circular on Disclosure of Beneficial Ownership Information; Circular on Registration and Licensing of Procuring or Asset Disposal Agents; and Circular on Training of Procuring Entities on the Public Procurement Information Portal.

## **Equipping Persons Involved in Public Procurement with Requisite Knowledge and Skills on Public Procurement and Asset Disposal**

The Authority received **54** requests for training and technical support, of which **39** were facilitated and **15** postponed to the next financial year as the dates had not been agreed on. For **35** Majority of the requests were trainings on Public Procurement and Asset Disposal Act, 2015; Regulations, 2020; and development of internal operational manuals and policies.

## **Public Procurement Administrative Review**

The Review Board presided over **134** appeals/cases, which was a drop from **166** in the previous fiscal year. The decisions were rendered by the Review Board within **21** days and were signed, filed, and uploaded on the Authority's website: [www.ppra.go.ke](http://www.ppra.go.ke).

## **Achievements by the Authority**

The Authority is mandated under Section 9 (1), (a, b, d, e, n, r) of the Act to monitor, assess and review the public procurement and asset disposal system to ensure that they respect national values and other provisions of the Constitution, including those under Article 227 and make recommendations for improvement. This includes monitoring the performance of the system and reporting on its overall functioning.

During the year under review the Authority conducted **15** procurement assessments, **11** procurement reviews, **102** contract audits, **four** follow ups and **three** inspections. Based on the compliance monitoring activities, the average compliance level was **61.9%** which indicates average compliance with the Legal and Regulatory Framework. This is **9.71%** improvement when compared with the previous Financial Year.

The Authority handled **256** complaints out of which **128** were resolved while **128** were pending by close of the year and completed **10** investigations commenced during the financial year.

Further, The Authority engaged Kenya Institute for Public Policy Research and Analysis (KIPPPRA) to conduct a study to identify and assess factors influencing the uptake of the thirty percent (30%) procurement spend set aside for Youth, Women and Persons with Disabilities in Kenya.

The study included the development of strategies needed to strengthen the reforms aimed at enhancing the uptake of the reserved procurement opportunities for the target groups.

The Authority updated and included a revised Beneficial Ownership Information Disclosure Form in the Standard Tender documents as a requirement of the Executive Order No. 2 of 2018: Section 138 of the Act, Regulation 131 of the Public Procurement and Asset Disposal Regulation, 2020; Regulation 4 of the Companies (Beneficial Ownership Information).

### **Challenges Faced by the Authority**

During the year under review, the authority faced a number of challenges that constrained realization of the planned activities for the year. These include:

- (a) Inadequate budgetary allocation to the Authority that constrained implementation of statutory functions including issuance of the quarterly market price index, sensitization of stakeholders on the new standard tender documents and formats, compliance monitoring and conducting of investigations. This has crippled and limited the scope of operation of the Authority in realization of an efficient and effective public procurement and asset disposal system in Kenya.
- (b) Inadequate institutional capacity in

terms of human resource numbers and multidisciplinary competencies required to effectively implement the expanded mandate of the Authority.

- (c) Some procuring entities have continued to fail to submit mandatory reports as prescribed. This has denied the Government and stakeholders' valuable data for informed decision making on public procurement. This includes ignoring the Presidential Executive Order No. 2 of 2018.
- (d) Delayed Operationalization of the Capacity-building levy: The Authority has not been able to meet the stakeholder needs for capacity development due to constraints in funding which had been targeted once the levy was operationalized.

### **Recommendations to Stakeholders**

Based on the findings and experience from the regulatory activities implemented, the Authority recommends that:

- I. Parliament and the National Treasury should consider allocating adequate resources to the Authority to strengthen delivery of its mandate owing to the importance of ensuring efficiency and effectiveness in the public procurement and asset disposal system. A well-funded regulator has the capacity of minimizing malpractices currently experienced

in the public procurement system and immensely contributing to the fight against corruption.

2. Accounting Officers should:

- (i) Uphold compliance with the provisions of the Act while undertaking procurement and asset disposal proceedings for the purpose of increasing compliance levels of their respective procuring entities.
- (ii) Submit mandatory reports to the Authority within the prescribed timelines as well as publish in the Public Procurement Information Portal (PPIP) in accordance

with the provisions of the Executive Order No. 2 of 2018.

- (iii) Strengthen records and inventory management systems within their entities, to ensure continuity in procurement and contract records management.
- (iv) Continuously professionalize and build capacity of their staff on the Public Procurement Law and other relevant requirements.
- (v) Promptly pay suppliers and contractors within the stipulated contractual requirements.

# CORPORATE GOVERNANCE AND PERFORMANCE REPORT

**T**he Public Procurement Regulatory Board is committed to applying and maintaining the highest standards of corporate governance at the Authority as it recognizes this to be a key contributor to the long term success, value and sustainability of the Authority.

Good corporate governance enables effective and efficient decision making and gives a structural aid for the Board to discharge their duty to promote the success of the Authority while taking into account the interest of stakeholders. Effective governance is achieved through a combination of strong policies, process and structures, underpinned by the right values and culture.

The operations of the Authority are guided by the Public Procurement and Asset Disposal Act, 2015 (the Act) and other relevant Acts of Parliament and Regulations. The Authority has also adopted and continues to be guided by the *Mwongozo* Code of Governance in its operations.

## **The Public Procurement Regulatory Board**

The Public Procurement Regulatory Board is established under section 10(1) of the Act. Further, the Act provides for a regulatory Board to comprise of nine members and

a Director General who shall be the Chief Executive Officer of the Authority and the Secretary to the Board. The Regulatory Board is responsible for the long-term sustainability and success of the Authority through provision of strategic leadership, steadfast oversight of management and ensuring that the Authority provides its stakeholders with a balanced and understandable assessment of its current position and prospects. Specifically, the functions of the

Regulatory Board are:

- (a) Ensure the proper and effective performance of the functions of the Authority.
- (b) Approve and ratify the policies of the Authority.
- (c) Oversee the management, control and administration of the assets of the Authority in a manner an for purposes that promote the object and purpose of the Authority.
- (d) Recieve any gifts, grants, donations or endowments made to the Authority.
- (e) Determine the provisions to be made for capital and recurrent expenditure, and for the reserves of the Authority.
- (f) Open bank accounts for the funds of the Authority in accordance with the Public Finance Management Act, 2012.

- (g) Subject to the approval of the Cabinet Secretary, invest any of the Authority funds not immediately required for the purposes of the Act, as it may determine;
- (h) Co-operate with other organizations undertaking functions similar to its own, whether within or outside Kenya as it may consider appropriate and in furtherance of the functions of the Authority.

The Regulatory Board's leadership responsibilities involve working together with management to set corporate values and to develop strategy including which risks it is prepared to take in pursuit of strategic objectives. Its oversight responsibilities involve providing constructive challenge to the management team in relation to operational aspects of the Authority's business, including approval of budgets and probing whether risk management and internal controls are sound. It has the responsibility of ensuring that timely and understandable information is provided to stakeholders.

The Board has delegated the responsibility of management of the Authority to the Director General, who is the Chief Executive Officer, and the management team. During the year, the Board recruited a substantive Director General for the Authority to further strengthen the governance role. The main areas where the decisions remain with the Board are the approval of budget and annual corporate plan, approval of policies and approval of

financial statements. The Board is also responsible for setting the Authority's risk management policy.

As a good corporate governance practice, the Board has delegated some of its responsibilities to committees of the Board. The composition and activities of the committees are detailed later in this report. The Board receives reports at its meetings from the Chairmen of each of the committees on their current activities.

### **Board Independence, Separation of Roles and Responsibilities**

A clear division of responsibility exists between the Chairman who is non-executive, the non-executive Board members and the Director General. Each of the responsibilities is clearly set out in writing.

### **Meetings Attended by Board Members**

The law provides that the Board shall hold at least one meeting in every quarter. The Board holds regular scheduled meetings in every year and special meetings as and when necessary. In case of non-attendance of a Board member, the information is communicated to the Chairman in advance.

The Board Secretary, who is also the Director General, is responsible for implementing the decisions of the Board and the day to day operations of the Authority. The Corporation Secretary provides administrative support to the operations of the Board and convenes Board meetings as directed by the Chairman of the



Board. The Board Secretary provides advice on corporate governance principles and plans and also on the implementation of corporate governance programs such as Board evaluation. The Corporation Secretary is an advocate of the High Court, qualified certified public secretary and a member of the Institute of Certified Public Secretaries (ICSK) in good standing.

### **Board Committees and Responsibilities**

The Board discharges its functions through committees. All committees of the Board are chaired by a member of the Board. A number of members of the management team are incorporated in the Board Committees as invitees to add value to key Board decisions. This structure ensures that the Board pays attention to critical areas of the Authority's business and provides timely guidance on arising opportunities and mitigation of risks.

To enhance efficiency and effectiveness in discharge of its duties, the Board has formed four (4) board committees:

- (a) Finance and Administration Committee.
- (b) Compliance, Communication and Strategy Committee.
- (c) Audit, Risk and Governance Committee.
- (d) Debarment Committee.

### **Finance and Administration Committee**

The role of the Finance and

Administration Committee is to ensure a very effective supervisory role of the Authority in carrying out financial management and control, human resource management, administration, procurement, ICT and resource mobilization to support the delivery of the core mandate of the Authority.

The specific terms of reference of the Committee are as follows:

- (a) To ensure prudent management of the Authority's financial resources.
- (b) To ensure compliance with statutory financial regulations and, that the Authority has adequate financial resources to fund its programs.
- (c) To provide a general overview to the Board on the achievement of the Authority's Procurement Plans.
- (d) To monitor management's strategy toward ensuring efficiency and integrity of the Authority's procurement systems.
- (e) To assist the Board in ensuring that the Authority upholds Government policy on performance contracting and other statutory obligations.
- (f) To ensure that the Authority has an optimum, well trained and motivated human resource to deliver its mandate.
- (g) Review the corporate goals and objectives relevant to the performance of the management, including an annual review of their performance in light of these goals and objectives.

- (h) Recommend a management succession plan for the Authority and monitor the implementation of succession strategies approved by the Board.
- (i) To ensure efficient and effective operations of the Administrative Review Board Secretariat.
- (j) To advise on appropriate human resource policies in view of the changing needs of the Authority.
- (k) To advise on appropriate Information and Communication Technology strategies to support delivery of the mandate and in view of the changing needs of the Authority.
- (l) To advise on the acquisition and maintenance of office facilities and assets.
- (m) To monitor the management of the Pension Scheme on behalf of the Board with a view to ensuring that the obligations of the Authority are properly discharged.
- (n) To review on a quarterly basis, the authority's financial, procurement, and human resource management reports; and make appropriate recommendations to the Board.
- (o) To make recommendations to the Board on all matters relating to the welfare of the members of Public Procurement Administrative Review Board and the Public Procurement Regulatory Board.

### **Compliance, Communication and Strategy Committee**

The purpose of the Compliance,

Communication and Strategy Committee is to advise and make recommendations to the Board on how to ensure the proper and effective performance of the functions of the Authority. Its role is to ensure a very effective supervisory role of Authority in carrying out its core mandate and strategic functions.

The Terms of Reference of the Committee are as follows:

- (a) Advise the Board on compliance monitoring, public procurement policy matters, and any amendments to the Act and the Regulations to be proposed by the Authority.
- (b) Advise on strategies to be used by the Authority to ensure compliance with the procurement law.
- (c) Review and recommend to the Board best practice for benchmarking.
- (d) Advise the Board on the extent and mode of collaborations with other watchdog agencies.
- (e) Guide the Board on the Authority's technical support and capacity building strategy.
- (f) Review policies, guidelines, codes of ethics, standards and manuals to be used in the implementation of the procurement law.
- (g) Recommend to the Board corporate branding and reputation management strategies that will increase the profile of the Authority as the country's voice on procurement.
- (h) Advise the Board on communication strategies to be undertaken by the Authority for

dissemination of information to facilitate the implementation of procurement standards.

- (i) Advise the Board on strategies to be adopted by the Authority to manage key stakeholders.
- (j) Provide oversight over the implementation of the Strategic Plan.
- (k) To draw the annual calendar and work plan for the Committee.

### **Audit, Risk and Governance Committee**

The purpose of the Audit Committee is to support the Authority to enhance oversight over governance, internal controls and risk management in service delivery.

The specific role of the Audit, Risk and Governance Committee of the Board includes:

- (a) Evaluate adequacy of management procedures with regard to issues relating to risk management, internal controls and governance.
- (b) Review and approving the audit charter and the internal audit annual work plans.
- (c) Review the internal and external audit findings and recommendations and proposing corrective and preventive action where necessary.
- (d) Review the systems established to ensure sound financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- (e) Initiate special audit/ investigation on any allegations, concerns and complaints regarding corruption,

lack of accountability and transparency in consultation with the Director-General.

### **Debarment Committee**

The purpose of the Debarment Committee is provided under Sec. 41 of the Public Procurement and Asset Disposal Act, 2015 read together with Section 22 of the Public Procurement and Asset Disposal Regulations 2020. The main mandate of the Committee is to support the Authority to determine whether there is a sufficient ground for debarment of errant suppliers.

The Terms of Reference of the Debarment Committee are as follows:

- (a) To hear and determine debarment requests that have been submitted to the Authority.
- (b) To analyse debarment requests within thirty days and determine whether there is a prima facie case for debarment.
- (c) To issue a notice of intended debarment to the party who shall be the subject of the debarment proceedings requiring him/her to file a written response with the Board.
- (d) To, within twenty-one days of receipt of the response, hold debarment hearing to determine the disputed facts.
- (e) To prepare a report of its findings and recommendations, and make a determination on the request for debarment within thirty days from the date of hearing.

## **Board Remuneration**

The Board members are paid taxable sitting allowance as approved by the Minister responsible for finance following guidelines from the State Corporations Advisory Committee. The Chairman is paid honoraria at a rate approved by the Government. Transport expenses are reimbursed on travel for Board business at the prevailing Automobile Association of Kenya (AA) rates. The members are also entitled to outpatient and inpatient medical cover, and a personal accident cover.

## **Board Capacity Development**

Training and development programs were organized to equip the Board with the necessary skills for effective discharge of their duties and enhancing their understanding of the Authority's mandate. The trainings and capacity building programmes were on Director's Training on Corporate Governance offered by the Centre for Corporate Governance attended by two board members.

## **Conflict of Interest, Code of Conduct and Ethics**

The Board has developed a Code of Conduct, Ethics and Performance Manual to guide the Board members and staff of the Authority on ethical conduct.

The code requires that all Board members and employees disclose any interest that conflicts or may possibly conflict with the interests of the Authority. If a conflict of interest is declared, it is a requirement that the Board member affected is excluded from any discussion or decision over the matter in question.

## **Sustainability**

The Authority continues to be fully supported through Exchequer grants. Management confirms that with the support from the Government, the Authority will continue in business for the foreseeable future. For this reason, the Authority continues to adopt the going concern basis when preparing financial statements.

## **Risk Management and Internal Control**

The Board has put in place a comprehensive risk management framework which identifies and manages risk. The Authority continues to be guided by this risk management framework in its daily operations.

The Audit, Risk and Governance Committee of the Board regularly reviews the effectiveness of the internal control system. The Manager, Internal Audit functionally reports to the Audit Committee and serves as its Secretary.



**CHAPTER**

**1**

**ORGANIZATION  
OVERVIEW**

## 1.1 Introduction

The Public Procurement Regulatory Authority (the Authority) is established under Section 8 (1) of the Public Procurement and Disposal Act, 2015 (the Act) and is charged with monitoring, assessing and reviewing the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the constitution. The Authority is lead, governed and directed by the Public Procurement Regulatory Board (the Regulatory Board) established under Section 10 of the Act.

A part from the Regulatory Board described above, there exists also the Public Procurement Administrative Review Board (the Review Board) which is established under section 27 (1) of the Act. The Review Board is an independent procurement body primarily mandated to review, hear and determine disputes arising from public procurement and asset disposal activities. The Review Board is required to ensure reasonable access to its services in all parts of the Republic as far as it is appropriate to do so. The Authority provides secretariat and administrative services, as well as appointing the secretary to the Review Board.

## 1.2 Vision, Mission and Quality Policy Statement

### Vision

A dynamic public procurement and

asset disposal system for a prosperous nation.

### Mission

To regulate the public procurement and asset disposal system through monitoring and enforcement for socio-economic development in Kenya.

### Quality Policy Statement

The Authority is committed to providing quality regulatory services by facilitating and ensuring the implementation of an effective and efficient public procurement and disposal system that exceeds our customers and stakeholder's expectations.

The Authority is ISO 9001:2015 certified and shall endeavour to consistently achieve goals through continuously improving existing processes, systems and analysing methodologies in accordance with international standards and in line with changing needs of customers and stakeholders.

## 1.3 Core values

- **Integrity:** We uphold honesty and professional ethics in all our operations
- **Innovativeness:** We are a learning organization that embraces creativity and innovativeness in service delivery and responsibility to changes in the operating environment.
- **Customer focus:** We are

committed to upholding the highest standards in service delivery to all customers and stakeholders.

- **Courage:** We are bold in the execution of our duties.
- **Teamwork:** We work together towards the realization of our mandate.

## I.4 Statutory Functions of the Authority

Section 9 of the Act confers the Authority with the following functions:

- (a) Monitor, assess and review the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the Constitution, including Article 227 and make recommendations for improvements.
- (b) Monitor the public procurement system and report on the overall functioning of it and present to the Cabinet Secretary and the county executive member for finance in each county, such other reports and recommendations for improvements.
- (c) Enforce any standards developed under the Act.
- (d) Monitor classified procurement information, including that of specific items of security organs and making recommendations to the Cabinet Secretary.
- (e) Monitor the implementation of the preference and reservation schemes by procuring entities.
- (f) Prepare, issue and publish standard public procurement and asset disposal documents and formats to be used by public entities and other stakeholders.
- (g) Provide advice and technical support upon request.
- (h) Investigate and act on complaints received on procurement and asset disposal proceedings from procuring entities, tenderers, contractors or the general public that are not subject of administrative review.
- (i) Research on the public procurement and asset disposal system and any developments arising from the same.
- (j) Advise the Cabinet Secretary on the setting of standards including international public procurement and asset disposal standards.
- (k) Develop and manage the State portal on procurement and asset disposal and ensure that it is available and easily accessible.
- (l) Monitor and evaluate the preference and reservations provided for under the Act and provide quarterly reports.
- (m) Create a central repository or database that includes:
  - (i) Complaints made on procuring entities.
  - (ii) Record of those prohibited from participating in tenders or those debarred.
  - (iii) Market prices of goods, services and works.
  - (iv) Benchmarked prices.
  - (v) State organs and public entities that are non-compliant with procurement laws.

- (vi) Statistics related to public procurement and asset disposal.
- (vii) Price comparisons for goods, services and works.
- (viii) Any information related to procurement that may be necessary for the public.
- (n) Inform as applicable, the Cabinet Secretary, Parliament, the relevant County Executive member for finance, the relevant County Assembly or Auditor-General on issues on non-compliance with procurement laws once the relevant State organ or public entity ignores the written directives of the Authority, including material breaches of the measures established under the Act.
- (o) Generally, report to Parliament and the relevant county assembly.
- (p) Develop a code of ethics to guide procuring entities and winning bidders when undertaking public procurement and disposal with State organs and public entities.
- (q) In undertaking its functions, cooperate with state and non-state actors with a view to obtaining recommendations on how public procurement and disposal can be improved.
- (r) Ensure the procurement entities implement the preference and reservations and provide data to the Authority disaggregated

to indicate the number of disadvantaged groups that have benefitted;.

- (s) Perform such other functions and duties as are provided for under the Act and any other relevant law.

## **1.5 Organizational Structure**

The Authority is headed by the Director General and has two directorates namely; Directorate of Technical Services and Directorate of Finance and Administration each headed by a General Manager. The Corporate Services and ICT departments report administratively to the Finance and Administration Directorate, but functionally to the Director General. The Internal Audit Department reports functionally to the Board Audit Committee and administratively to the Director General.

The Technical Services Directorate comprises of Compliance; Monitoring and Evaluation Research, Reporting and Advisory Services; Complaints, Investigations, Enforcement and Debarment, Administrative Review Board Secretariat, and Regional Offices; whereas Finance and Administration Directorate comprises of Finance; Procurement, and Human Resource Management and Administration.



## THE BOARD OF DIRECTORS

The Act has established two Boards; the Public Procurement Regulatory Board which is the Board of Directors of the Authority, and the Public Procurement Administrative Review Board, an independent quasi-judicial body that presides over public procurement disputes.

## THE PUBLIC PROCUREMENT REGULATORY BOARD

The Public Procurement Regulatory Board (PPRB) is the management Board of the Public Procurement Regulatory Authority. It is established under section 10(1) of the PPADA 2015. Its main responsibility being oversight of management, operations and activities of the Authority. The PPRB was constituted in September 2018.



**Mr Andrew M. Musangi:**  
**Board Chairperson**

Mr Musangi is an advocate of the High Court of Kenya with more than 25 years in legal practice. He is the managing partner at Mukite Musangi and Company Advocates and was previously an associate at Sheth and Wathigo Advocates.

He is a previous Chairman of the Law Society of Kenya, Rift Valley Branch and a past Director of the Kenya Rugby Union. From 2005–2012 Mr. Musangi served as a Council member of the Nakuru Business Association. He has also Currently Mr Musangi also serves as the Chairman of GenAfrica Asset Managers; and as a Director at Smart Applications and at Resolution Insurance.

He holds a Bachelor of Laws degree (LL.B) (Hons) from University of Hull (UK) and a Postgraduate Diploma in Law from Kenya School of Law



**Commissioner Lydia W. Gachoya:**  
**Board Member**

Commissioner Lydia is a seasoned Human Resources specialist having worked in the private sector both locally and internationally up to Director level.

She has previously held the following positions: Head of HR, Unga Ltd; HR Team Leader, UN-The Netherlands; Regional HR Director, Colgate Palmolive and Commissioner, National Gender and Equality Commission.

She is the current Vice President, Regional Women Forum of International Conference of the Great Lakes Region. She also serves in the Board of St. Monica Childrens' Orphanage in Machakos.

She holds a Bachelor of Education from the University of Nairobi and a Post Graduate Diploma in Institutional and Project Management.



**Dr. Godfrey Kyalo Makau:**  
**Board Member**

Dr. Makau has vast experience in the education sector.

He is trained in Business Management, sociology, marketing, information systems management and MIS strategy up to expert level.

He also has sound experience in government high-level leadership, and drawing of policy guidelines for allocation of resources and management of public funds within the public procurement sector.

Dr. Makau offers consultancy services in areas of eCommerce, eBusiness strategy and strategic management. He is currently serving as a Lecturer at Jomo Kenyatta University of Agriculture and Technology. He holds a PhD. In Business Administration and MBA, Marketing from University of Nairobi and a BA (Sociology, Kiswahili, History and Government) from Kenyatta University.



**Mr Paul Nyamodi:**  
**Board Member**

Mr. Nyamodi is an Advocate of the High Court of Kenya with vast experience in legal practice. He has been practicing law for more than 22 years. He is the proprietor of VA Nyamodi and Co Advocates and was previously an Associate at the same firm.

Mr Nyamodi is also a director at Jamii Bora Bank, at Brook House International Schools and Uhoreru Ltd. He has previously served as a director at the Kenya Rugby Union and as Chairman of the He holds a Bachelor of Laws (LLB) degree from the University of Central England and a Diploma in Legal Practice from the Kenya School of Law.



**Ms. Lilian Abishai:**  
**Board Member**

Lilian has served as an alternate director at the Kenya Film Commission, and is a current alternate director at Kerio Valley Development Authority. She has a wealth of experience in negotiating high level financing, and contracts on behalf of the Government. She participated in the drafting of the Public Private Partnership legislation for Kenya.

Lilian holds a Bachelor of Laws degree from the University of Nairobi and a Diploma in Legal Studies from the Kenya School of Law.



**Livingstone Bumbe:**  
**Board Member**

Mr Livingstone Bumbe is the alternate to the Cabinet Secretary/National Treasury on the Board. He is a Deputy Director, Debt Management at the National Treasury.

He holds a Masters in Public Sector Management from the Africa University, Mutare, Zimbabwe and a Bachelor of Arts from the University of Nairobi.



**FCPA Jane Wanja Muthaura:**  
**Board Member**

FCPA Jane has over 33 years' experience in the fields of Finance, Accounting and Company Secretary. Jane currently serves in among other positions as: Chairperson Salaries and Remuneration Commission (SRC) Audit committee, Director – Mhasibu Sacco, Director -Empire micro system, Director – Association of Women Accountants of Kenya (AWAK).

She has previously held directorship and senior management positions in various institutions including: Director – Institutional Consultants Ltd, Council member - Institute of Certified Secretaries, Acting CEO – EACC, Director Finance and Admin – Mater Hospital, warehouse manager/chief accountant/Company secretary – East Kenya/Nairobi Bottlers Ltd. Jane holds Bachelor of Commerce (University of Nairobi), Master of Arts (ongoing) – Pan Africa Christian University. In addition she is a Certified Secretary, Certified Public Accountant, Certified Professional Mediator and Certified Financial Analyst. In addition, she holds professional membership of: Institute of Public Accountant of Kenya (ICPAK), Institute of Certified Secretaries (ICS), Institute of Directors, Kenya Institute of Management, Institute of Certified Investments and Financial Analysts among others.



**Ms. Linda Susan Ingari:**  
**Board Member**

Linda is a Supply Chain management specialist with over 18 years' experience in the Manufacturing, Education, Telecommunication and Banking Sectors. She is a resource person in supply chain management at Kenya Institute of Supplies Management (KISM) and a part-time facilitator.

Linda has served as: Team leader, Procurement and logistics, Equity Bank Ltd; Procurement manager, KCB Bank Kenya Ltd; Category Manager, Technology Solutions, Safaricom; Head of College Procurement Section, University of Nairobi (College of Agriculture and Veterinary services); Part-time Lecturer in Masters of Supply Chain Management at The University of Nairobi and Jomo Kenyatta University of Agriculture and Technology among other positions.

Linda holds master of Business Administration (Kenyatta University), Bachelor of Education (Arts) – First class honours (Kenyatta University), Graduate Diploma in Procurement and Supply (CIPS, UK), International Diploma in Supply Management (International Trade Centre), Postgraduate Diploma in Business Management among other qualifications.

She serves as a Board Member at Kenya Institute of Supplies Examination Board.

## THE PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD

The PPARB is established under section 27 (1) of the Act. It is a central independent procurement appeals Review Board. The functions of the PPARB include: review, hear and determine disputes arising from procurement and asset disposal activities; and perform any other function conferred to it by the Act, Regulations or any other written law. The profiles of members of the PPARB are provided below.

## THE PUBLIC PROCUREMENT ADMINISTRATIVE REVIEW BOARD



**Faith Waigwa**  
**Chairperson**

Ms. Faith Waigwa is an advocate of the High Court of Kenya and has been practicing law for more than 15 years. She is the Managing Partner of NOW Advocates LLP since March 2011. She has served as: Council member of the Law Society of Kenya, Deputy Secretary General of the East Africa Law Society and Vice President of the Law Society of Kenya. She has served as the Chairperson of the Review Board since 21st September, 2018.

She holds a Bachelor of Laws degree (LL.B) (Hons) from the University of Nairobi and a Postgraduate Diploma in Law from Kenya School of Law. She is currently a Post Graduate student at the University of Nairobi pursuing a Master of Laws degree (LL.M) in Environment and Natural Resources Law; with a specific interest in Regulation of Power and Energy and a Master of Laws (LL.M) degree in Oil and Gas at Strathmore University.



**Irene N. M. Kashindi**  
**Member**

Mrs. Irene Kashindi is an advocate of the High Court of Kenya, a Commissioner for Oaths and Notary Public with over 12 years' experience as a practicing advocate. She is a partner in the firm of Munyao Muthama and Kashindi Advocates. She was until June 2018 a partner in Hamilton Harrison & Mathews. She has a wealth of experience in commercial and civil litigation as well arbitration.

She has been a Partner and an Advocate in two leading law firms in Kenya, having been an advocate of the High Court of Kenya for over 12 years, six of which at partner level. She is a co-author of the Kashindi's Digest of Employment Cases. She holds a Masters and a Bachelor's Degrees in Law, and a Post-Graduate Diploma in Law, having done her thesis on public procurement.



**Mr. Hussein Were**  
**Member**

Hussein Were has over 27 years' experience in quantity surveying and project management. He also has 8 years experience in the field of governance and forensic investigation. Mr. Were is the Honorary Treasurer and member of Governing Council of the Architectural Association of Kenya; as well as Principal Partner and founder of Fanisi Consultants, a quantity surveying and project management firm.

He holds an MA (Building Management) and a BA (Building Economics) from the University of Nairobi.



**Dr. Paul Akida Jilani, DBA, MCIPS, CHSCA, CSSC, C Member**

Dr. Paul Jilani is a seasoned Supply Chain Specialist with over 15 years' extensive experience in industry procurement, logistics and supply chain management. He has extensive training and expertise in procurement and logistic processes, humanitarian supply chain, operations management, strategic sourcing and management, warehousing and distribution, shipping and imports management among others.

Dr. Jilani has previously worked as a Supply Chain Director, Advisory Contractual Role and been the Chairman of the Tetra Pak Sacco Limited. He has also been a part-time faculty of the KCA and JKUAT universities.

He holds a Doctor of Business Management in Global Supply Chain Management, a Master of Business Administration in Supply Chain Management, a Bachelor of Business Administration in Entrepreneurship, and a Graduate Diploma in Procurement & Supplies Management, UK.

He is a licensed member of the Kenya Institute of Supplies Management; a Certified Executive Coach and an alumnus of the Strathmore Business School Executive Coaching for Managers Program (ICF certified); and Public Policy Executive Program.



**Mr. Jackson Awele Onyango Member**

Mr. Awele is a partner at Awele Jackson Advocates LLP and a Board Member at the LSK SACCO Board of Management. He was instructed as a pupil and began practice as an Advocate at Kaplan & Stratton and later joined Oraro & Co, Clifford chance LLP and One Essex Court Chambers (London) before founding his current private practice – Awele Jackson Advocates LLP.

Mr. Awele advises and represents local and international clients in criminal, civil, public law and commercial legal disputes including property disputes, private client, insolvencies, labor, shareholder disputes, debt recoveries, redemption actions among others before the High Court, Court of Appeal, the Supreme Court and Chartered Arbitrators.

He holds a holds a Bachelor of Laws degree (Moi University), Postgraduate Diploma in Law (Kenya School of Law) and a Master's in Business Administration (Finance) (University of Nairobi) and various advanced certifications in Intellectual Property and other fields.



**CPA Isabel Juma Member**

CPA Isabel Juma is a Finance Professional with over 20 years of experience across Education, FMCG and Beverages. Seasoned in leading multi-faceted teams across Strategy, Capital Structuring and Financial Management functions, resulting in improved business efficiency and resource utilization. She currently holds the position of Finance Director in a leading brewing company in the region, and has been a Chief Finance Officer in an international private university.

She holds directorships at the CPF Financial Services Ltd and the Association of Women Accountants of Kenya, and is a member of the Institute of Certified Public Accountants of Kenya).

CPA Isabel is a Certified Public Accountant – Kenya, and a holder of Master in Business Administration and a Bachelor's in International Business Administration from the USIU.



**Nicholas Sauka Mruttu**  
**Member**

Mr. Mruttu has been a successful General Manager & commercial executive with over 20 years' experience in the FMCG, Telecommunications, Mobile Payments & Insurance Sectors, and has become an expert in Insurance; Distribution & the value chain; Budget control & management of sales & revenues in a very large organisation. He has previously held the positions of Head of Sales for a leading digital TV organization in Africa, General Manager – Retail for a leading insurance company in Kenya, and Head of Sales for two other leading telcom companies.

He holds a Global MBA from the United States International University (USIU) and a B.A. Economics from the University of Nairobi.



**Ms. Phyllis Chepkemboi**  
**Member**

Ms. Phyllis Chepkemboi is an Advocate of the High Court of Kenya with over 11 years' experience, a holder of an MBA degree with a bias for Human Resource Management and a certified professional mediator with a rich working experience in diverse fields including general law practice, litigation and conveyancing.

Ms. Chepkemboi has previously been employed at a state corporation in the water sector as a Manager (Legal & Compliance) and at Mumma Nyagaka & Co. Advocates as an Associate. She is a member of the Law Society of Kenya, FIDA-Kenya, and a Life member of the Kenya Red Cross. She was also a member of the national steering committee team that came up with the Water Act 2016.



**Alfred Mumpasoi Keriolale**  
**Member**

Mr. Keriolale has been a Community Based Natural Resource Management (CBNRM) Liaison Officer with the Ministry of Environment and Forestry and previously served in the NGO sector.

He has served as CEO/Secretary of Narok County Bursary Management Board.

He is pursuing a Master's of Business Management (Strategic Management) from the Maasai Mara University, and has a Bachelor of Education Degree from Egerton University.



**Njeri Onyango**  
**Member**

Mrs Njeri Onyango She is an Advocate of the High Court of Kenya, and proprietor of Njeri Onyango & Co. Advocates.

She previously served as a board member of the Independent Policing Oversight Authority (IPOA). She also serves as a member of the Sports Disputes Tribunal, FIVB Legal Tribunal, FINA Disciplinary Panel and the Africa Continental Result Management Hearing Panel (Anti-Doping).

Mrs. Onyango has also undertaken legal consultancies with various organizations nationally and internationally.

She holds an LLB Degree from the University of Nairobi and a Diploma in Law from the Kenya School of Law.

Mrs. Njeri Onyango is a fellow of the Chartered Institute of Arbitrators London and a member of the Chartered Institute of Arbitrators-Kenya chapter.



**Hon. Rahab Robi Chacha**  
**Member**

Hon. Rahab Robi Chacha is the founder of the Kuria Women & Youth for Change, that comprises of political and youth activist volunteers. Hon. Robi Chacha was previously a member of the County Assembly of Migori, and has been a Director, Youth & Gender at the Migori County Assembly Senator's Office. She has also been the Deputy Regional Coordinator, Nyanza & Western Region of the Truth, Justice & Reconciliation Commission.

She holds a Bachelor's Degree in Criminology and Security Studies from Rongo University and a Diploma in Human Resource Management.



**Dr. Joseph B. Gitari**  
**Member**

A political economist, Dr. Gitari has over three decades of frontline experience in human rights, governance and strategic communications nationally, regionally and globally.

Dr. Gitari has held senior positions in global development organizations in Kenya, Africa and other worldwide regions. He has also carried out several governance consultancies in public and corporate governance regionally.

Dr. Gitari holds degrees in: PhD (International Relations); an M.A.: International Relations and B.A.: Mass Communications and Political Science, all from the University of Denver, Denver, Colorado, USA.





**Steven Oundo Wandera Bwire, OGW Member**

Mr. Steven Oundo has over 24 years' experience in the Practice of Architecture and Alternative Dispute Resolution Mechanisms in the Construction Sector.

He is a past Chairman of the National Construction Authority, Past Chairman of the Association of Professional Societies in East Africa and a Past Chairman of the Architectural Association of Kenya (AAK).

Mr. Steven Oundo is a Fellow Member of the Chartered Institute of Arbitrators, A Fellow Member of AAK and a Trustee of the Registered Trustees of AAK.

He has a Bachelor of Architecture, (Hons) and an MBA both from the University of Nairobi.



**Ambrose Ngare, SS Member**

Mr Ngare is passionate on application of Alternative Dispute Resolution (ADR) in Conflict Management and Criminal Justice.

Notable achievements include being a leader on Prison Reforms and Human Behavior change and Leader in fake seed reduction in Kenya on Promotion of Food Security.

Mr. Ngare previously served at Kenya Seed as Head of Security, Egerton University as a Lecturer and Kenya Prisons Service as a Regional Coordinator.

He holds a Master of Arts in Criminal/Social Order; B.A. Sociology/political Science, PgD in Human Recourse Management from the UON,



**Eng. Mbiu Kimani OGW, HSC Member**

Eng. Mbiu Kimani is a Practicing Civil and Structural Engineer. Prior to this, Eng. Kimani worked with the Government of the Republic of Kenya, in the State Department of Public Works until he retired on 26th October, 2016. He was Acting Works Secretary from December 2015 up to his retirement in October 2016. He was Chief Engineer (Structural) from 1998 up to December 2015.

Eng. Mbiu Kimani has previously served on the Boards of; Sports Stadia (2012-2014) and Egerton University Council (2006-2013) as alternate to the PS, Public Works. He has also been a Committee Member-Githunguri Constituency Development Fund (2008-2012), Kiambu County.

He holds a M.SC (Construction), BSc (Civil Eng) and a Certificate in Earthquake Engineering and Seismology from the Institute of Earthquake Engineering and Engineering Seismology, University of Kiril and Metodi, Yugoslavia. He has also attended many Arbitration and Dispute Resolution Courses offered by the Chartered Institute of Arbitrators (Kenya Branch).

He is a Fellow of the Institution of Engineers of Kenya and a Registered Consulting Engineer with the Engineers Board of Kenya.



## MANAGEMENT TEAM



**Patrick K. Wanjuki**  
Director General

LLM (Public Procurement Law and Policy), LLB,  
BCOM, PGD (Purch. & Supplies Mngt), CIPS and  
MKISM



**Rose Nyamweya**

General Manager, Finance and Admin  
PhD (ongoing), MBA, Bcom, CPA(K), CPS(K)



**Henock Kirungu**

Ag. General Manager, Technical Services  
BA, B.Com, CIPS, PGD(Purchasing  
& Supplies), PGD (Computer Sci)



**Lucy J. Barno**

Corporation Secretary, Head of legal &  
Corporate Services  
LLB, Dip (Law), CPS (K),  
Advocate of the High Court



**Julius G. Mungai**

Manager, Internal Audit  
MBA, MA, BA, CPA (K), CPS (K), CISA



**Peter K Ndung'u**

Manager, MERRAS  
MA (Econ), BA (Econ), CIPS  
Dip (Purchasing & Supplies)-UK



**James K. Kihara**  
Manager, HR & Admin  
MBA, BA, MCIPS



**Chris Sakwa**  
Manager, Finance  
MBA, BBM, CPA (K)



**Philip J. Okumu**  
Ag. Manager, ARB  
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**Thomas O. Otieno**  
Manager, CIE  
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**Pauline O Opiyo**  
Manager, Compliance  
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**Samson Odhiambo**  
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BBIT, Higher Diploma IMIS



**Maximus K. Siwa**  
Head of Procurement  
MA,BA, Dip. Purchasing &  
Supplies, Dip. Education,  
MKISM



**CHAPTER**

**2**

**OVERVIEW OF PUBLIC  
PROCUREMENT  
SYSTEM IN KENYA**

## 2.1 Country Context and Background

The Republic of Kenya is located in the East Africa region with a land mass of 580,876.3 km<sup>2</sup> and an estimated population of 47.6 million<sup>1</sup> (KNBS, 2019), with an inter-censal population growth rate of 2.2 percent. Kenya operates under a devolved system of governance comprising of the National Government and 47 County Governments, following the promulgation of the Constitution of Kenya (the Constitution), in 2010. The two levels of government are distinct and inter-dependent with constitutionally assigned and protected functions and powers as defined in the Fourth Schedule of the Constitution. The National Government comprises of the National Executive, Parliament and the Judiciary; while the County Government comprises of the County Executive and County Assembly. The two levels are required to conduct their mutual relations on the basis of consultation and co-operation.

Public procurement in Kenya is highly decentralised at the level of procuring entities (Ministries and State Departments, State Agencies, County Departments and Agencies and other public entities), as covered under Section 2 of the Public Procurement and Asset Disposal Act, 2015 (the Act). In addition, this decentralisation has been mixed with some level of centralisation for purposes of economies of scale in the procurement of common user items under the Supplies Branch (<https://suppliesbranch.go.ke/>) framework contracts. The Act has also provided for utilisation of Consortium Buying for enhancing efficiency, economy and economies of scale in joint procurement of common interest goods by several procuring entities.

On the economic end, the nominal Gross Domestic Product (GDP) for Kenya in 2021 is estimated at KES 12.10 trillion (110.35 billion US Dollars), up from KShs 10.75 trillion (98.84 billion US Dollars) in 2020. The Kenya economy is estimated to have experienced a real GDP growth rate of 7.5 percent in 2021 UP from -0.3 percent in 2020, following the advent of the Corona virus Disease in late 2019 (COVID-19) coupled with the containment measures implemented by most countries, including Kenya. The measures adversely affected economic activities, slowing down the overall growth rate. Economic activities picked up in 2021 following the easing of the containment measures and continued roll-out of vaccination programmes, and implementation of post COVID-19 economic stimulus programmes.

On the fiscal side, the total Government expenditure grew from KShs 3,030,079 billion in 2020/2021 to KShs 3,214,810 billion in 2021/2022 fiscal year. Over the past five fiscal years, (2017/2018 to 2021/2022), total government expenditure has averaged 29.38 per cent and projected to grow further in the 2022/2023 fiscal year.

<sup>1</sup>Kenya National Bureau of Statistics (KNBS): 2019 Kenya Population and Housing Census, Volume

<sup>2</sup>Kenya National Bureau of Statistics (KNBS): 2021 Economic Survey

Globally, public procurement transactions account for, on average, 13% to 20% of Gross Domestic Product (GDP); with the global expenditure in procurement being estimated at over USD 9.5 trillion<sup>3</sup>. The World Bank in 2020 estimated that public procurement in Kenya accounted for 26<sup>4</sup> per cent of GDP; which translates to about KES 3.146 trillion. This is the amount of expenditure that the Public Procurement Regulatory Authority is required to ensure that it is spent in accordance with the requirements of Article 227 of the Constitution of Kenya, 2010.

The government, being faced with a constrained fiscal space and calls for consolidation, have implemented several measures aimed at ensuring that public procurement delivers value for money, through adoption of among others, electronic procurement systems. The Kenya Vision 2030 also prioritized reforms in public procurement aimed at enhancing efficiency and effectiveness in creating the fiscal space that allows for shifting of resources to implementation of the priority projects.

## **2.2 Public Procurement Legal and Regulatory Framework in Kenya**

The Constitution of Kenya, 2010 (the Constitution) under Article 227 requires that public procurements should be undertaken in accordance with a system that is fair, transparent equitable, competitive and cost effective. The Public Procurement and Asset Disposal Act, 2015 (the Act) was enacted in December, 2015 to give effect to the requirements under Article 227 of the Constitution. The Act became effective on 7<sup>th</sup> January, 2016, repealing the Public Procurement and Disposal Act, 2005. However, the Public Procurement and Disposal Regulations, 2006, remained in force until 2<sup>nd</sup> July, 2020 when the Public Procurement and Asset Disposal Regulations, 2020 (the Regulations) were gazetted. Over that transition period, the repealed regulations were being applied hand in hand with the Act, in accordance with the guidance issued by the National Treasury through the Treasury Circular No. 2/2016<sup>5</sup> of 29<sup>th</sup> March, 2016.

The Act and the Regulations were developed in line with international best practices, with the aim of enhancing accountability, openness, transparency and value for money in public procurement. These principles were further underscored by His Excellency the President of the Republic of Kenya, in June 2018<sup>6</sup> through issuance of the Executive Order No. 2 of 2018. The Executive Order led to the upgrading of the Tender Portal (the Portal); the Public Procurement Information Portal (PPIP) which is accessible through <https://tenders.go.ke>. The Portal is a central system for collection and dissemination of public procurement data and information; including for advertisement of public procurement opportunities as well as for publication of details of all contracts signed by procuring entities.

<sup>3</sup>Global Public Procurement Database by World Bank Group

<sup>4</sup>Global Public Procurement Database by World Bank Group

<sup>5</sup>Title: Operationalization of the New Public Procurement and Asset Disposal Act, 2015

<sup>6</sup>Title: Procurement of Public Goods, Works and Services by Public Entities.

The institutional framework overseeing the public procurement and asset disposal system in Kenya include the National Treasury responsible for overall policy formulation; Public Procurement Regulatory Authority (the Authority) which regulates the public procurement and asset disposal system, the Public Procurement Regulatory Board which handles debarment of errant tenderers; the Public Procurement Administrative Review Board (the Review Board) mandated to hear and determine tendering appeals; and the Kenya Institute of Supplies Management (KISM) responsible for regulation/management of professional conduct of procurement and supply chain management personnel in accordance with the Supplies Practitioners Management Act, 2007.

## **2.3 Adoption of Electronic Government Procurement System**

In an effort to automate public procurement and asset disposal processes, the Government implemented the Procure to Pay module in the Integrated Financial Information Management System (IFMIS). The module is used to undertake procurement transactions electronically including preparation of procurement plans and linkage with the line items in the budget, tendering through request for quotation and open tender, and use of inbuilt item master/catalogue for common user items. The system is currently being used at both the National and County Government procuring entities. A review of the efficiency and effectiveness of the existing Procure to Pay module was undertaken in 2017, with the aim of identifying weaknesses that required improvement. The review report recommended that the Government implement a standalone, end to end and a well-functioning e-Government Procurement system.

To this end the e-Government Procurement system Strategy was developed and approved, paving way for acquisition of the standalone system. The roll-out of the e-Government Procurement System is a major deliverable of the Program for Results aimed at strengthening Governance for Enabling Service Delivery and Public Investment in Kenya (GESDek), under the Public Financial Management Reforms Strategy, 2018–2023<sup>7</sup>. The process for implementation of the e-GP system has commenced with the contracted developer on site.

It is envisaged that full implementation of the e-GP System will reduce the challenges that have been experienced in public procurement system; some of which include: cases of weak compliance with public procurement procedures; poor development of specifications; weak data and information management; poor contract management; poor records management; delays in payment for delivered contracts; and high turnover and transfer of procurement professionals, are among others. These systems will also strengthen public procurement principles of integrity, efficiency, competition, economy, accountability and value for money for the services.

<sup>7</sup><http://npfmr.treasury.go.ke/public-financial-management-reforms-strategy-2018-2023/>

## 2.4 Public Procurement Statistics

Open public contracting has gained momentum over the years with efforts by policy makers and government alike implementing reforms aimed at deepening its principles in public procurement. With the aim of enhancing openness, accountability and transparency in Kenya, the President in 2018, issued an Executive Order No. 2 of June 2018 on Procurement of Public Goods, Works, Services by Public Procuring Entities. This paved way for the development and implementation of the Public Procurement Information Portal (PIIP/the Portal). The Portal a central system for collection and dissemination of public procurement data and information to stakeholders. The Portal has been collecting data on tender advertisements and details of the resultant contracts, for information to the public.

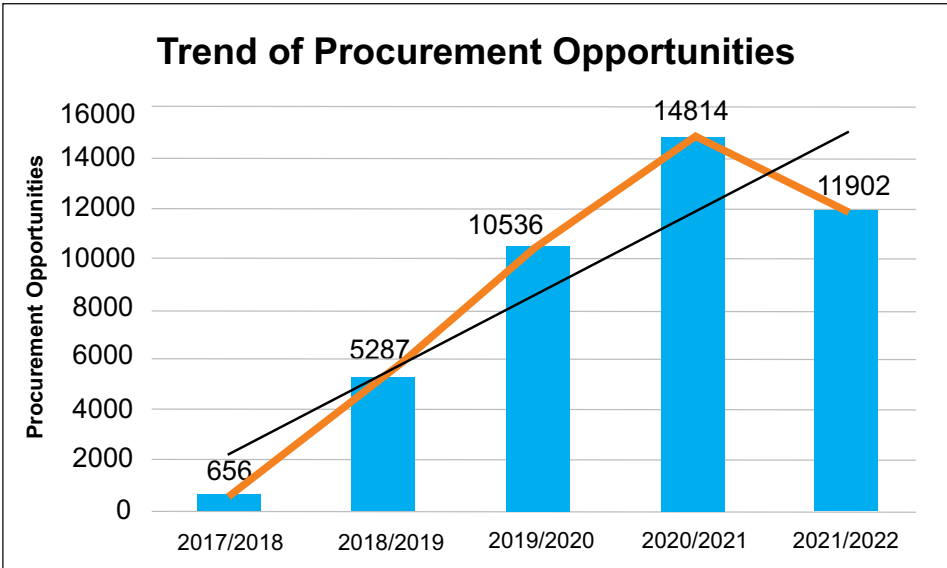
### 2.4.1 Tendering Opportunities

Since late 2018, a total of 43,195 tendering opportunities have been advertised through the Portal for the period November, 2018 to 30<sup>th</sup> June 2022, of which, 92.08% have been through open tendering, which is the preferred method of procurement. Only 7.92 of all other methods reported have through less competitive methods, as presented in the table below.

Table 1: Summary of Tender Advertisements by Procurement Method

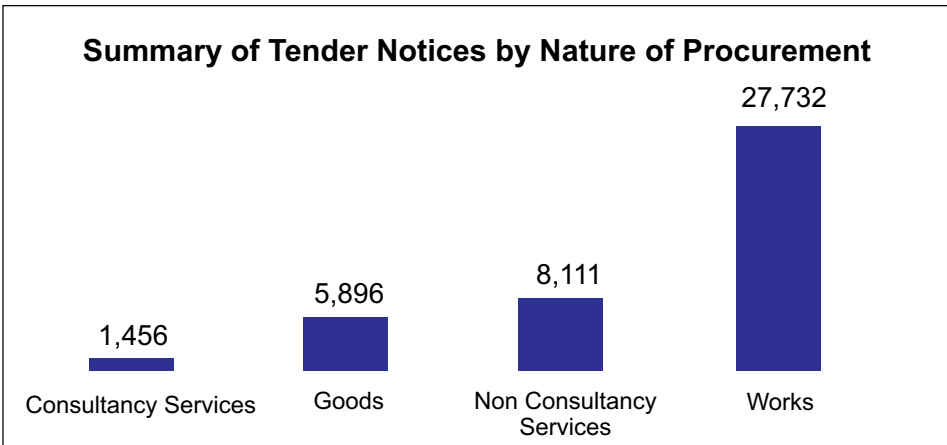
Procurement Method	Number of Tenders	Percentage
Open Tender	39,775	92.08%
Framework Agreements	2,024	4.69%
Expression of Interest	476	1.10%
Request for Proposals	461	1.07%
Prequalification	365	0.84%
Disposal of assets	53	0.12%
Two-stage Tendering	31	0.07%
Design Competition	10	0.02%
Grand Total	43,195	100%

Public procurement opportunities have been increasing tremendously over the years, from 565 opportunities in FY 2017/2018 to 14,814 opportunities in FY 2020/2021. Despite the slight drop of opportunities in FY 2021/2022, which is a normal happen stance in an electioneering year, there is an overall increasing trajectory of procurement opportunities in Kenya. This information on procurement opportunities advertised in the portal over the years is as shown in the table below:



**Figure 1: Summary of Tendering Opportunities by Fiscal Year**

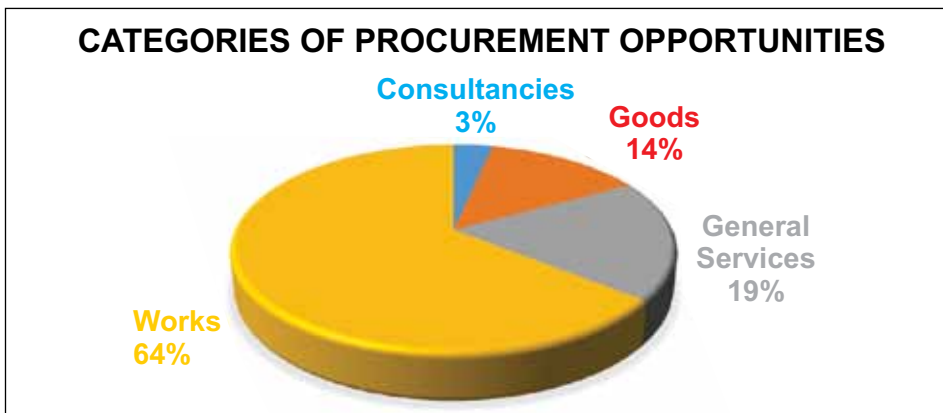
The figure indicates a steady rise in the tenders being advertised through the Portal, with the adverts peaking in 2020/2021 FY. This demonstrates increasing levels of access to tendering opportunities centrally by the business community.



**Figure 2: Summary of Tenders Notices by Nature of Procurement**

During the period under review, majority of tenders advertised were on procurement of works at 64% and the least were consultancy services at 3% as shown in the Figure 3 below:





**Figure 3: Categories of Procurement Opportunities**

In terms of category of procuring entities publishing more tender notices in the Portal over the referenced period, is presented in the table below.

*Table 2: Summary of Number of Tenders Published in the Portal by PEs*

Category of Procuring Entities	Number of Tenders	Percent
State Corporations and SAGAs	18,005	41.683%
County Government	17,155	39.715%
Public Universities	2,704	6.260%
Ministries and State Departments	1,750	4.051%
County Assemblies	1,102	2.343%
Constitutional Commissions and Independent Offices	1,079	2.498%
Technical and Vocational Training Institutions	370	0.857%
Public Colleges and National Polytechnics	321	0.743%
National Government Constituency Development Fund Committees	307	0.711%
County Corporations	188	0.435%
Judiciary and the Courts	97	0.224%
County Service Delivery Coordination Unit	76	0.176%
Parliament of Kenya	14	0.032%
Pension Schemes for Public Entities	14	0.032%
Public Primary and Secondary Schools	11	0.025%
National Government Affirmative Action Funds	1	0.002%
Urban Areas and Cities	1	0.002%
<b>Grand Total</b>	<b>43,195</b>	<b>100.00%</b>

As evident by the table, most tenders have been published by the State Corporations and SAGAs (42%), followed by the County Governments (40%); the least being NGAAFs.

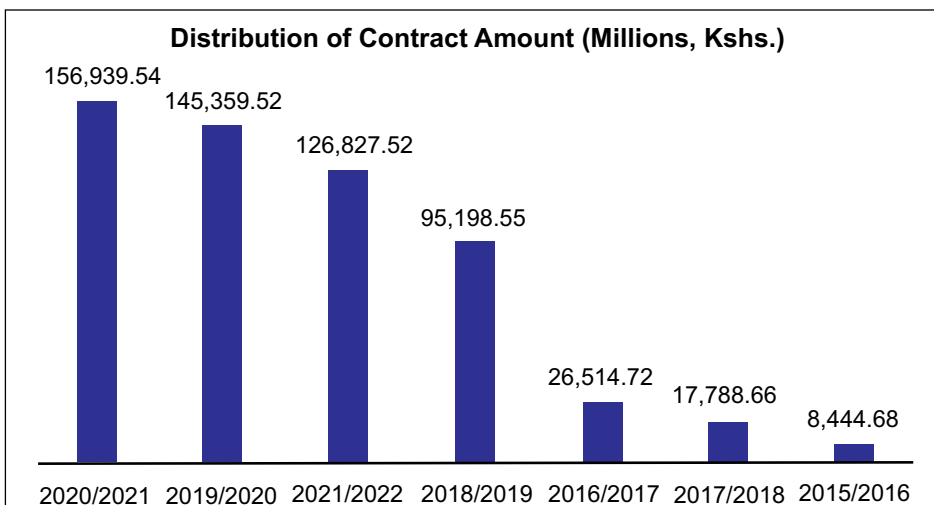
## 2.4.2 Publication and Value of Contract Awards

Since the inception of the Portal in late 2018, a total of 25,674 contracts worth Kshs. 577,073,478,649.06, (five hundred and seventy seven billion, seventy three million, four hundred and seventy –eight thousand, six hundred and forty nine and six cents) have been published in the Portal for the period November, 2018 to 30th June 2022, of which, 85.1% have been on open tender, as presented in the table below. This demonstrates that open tendering; being the most competitive method is still the preferred method of procurement by public entities as desired in the Public Procurement and Asset Disposal Law.

Table 3: Summary of Contracts Published in Portal by Procurement Method

Procurement Method	Number of Contracts	Contracts Amount
Open Tender	8,852	491,185,536,209.95
Restricted Tendering	1,058	34,391,813,865.09
Direct Procurement	1,746	22,356,009,232.45
Specially Permitted Method	1	9,453,650,605.00
Request for Proposals	126	8,723,746,468.30
Request for Quotations	13,326	8,492,322,051.22
Framework Agreements	492	1,559,986,750.05
Expression of Interest	10	874,771,501.00
Two Stage Tendering	9	23,693,036.00
Design Competition	2	8,600,000.00
Force Account	31	2,878,060.00
Low Value Procurement	20	470,870.00
<b>Grand Total</b>	<b>25,674</b>	<b>577,073,478,649.06</b>

The value of contracts can further be disaggregated by financial year and nature of procurement as presented in the figure below.



**Figure 4: Distribution of Contract Amount (Millions)**

On the nature of contracts published in the Portal, majority of them were on works (77%), while consultancy services were the least at 2% as shown in the table below:

*Table 4: Summary of Number and Value of Contracts Published in Portal by Type of Procurement*

Nature of Procurement	Number of Contracts	Contract Value (Kshs.)	Percentage
Works	14,792	444,115,266,068.12	77%
Non-Consultancy Services	5,734	77,427,414,787.97	13 %
Goods	4,725	44,284,482,503.26	8%
Consultancy Services	412	11,189,534,804.70	2%
<b>Grand Total</b>	<b>25,674</b>	<b>577,073,478,649.06</b>	<b>100.00%</b>

On the number of suppliers that received the highest value of contracts, is presented in the table below. The ten suppliers awarded 1,025 contracts worth Kshs. 220,900,218,319.00. This represents 38% of the total of contracts published over the period under consideration.

Table 5: Summary of to 10 Suppliers by Number and Contract Amount

No.	Suppliers/Contractors/ Consultants	Number of Contracts	Contract Amount
1.	Minet Kenya Insurance Brokers Limited	18	50,703,255,668.00
2.	Frontier Engineering Limited	1	48,352,976,580.00
3.	M And J Holdings Limited	1	33,346,345,670.00
4.	China Jiangxi International Kenya Limited	1	19,987,695,934.00
5.	North Street Cooling Tower (P) Limited	982	16,101,615,585.00
6.	Pemunje Holdings Limited	1	16,000,351,150.00
7.	China State Construction Engineering Corp. (Kenya) Limited	2	11,979,375,435.00
8.	China Communication Construction Company	1	9,453,650,605.00
9.	West Travel and Tours Ltd	17	7,974,951,692.00
10.	Value Zone Limited	1	7,000,000,000.00
	<b>Total</b>	<b>1,025</b>	<b>220,900,218,319.00</b>

The Authority has institutionalized measures aimed strengthening publication of contract awards by all procuring entities. This has included a directive to ensure that no physical reports are submitted to the Authority. Enforcement measures have also been planned to ensure that the directives are complied within the prescribe timelines. The Authority is committed to enhancing the principles of open contracting and transparency in public procurement in Kenya.

### 2.4.3 Disposal of Assets

During the period under review only one disposal contract was published in the portal valued at Kshs. 12,754.00.. This demonstrates very low uptake of the PPIP system by procuring entities in terms of disposal of assets.



**CHAPTER**

**3**

**ACHIEVEMENTS OF  
THE AUTHORITY**

## 3.1 Introduction

The Authority's functions in the 2021/2022 Financial Year focused on implementation of programmes under the six thematic areas outlined in the Strategic Plan for the 2018–2023 period. The thematic areas include: Compliance and Enforcement of Standards; Research and Information Management; Legal and Regulatory Framework; Capacity Building and Technical Support; Stakeholder Engagement; and Institutional Capacity Strengthening.

Each thematic area has a set of strategic objectives and strategies being implemented to facilitate achievement of our mission and vision. The strategic objectives are to:

- (a) Strengthen performance and compliance monitoring of the public procurement and asset disposal system.
- (b) Enhance enforcement of the public procurement and asset disposal standards;
- (c) Conduct quality research on public procurement and asset disposal issues for enhanced service delivery.
- (d) Strengthen the public procurement and asset disposal legal and regulatory framework.
- (e) Equip persons involved in public procurement with requisite knowledge and skills on public procurement and asset disposal.
- (f) Leverage and enhance partnerships and collaborations with stakeholders.
- (g) Strengthen institutional capacity.

This annual report describes the work and activities implemented by the Authority between 1<sup>st</sup> July, 2021 and 30<sup>th</sup> June, 2022. It summarizes work carried out through the different strategic objectives, to meet the regulatory obligations for the realization of the vision.

## 3.2 Strategic Objective I: To Strengthen Performance and Compliance Monitoring of the Public Procurement and Asset Disposal System

The Authority is mandated under Section 9 (1), (a, b, d, e, n, r) of the Act to monitor, assess and review the public procurement and asset disposal system to ensure that they respect national values and other provisions of the Constitution, including those under Article 227 and make recommendations for improvement. This includes monitoring the performance of the system and reporting on its overall functioning. This subsection details the strategies deployed by the Authority to realize this goal and the milestones realized thus far.

## **3.2.1 Monitoring Compliance with the Legal and Regulatory Framework**

The Authority monitors compliance with the Legal and Regulatory Framework through a number of strategies including: procurement assessments, procurement reviews, contract audits, inspections, follow up of implementation of recommendations and review of mandatory reports submitted by procuring entities (PEs). During the year under review, the Authority implemented a number of activities as discussed below.

### **3.2.1.1 Review of Mandatory Reports**

Pursuant to the provisions of the Act, Regulations and Directives of the Authority, procuring entities (PEs) are required to submit mandatory reports to the Authority within the prescribed timelines. The reports include all contract awards; terminations of procurement proceedings; direct procurement above Kshs. 500,000; disposal to employees; contract variations/amendments, contract awards under the preference and reservation schemes, terminated contracts, and part of the consolidated annual procurement plan demonstrating application of preference and reservation schemes. The Authority reviews the reports to assess compliance with the provisions of the Procurement Law and relevant directives.

#### **(a) Review Part of Annual Procurement Plans on Preference and Reservation Schemes**

Procuring entities are required to submit to the Authority the part of the consolidated annual procurement plan demonstrating compliance with Section 158(2) of the Act on preference and reservation schemes and PPRA Circular No.1/2021 of 22nd April, 2021. This part of plan should be submitted to the Authority within 60 days after commencement of the financial year. The Authority reviews the plans to determine whether they are prepared in accordance with Sections 53 (6) and 157(5) and (10) of the Act, Regulations 40 and 41 of the Public Procurement and Asset Disposal Regulations, 2020 (the Regulations) and the directives issued by the Authority.

The Act and the Regulations requires every procuring entity to promote preference and reservations schemes for small and micro enterprises and other disadvantaged groups, citizen contractors, women, youth, persons with disabilities, minorities and marginalized groups in public procurement. Specifically, the procuring entities should reserve at least 30% of their total annual procurement budget for procurement of goods, works and services from enterprises owned by youth, women and persons with disabilities.

On the other hand, County Government procuring entities are also required to apply preference and reservation scheme whereby 20% of their annual procurement budgets should be reserved for procurement of goods, works and services from tenderers resident within the respective counties. This is pursuant to Section 33(2) (g) of the Act and Regulation 40(5) of the Regulations.

During the year, 117 PEs submitted part of the consolidated annual procurement plans for the 2021/2022 financial year to the Authority. The total procurement budget for is Kshs. **36,275,302,004.93** out of which procurements valued Kshs. **7,707,864,266.60** are reserved to the enterprises owned by Youth, Women and Persons living with disability. This translates to 21.2% which is below the prescribed threshold of at least 30% of the total procurement budget. The plans were reviewed and a summary of the findings presented in the table below.

*Table 6: Summary of Findings from Procurement Plans Submitted to the Authority*

S/No.	Findings from the Review	Quantity
1.	Number of PEs that submitted the Plans by 31 <sup>st</sup> August, 2021	33
2.	Number of PEs that submitted the Plans after 31 <sup>st</sup> August, 2021	84
3.	Number of PEs that reserved at least 30% for the AGPO Reservation Scheme	35
4.	Number of PEs that reserved less than the prescribed minimum, of at least 30%	24
5.	Number of PEs that did not fully disclose the Procurement and Values Reserved for AGPO Scheme	58

From the table above, majority (84) of the 117 PEs submitted to the Authority part of the annual procurement plans past the prescribed timelines, contrary to provisions of Section 158(2) of the Act. Further, 58 PEs failed to disclose the amounts reserved for the AGPO scheme, with another 24 PEs reserving less than the prescribed minimum of at least 30%; contrary to provisions of Sections 53(6) and 157 (5) & (10) of the Act. Some PEs only disclosed either the total procurement budgets or the amounts reserved, therefore making it impossible to determine their level of compliance with the Law. A list of procuring entities that submitted the plans and their level of reservation of procurement spend is provided as **Annex I**.

## **(b) Review of Reports on Procurement Transactions**

### **I. Reports on All Contract Awards**

During the year under review, only 315 PEs submitted reports on contract awards worth Kshs. 137,297,174,922.28 as summarised in the table 3 below.



Table 7: Summary of Contract Awards in Values

Category of PEs	Value of Contracts (Kshs.)	Percent
State Corporations and SAGAs	108,732,880,677.65	79.2%
County Government (Executives)	18,641,791,059.16	13.6%
Constitutional Commissions and Independent Offices	3,373,194,660.64	2.5%
Public Universities and University Colleges	3,103,461,681.45	2.3%
Ministries and State Departments	1,819,884,784.10	1.3%
County Assemblies	1,388,739,958.06	1.0%
Pension Funds for Public Entities	237,222,101.22	0.2%
<b>Total</b>	<b>137,297,174,922.28</b>	<b>100.0%</b>

During the period, State Corporations and SAGAs accounted for 79.2% of the value of the contracts, followed by County Governments (Executives) at 13.6%. The State Corporations and SAGAs also submitted the highest number of contracts during the period under review. Detailed list of PEs that submitted reports is provided as annex 2.

Some of the issues noted from the review of the reports included: some of the PEs failed to use the prescribed reporting formats thus ended up not disclosing some of the required information, such as total contract values, which made aggregation difficult. A number of the PEs also submitted reports after lapse of the prescribed timelines for submission of reports.

## II. Reports on Use of Direct Procurement Method

During the period under review, a total of 757 reports on use of direct procurement method for procurements above Kshs. 500,000, were submitted to the Authority by **85** PEs. The reports were submitted in different currencies as follows; Kshs. **15,996,372,062.05**, Euro **296,232,830.74** and **USD. 4,426,262.08**. A summary of PEs and number of reports and value of the procurements are presented in table 4 below and details of the specific PEs are presented as **Annex 3**.

Table 8: Number of Reports on Use of Direct Procurement Method by Category of PEs

Category of PEs	Number of Reports/ Contracts	Value of contracts
State Corporations and SAGAs	562	14,337,803,775.76
Ministries and State Departments	6	663,591,249.52
County Government (Executives)	151	552,377,481.54
Constitutional Commissions and Independent Offices	8	391,527,754.00
Public Universities	22	49,464,946.07
Pension Funds for Public Entities	6	1,606,855.00
County Assemblies	2	0
<b>Total</b>	<b>757</b>	<b>15,996,372,061.89</b>

From the table above, most of the direct procurements were reported by State Corporations and SAGAs, worth Kshs. 14,337,803,775.76. The main reasons provided by the PEs for use of direct procurement method; was need for standardization pursuant to Section 103(2) (d) of the Act, and that of Section 103 (2) (a) - goods / services were available only from a particular supplier and urgent need respectively.

### III. Reports on Termination of Procurement and Asset Disposal Proceedings

During the year under review, **167** procuring entities submitted to the Authority, a total of **883** reports on termination of procurement proceedings. Details of the specific PEs is as presented in **Annex 4** and a summary of PEs that submitted the termination reports is as presented in the table below:

Table 9: Summary of Reports on Termination of Procurement Proceedings

Category of PEs	Number of Terminations	Percent
State Corporations and SAGAs	677	76.7%
Constitutional Commissions & Independent Offices	67	7.6%
Public Universities	38	4.3%
County Government (Executives)	34	3.9%
Ministries and State Departments	28	3.2%
County Assemblies	20	2.3%
Pension Funds for Public Entities	15	1.7%
Public Schools and Colleges	4	0.5%
<b>Total</b>	<b>883</b>	<b>100.0%</b>

In summary, State Corporations and SAGAs reported the highest number of terminations of procurement proceedings at 76.7%. The main reasons given by the PEs for terminations of procurement proceedings were; non responsiveness of all tenders evaluated as per Section 63 (1) (f), Inadequate budgetary provision as provided under Section 63(1) (b), and material governance issues under Section 63 (1) (e).

### (c) Reports on Contract Variations/Amendments

Section 139(5) of the Act requires the Accounting Officers to submit reports on contract variations or amendments to the Authority on quarterly basis. During the year under review, the Authority received 36 reports on varied/amended contracts from six (6) procuring entities. Kenya Airports Authority submitted 25 reports which were the highest, followed by Kenya Revenue Authority with seven (7) reports. Majority of the reports that were submitted by Kenya Airports Authority were on extension of contract periods and had no financial implications. All the reports were submitted within the prescribed period of 14 days after the end of the quarter and variations were within the prescribed threshold of not more than 25% of the original contract sum. Among the weaknesses identified in the reports were failure by some of the PEs to provide documentary evidence in support of variations and approvals by the Accounting Officers. A summary of PEs that submitted reports on contract variations /amendments is presented as **Annex 5**.

### 3.2.1.2 Procurement Assessments, Reviews and Contract Audits

Section 43 of the Act mandates the Authority to conduct inspections, assessments, audits, and reviews relating to contracts, and public procurement and asset disposal proceedings; to determine their level of compliance with the public procurement Legal and Regulatory Framework. During the year, the Authority conducted Assessments, contract audits, and procurement Reviews. The Authority evaluates the level of compliance with the Procurement Law by the PEs against a pre-set scoring criteria in the Compliance Monitoring Manual. The interpretation of compliance level and risk rating is as follows.

*Table 10: Level of Compliance and Risk Rating*

S/No.	Compliance Rating	Compliance level	Risk Rating	Risk Level
1.	Below 50%	Non-compliant	70–100%	High
2.	51–80%	Average compliance	30–70%	Moderate
3.	81–99%	Above Average compliance	Below 30%	low
4.	100%	Fully Compliant	0%	No Risk

The higher the compliance rating, the lower the risk score and vice versa. When the compliance level is low, the procurement performance by the PE is low and the risk for not achieving value for money expended through public procurement is high.

### (a) Procurement Assessments

During the year, the Authority conducted procurement assessments in 15 PEs at National Government level and County Level. The compliance levels of the 15 PEs are indicated in the table below:

Table 11: Procurement Assessment Compliance Rating and Risk Scores

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
<b>National Government Entities</b>			
1.	Rift Valley Technical Training Institute	85.6	14.4
2.	Kenya Medical Training College- Mombasa	68.5	31.5
3.	Rift Valley Institute of Science and Technology	67.4	32.6
4.	Kisauni NGCDF	62.0	38.0
5.	Koshin Technical Training Institute	62.0	38.0
6.	Moi Girls' High School, Eldoret	61.0	39.0
7.	The Hill Girls' School Eldoret	59.0	41.0
8.	Kericho Teachers Training College	55.0	45.0
9.	Mvita NGCDF	51.0	49.0
10.	Msabweni NGCDF	46.0	54.0
11.	Nakuru Town West CDF	40.9	59.1
12.	Pyrethrum Processing Company of Kenya	26.8	73.2
<b>County Government Entities</b>			
13.	Mombasa Water and Sewerage Co. Ltd	66.0	34.0
14.	Kericho Water and Sewerage Services Company	58.4	41.6
15.	Nakuru Water and Sewerage Services Company	54.5	45.5
<b>Average Scores (%)</b>		<b>57.6%</b>	<b>42.4%</b>

Based on the assessment results, the average compliance score for the PEs assessed in the year under review was 57.6% which is indication of average compliant with the Legal and Regulatory Framework, with a corresponding moderate risk level of 42.4%. The common strengths recorded amongst the PEs that were assessed included establishment of procurement functions, undertaking procurement planning and initiation processes, reservation of procurement opportunities for

the disadvantaged groups, use of the standard tender documents, preparation of professional opinion by heads of procurement functions, and appointment of various committees on procurement transactions. The fifteen (15) PEs that were assessed during the year had common weaknesses which included failure to conduct market surveys, failure maintain procurement files, lack of procurement and disposal manuals and publication of contract awards.

## (b) Compliance Monitoring through Contract Audits

During the year under review, the Authority conducted contract audits in 102 procuring entities; comprising nine (9) PEs from the National Government; 47 County Executives and 46 County Assemblies. Marsabit Government was not audited due to insecurity in the county. The compliance and risk ratings for all the PEs that were audited are presented in the tables below.

Table 12: Compliance Rating and Risk Scores for National Government Entities

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
1.	Kenya Seed Company Limited	86	14
2.	Lake Basin Development Authority	81	19
3.	Rivatex East Africa Limited	72	28
4.	Eldoret National Polytechnic	71	29
5.	Kenya Ferry Services	66	34
6.	Moi University: Eastern and Southern Africa Higher Education Centre for Excellence Project	65	35
7.	Jaramogi Odinga Oginga University of Science and Technology	60	40
8.	Kenya Marine and Fisheries Research Institute	60	40
9.	Central Rift Valley Water Works Development Agency	54.8	45.2
<b>Average Score (%)</b>		<b>68.4%</b>	<b>31.6%</b>

Based on the scores in the table above, the average compliance level for the National Government PEs that were audited in the year under review was **68.4%** which is average compliance and a moderate risk level of **31.6%**. This implied that all the eleven (11) PEs that demonstrated an average compliance with the Public Procurement Legal and Regulatory Framework.

Table 13: Compliance Rating and Risk Scores for County Executives

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
1.	Uasin Gishu County Government	6.0	24.0
2.	Turkana County Government	75.0	25.0
3.	Mandera County Government	74.0	26.0
4.	Murang'a County Government	73.8	26.2
5.	Busia County Government	73.0	27.0
6.	Vihiga County Government	70.0	30.0
7.	Laikipia County Government	70.0	30.0
8.	Makueni County Government	70.0	30.0
9.	Kilifi County Government	69.0	31.0
10.	Mombasa County Government	69.0	31.0
11.	Nyeri County Government	68.9	31.1
12.	Nyandarua County Government	68.8	31.3
13.	Kwale County Government	68.0	32.0
14.	County Government of Kericho	67.3	32.7
15.	Nyamira County Government	67.0	33.0
16.	Narok County Government	65.6	34.4
17.	West Pokot County Government	63.0	37.0
18.	Embu County Government	63.0	37.0
19.	Elgeyo Marakwet County Government	62.0	38.0
20.	Nandi County Government.	61.0	39.0
21.	Homabay County Government	61.0	39.0
22.	Isiolo County Government	60.0	40.0
23.	Trans Nzoia County Government.	60.0	40.0
24.	Siaya County Government	59.5	40.5
25.	Taita Taveta County Government	59.0	41.0
26.	Garissa County Government	57.8	42.2
27.	Kisii County Government	57.0	43.0
28.	Tana River County Government	57.0	43.0
29.	Kajiado County Government	56.0	44.0
30.	Nairobi County Government	55.3	44.7
31.	Kakamega County Government	55.0	46.0
32.	Bungoma County Government	54.0	46.0
33.	Migori County Government	53.0	47.0
34.	County Government of Bomet	52.6	47.4

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
35.	Samburu County Government	52.2	47.8
36.	Lamu County Government	51.0	48.0
37.	Kirinyaga County Government	51.0	49.0
38.	Kitui County Government	50.2	49.8
39.	Wajir County Government	50.0	50.0
40.	County Government of Baringo	49.5	50.5
41.	Kisumu Water and Sanitation Company	48.9	51.1
42.	Machakos County Government	48.8	48.8
43.	Kisumu County Government	45.0	55.0
44.	Kiambu County Government	45.0	55.0
45.	Nakuru County Government	44.5	55.5
46.	Meru County Government	39.5	60.5
47.	Tharaka Nithi County Government	32.5	67.5
<b>Average Scores (%)</b>		<b>59.1%</b>	<b>40.9%</b>

From the table above, the average compliance level of the County Executives is 59.1% which is considered average and a moderate risk of 40.9%. The contract audit reports will be finalized and published in the Authority's website for review by the stakeholders.

Table 14: Compliance and Risk Scores of County Assemblies

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
1.	Elgeyo Marakwet County Assembly	79.00	21.00
2.	County Assembly of Kericho	78.40	21.60
3.	Nandi County Assembly	75.00	25.00
4.	Tana River County Assembly	74.00	26.00
5.	Nairobi County Assembly	74.00	26.00
6.	Trans Nzoia County Assembly	72.00	28.00
7.	Nakuru County Assembly	71.30	28.70
8.	Siaya County Assembly	71.00	29.00
9.	Taita Taveta County Assembly	70.00	30.00
10.	Garissa County Assembly	70.90	29.10
11.	Kilifi County Assembly	70.00	30.00
12.	West Pokot County Assembly	70.00	30.00

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
13.	Turkana County Assembly	69.00	31.00
14.	County Assembly of Bomet	68.70	31.30
15.	Nyeri County Assembly	66.90	33.10
16.	Uasin Gishu County Assembly	66.00	34.00
17.	Homabay County Assembly	65.00	35.00
18.	Kisii County Assembly	65.00	35.00
19.	Kisumu County Assembly	63.60	36.40
20.	Kwale County Assembly	63.00	37.00
21.	Mombasa County Assembly	61.00	39.00
22.	Lamu County Assembly	61.00	39.00
23.	Nyamira County Assembly	61.00	39.00
24.	Kirinyaga County Assembly	61.00	39.00
25.	Murang'a County Assembly	60.60	39.40
26.	Makueni County Assembly	60.00	40.00
27.	Embu County Assembly	57.70	42.30
28.	Machakos County Assembly	57.10	42.90
29.	Kajiado County Assembly	56.00	44.00
30.	Vihiga County Assembly	55.00	45.00
31.	Laikipia County Assembly	54.00	46.00
32.	Busia County Assembly	54.00	46.00
33.	County Assembly of Narok	53.70	46.30
34.	Kitui County Assembly	53.30	46.70
35.	Migori County Assembly	49.00	51.00
36.	Nyandarua County Assembly	48.90	51.10
37.	Bungoma County Assembly	48.00	52.00
38.	Kiambu County Assembly	47.00	53.00
39.	County Assembly of Baringo	46.50	53.50
40.	Meru County Assembly	46.00	54.00
41.	Kakamega County Assembly	45.00	55.00
42.	Wajir County Assembly	41.30	58.70
43.	Samburu County Assembly	38.10	61.90
44.	Isiolo County Assembly	35.90	64.10
45.	Tharaka Nithi County Assembly	20.50	
	Mandera County Assembly*	-	-
	<b>Average Scores (%)</b>	<b>59.4</b>	<b>40.6</b>



From the table above, the compliance level of the County Assemblies audited is 59.1%, which is considered average with a risk level of 40.9%. Further, the drafting of the report for Mandera County Assembly had not been finalized as at the time of compiling this report. The reports will be shared with the respective PEs for comments before publication.

### (c) Procurement Reviews

A procurement review is a comprehensive and detailed audit of the procurement and asset disposal activities of a procuring entity for a specified period of time to ascertain their level of compliance with the Public Procurement Law. The key indicators used in procurement reviews were institutional arrangements, procurement and asset disposal procedures, and inventory management. During the year under review, the Authority conducted compliance monitoring reviews in 11 procuring entities. The compliance and risk scores for the 11 PEs are presented in the table below.

Table 15: Compliance Reviews Rating and Risk Scores

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
1.	University of Eldoret	82.0	18.0
2.	Lake Victoria South Water Works Development Agency	72.0	28.0
3.	Kenya National Highway Authority	69.5	30.5
4.	Rural and Renewable Energy Corporation	69.0	31.0
5.	Kenya Ports Authority	69.0	31.0
6.	Kenya Rural Roads Authority (Nakuru Region)	67.4	32.6
7.	Postal Corporation of Kenya	54.9	45.1
8.	Energy and Petroleum Regulatory Authority	52.4	47.6
9.	Kenyatta University	50.9	49.1
10.	Higher Education Loans Board	50.8	49.2
11.	Nairobi Metropolitan Service	-	-
<b>Average Scores (%)</b>		<b>63.2%</b>	<b>36.8%</b>

The average compliance score for the ten (10) PEs was 63.2% which is considered as average compliance with the public procurement Legal and Regulatory framework, and a moderate risk score of score of 36.8%. As at the close of the year, the report for the Nairobi Metropolitan Service had not been finalized,

therefore, will be included in the next year report. Among the common strengths identified in the procurement systems of the PEs that were monitored through the different methods during the year included:

- (i) The PEs had established Procurement Functions to undertake procurement and asset disposal processes as envisaged under the public procurement Legal and Regulatory framework.
- (ii) The PEs prepared annual procurement plans as the basis for all procurement activities implemented in the year.
- (iii) The relevant committees on procurement transactions were appointed as and when required,
- (iv) The heads of Procurement Functions prepared professional opinions and submitted for consideration by the Accounting Officer.
- (v) The PEs used the standard tender documents issued by the Authority in their procurement operations.
- (vi) The PEs also sent letters of notification of awards to bidders on the outcome of the procurement processes.

On the other hand, some common weaknesses identified in the procurement systems of a majority of the PEs monitored, including:

- (i) The PEs had not developed internal procurement and asset disposal manuals/policies to guide decision making on procurement operations as contemplated under Section 45(1) of the Act. In cases where the manuals/policies existed, they had not been aligned to the Regulations, 2020.
- (ii) The PEs did not maintain individual procurement and contract files; in cases where the individual procurement and contract files were available, they were incomplete as some of the records were not available for review.
- (iii) The heads of Procurement Functions did not prepare monthly progress reports on procurement contracts as required under Section 152 of the Act and Regulation 140 of the Regulations.
- (iv) Whereas most of the PEs used the standard tender documents while preparing the tender documents, a number of them had challenges in customising the standard tender documents.
- (v) The PEs did not publicize all contract awards pursuant to Section 138 of the Act and Regulations 131 of the Regulations, PPRA Circular No.1/2021 of 22<sup>nd</sup> April 2021 and Executive Order No. 2 of 28<sup>th</sup> June, 2018.

#### **(d) Compliance Monitoring through Follow-Ups**

During the year, the Authority conducted four (4) follow-up assessments in four (4) National Government PEs. The purpose of the follow-ups was to gauge the extent to which each PE implemented the recommendations made by Authority to address the non-compliance issues that were identified in their procurement

system in the past compliance monitoring. The table below presents the level of implementation of the recommendations of the Authority by the four (4) PEs.

*Table 16: Level of Implementation of Recommendations*

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
1.	Technical University of Mombasa	74.0	26.0
2.	Kenyatta National Hospital	71.0	29.0
3.	Kitale National Polytechnic	67.0	33.0
4.	Kenya Medical Supplies Authority	56.0	44.0
<b>Average Scores (%)</b>		<b>67.0%</b>	<b>33.0%</b>

From the above information, the four (4) PEs had on average implemented 67.0% of the recommendations made by the Authority in the previous compliance monitoring assessments, while 33.0% of the recommendations had not been implemented.

### **(e) Compliance Monitoring through Procurement Inspections**

During the year, the Authority conducted procurement inspections at three (3) PEs. Procurement inspections are to determine whether a procuring entity being inspected has duly established the relevant institutional arrangements like procurement function to support its procurement functions. The compliance levels of the PEs inspected is presented in the table below.

*Table 17: Compliance Reviews Rating and Risk Scores*

No.	Procuring Entity	Compliance Score (%)	Risks Score (%)
1.	Mbaraki Girls' High School	54	46
2.	Moi Girls' High School	61	39
3.	Eldoret Water and Sanitation Company	61	39
<b>Average Scores (%)</b>		<b>58.7%</b>	<b>41.3%</b>

From the information presented in the table above, the average compliance level is 58.7% which is considered avarice compliance with the Procurement and Legal Framework with a corresponding moderate risk of 41.3%. A key weakness identified all the PEs was failure to maintain individual procurement files and publication contract awards.

### 3.2.1.3 Overall Compliance Level

Based on the compliance monitoring interventions adopted by the Authority during the quarter, the table below presents a summary of the compliance scores, risk ratings and the overall compliance levels.

Table 18: Compliance Monitoring Interventions and Scores

Compliance Monitoring Method	Compliance Score	Risk score
Procurement Assessment	57.6%	42.4%
Procurement Reviews	63.2%	36.8%
Procurement Contract Audits- National Government	68.4%	31.6%
Procurement Contract Audits- County Executives	59.1%	40.9%
Procurement Contract Audits- County Assemblies	59.4%	40.6%
Follow - Ups	67.0%	33.0%
Procurement Inspections	58.7%	41.3%
<b>Overall compliance level (average)</b>	<b>61.9%</b>	<b>38.1%</b>

From the different compliance monitoring interventions implemented by the Authority, the average overall compliance level was **61.9%** which indicates average compliance with the Public Procurement Legal and Regulatory Framework. The Authority signed action plans with the respective PEs monitored during the period under review and expects them to implement recommendations. The Authority, will in the next period, review the extent of implementation of the recommendations.

There is notable improvement on compliance levels and a corresponding decline in the risk rating in the Public Procurement and asset disposal system for the last three financial years by an average of 8% improvement annually as illustrated in the table below:

Table 19: Compliance Level and Risk Rating Over the Last Three Financial Years

S/ No.	Financial Year	Overall Compliance Level	Overall Risk Rating
1.	2021/2022	61.9	38.1
2.	2020/2021	54.01	45.99
3.	2019/2020	44.3	55.7

Based on this information, there is a significant improvement towards compliance levels by procuring entities. This has also seen a corresponding decline in the risk rating over the same period which implies that the overall functioning of the Public Procurement System is improving towards the realization of the objectives of the public procurement and asset disposal law as illustrated in the figure below:

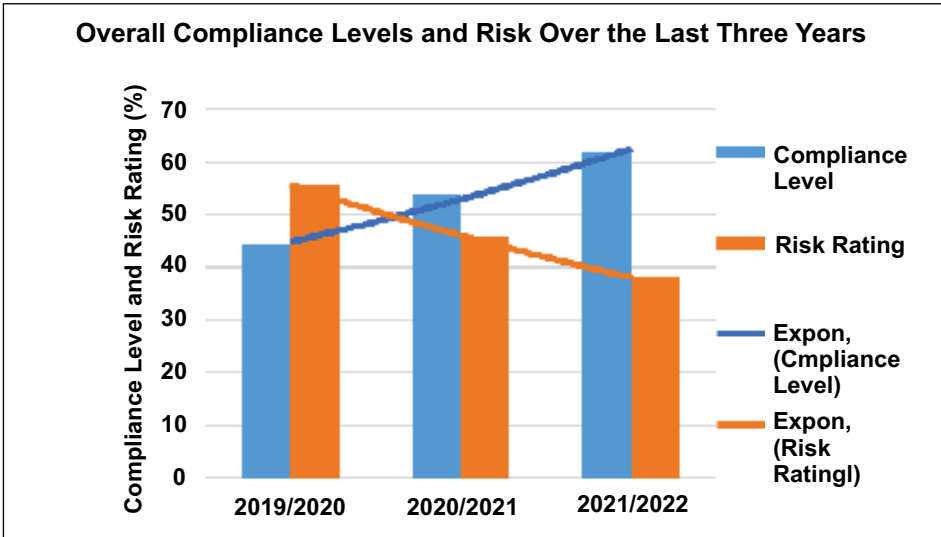


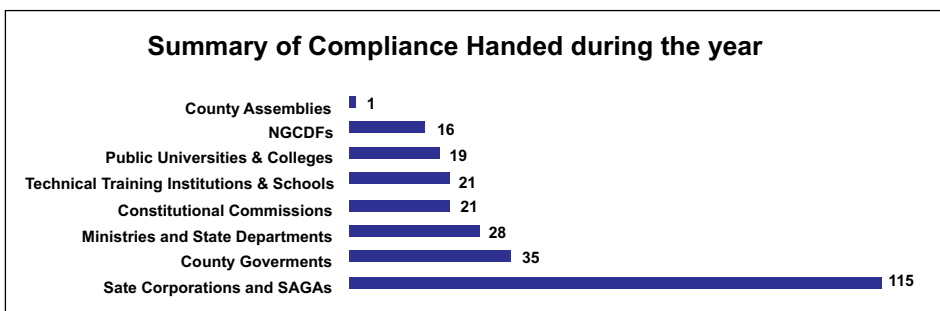
Figure 5: Overall Compliance Levels and Risk over the Last Three Years

**Strategic Objective 2: To Enhance Enforcement of the Public Procurement and Asset Disposal Standards.**

The Authority is mandated under sections 9 and 35 of the Act to act on, including investigation of complaints received on public procurement and asset disposal proceedings, enforce any standards developed under the Act.

**3.2.2 Complaints Management**

During the year, the Authority handled **256** complaints, comprising of **246** received within the year and **10** carried forward from the previous year, 2020/2021, as presented in the figure below.



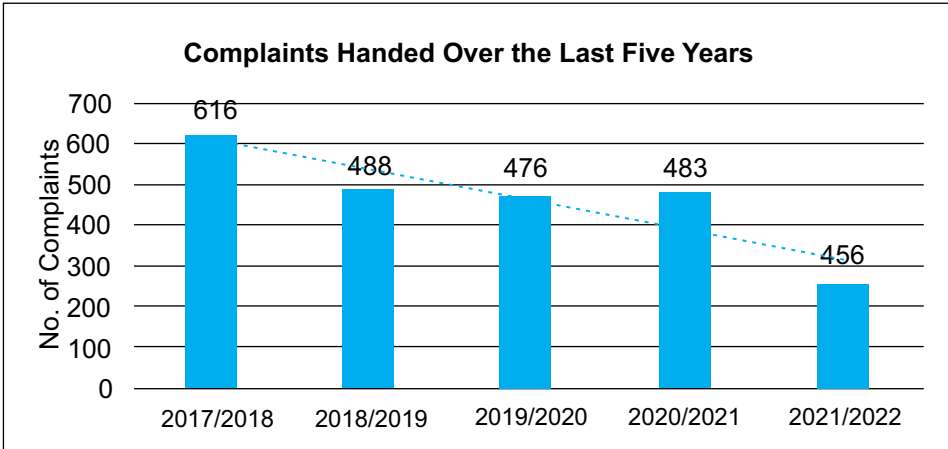
**Figure 6: Summary of Complaints Handled during the Year**

In addition, majority of the complaints were on procurement and asset disposal processes undertaken by State Corporations at **115**, followed by County Governments, **35**, and Ministries and State Departments at **28**, amongst other categories of PEs. The following table presents the comparison of complaints for five years.

*Table 20: Number of Complaints Received by the Authority over the Last Five Years*

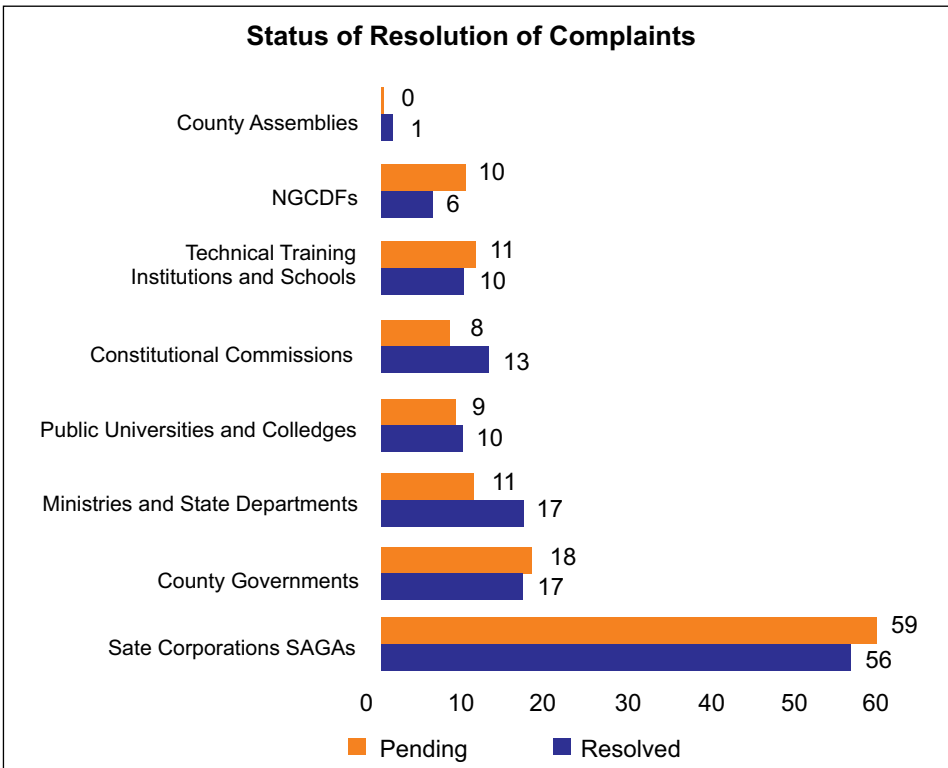
S/ No.	Financial Year	No. of Complaints
1.	2021/2022	256
2.	2020/2021	483
3.	2019/2020	476
4.	2018/2019	488
5.	2017/2018	616

Based on this information, the numbers of complaints were on a decreasing trend over the five-year period. This signifies level of effectiveness in the execution of the Authority's mandate. The parties involved in public procurement are gaining confidence with the public procurement system and that the procuring entities have raised the level of compliance with the public procurement law. The summary of these findings are illustrated in figure below:



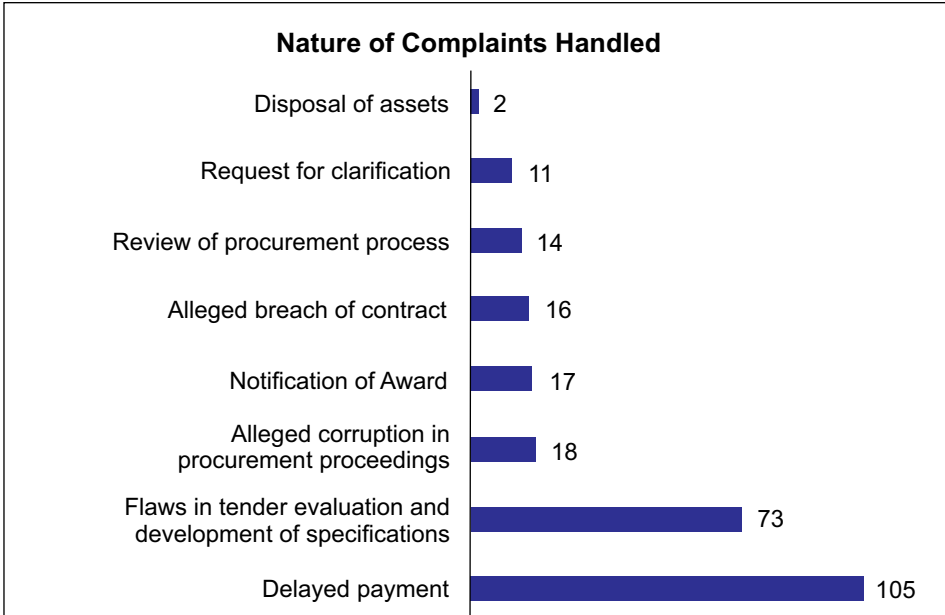
**Figure 7: Summary of Complaints Received Over the Last Five Years**

On resolution of the complaints received during the year, 128 out of the 256 complaints were resolved and feedback communicated to the parties, while the remaining 128 were at different stages of being resolved as at the end of the financial year, as presented in the figure below:



**Figure 8: Status of Resolution of Complaints during the Year**

On nature of complaints received during the year, **105** were on delayed payment, **73** were on flaws in tender evaluation and development of specifications, **18** were on allegation of corruption in procurement proceedings, **17** were on notification of award, **16** on alleged breach of contract, **14** on review of procurement process, **11** on request for clarification and **2** on disposal among others.



**Figure 9: Nature of Complaints Received**

### 3.2.3 Investigations Undertaken

During the period under review, the Authority commenced and completed nine (9) investigations as shown in the table below. The investigation reports were shared with the PEs for approval.

*Table 21: Investigations Undertaken*

No.	Procuring Entity	Complainant/ Agency	Nature of Complaint	Status
I.	Shanzu Teachers Training College	The National Treasury	Request by the National Treasury based on anonymous letter received by Treasury on 12 <sup>th</sup> July, 2021	Completed shared with PE



No.	Procuring Entity	Complainant/ Agency	Nature of Complaint	Status
2.	Vision 2030 secretariat	CEO-Vision 2030 secretariat	Irregularities in the procurement process	Completed report shared with the Procuring Entity
3.	Athi Water services	Benard Kabugi	Irregularities in the procurement process	Completed and shared with PE
4.	Tana River County Government	Joseph Otieno for ARR Insurance Company	Request for investigation for fraudulent award of tender No. TRCG/OT/ PSM/49/2021- 2022 Tana River Staff medical Insurance.	Completed report shared with PE
5.	Masinde Muliro University	Anonymous	Request for investigation Tender NO. MMUST/001/ EST/2021- 2022; Proposed Engineering and TVET Complex and associated works	Completed report shared with PE
6.	Tana River County Government	1.Staff of county Government 2.Association of Kenya Insurance 3.Fowarded to PPRA by CAK	Request for investigation TENDER NO. TRG/OT/ ADM/49/ 2021– 2022	Completed and report shared with the PE
7.	Kenya Forest Service	Forwarded by EACC Report NO. 96923	Request for investigation for E- Registration for forest industry investor for financial year 2021–2022; Sale of plantation material	Completed report shared with PE.

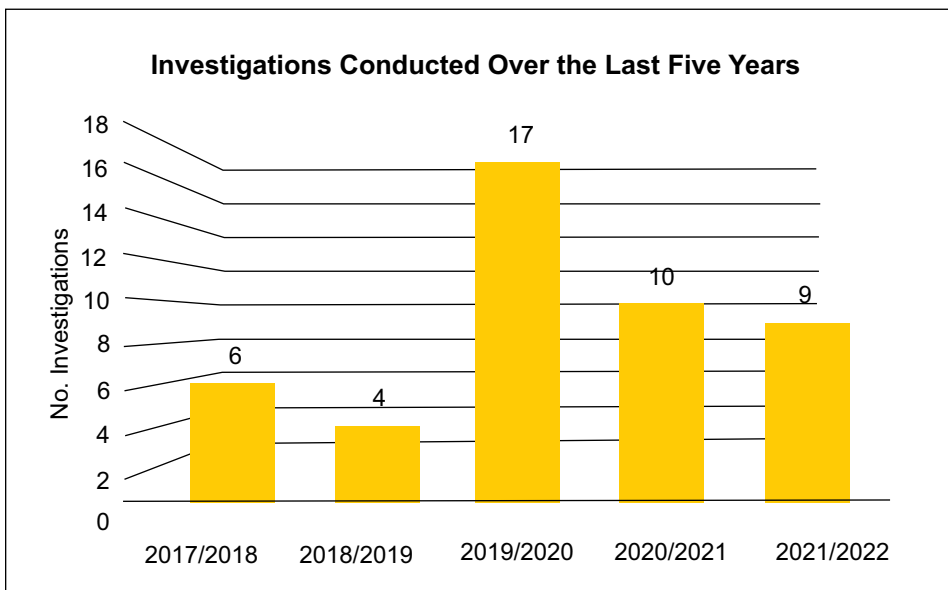
No.	Procuring Entity	Complainant/ Agency	Nature of Complaint	Status
8.	Kenya Pipeline Company	GERVIA ADVOCATES	Request for investigations for TENDER NO. KPC/PU/OT/033/CORP/ NBI: Inspection of 8-inch & 6-inch Nairobi –Eldoret (line 2) & 6-inch Sinendent-Kisumu multi-product line	Completed and shared with the PE
9.	Kenya Civil Aviation Authority	Request for investigations into issuance of commissioning certificate by KCAA to Indira Ltd dated 12th AUGUST, 2021 in respect to Tender No. KCAA/057/2019-2020: Supply, Installation & Commissioning of Air Traffic Management (ATM) System at JKIA	iBross Project Ltd	Completed and shared with PE

Over the past five Years the statistics of the investigations were as follows:

Table 22: Number of Investigations Undertaken over the last Five Years

S/ No.	Financial Year	No. of Investigations
1.	2021/2022	9
2.	2020/2021	10
3.	2019/2020	17
4.	2018/2019	4
5.	2017/2018	6

Based on this information the numbers of investigations were at its peak during the financial year 2019/2020. However, there is a decreasing trajectory of the uptake of complaints deserving investigations over the subsequent period as illustrated in the figure below. This is associated with low budgetary support and the effects of COVID-19 on procurement activities.



**Figure 10: Investigations Conducted over the Last Five Years**

### 3.3.4 Debarment

Section 41 of the Act mandates the Regulatory Board to debar suppliers/contractors from participating in public procurement and asset disposal proceedings on various grounds. The Debarment Committee (DC) holds meetings to hear and determine requests for debarment cases lodged by stakeholders on public procurement and asset disposal matters.

During the year under review, the Debarment Committee, handled **19** requests for debarment, out of which five (**5**) firms were debarred for a period of three years, as presented in the table below. However, two (2) of the five debarred firms appealed the decisions of the Committee at the High Court. In addition, **11** cases were dismissed for lack of prima facie cases. The remaining cases were ongoing as at the end of the fiscal year. The details and status of the debarment requests are summarized in the table below.

Table 23: Details of Debarment Cases and Status

No.	Applicant	Firm Sought to Be Debarred	Recommendation	Status
1.	Mr. Benedict Kabugi Ndungu	Sinotec Company Limited (both China and Kenya branch)	The DC established that there was no prima facie case during its sitting of 12 <sup>th</sup> July, 2021.	File closed
2.	Mr. Benedict Kabugi Ndungu	Justnace Limited	The DC established that there was no prima facie case during its sitting of 12 <sup>th</sup> July, 2021.	File closed.
3.	Kisii Teaching and Referral Hospital	Secureman Services Limited	Debarred on 16 <sup>th</sup> September, 2021.	Debarment decision published.
4.	Kisii Teaching and Referral Hospital	Babs Security Services Limited	Debarred on 16 <sup>th</sup> September, 2021.	Appealed to High Court against the debarment decision.
5.	National Irrigation Authority	Bilanamin Construction and Supply Limited	Debarred on 16 <sup>th</sup> September, 2021.	Debarment decision published.
6.	Elphas Kipsang Chumo	Quality Inspection Services Japan (QISJ)	The Committee established that there was no prima facie case during its meeting of 27 <sup>th</sup> August, 2021	File closed.
7.	Moi Teaching and Referral Hospital	Resh and Company Limited	Debarred on 16 <sup>th</sup> March, 2022	Appealed to High Court against the Debarment Decision.
8.	Moi Teaching and Referral Hospital	Oxyplus International Company Limited	Debarred on 16 <sup>th</sup> March, 2022	Debarment Decision published
9.	Benedict Kabugi Ndungu	Rockey Africa Limited	Dismissed for lack of Prima Facie case on 25 <sup>th</sup> January, 2022	File closed

No.	Applicant	Firm Sought to Be Debarred	Recommendation	Status
10.	Benedict Kabugi Ndungu	Third Engineering Bureau of China City Group Co. Limited	Dismissed for lack of Prima Facie case on 14/01/2022.	File closed
11.	Benedict Kabugi Ndungu	Weihai Construction Group Co.mpany Limited	Dismissed for lack of Prima Facie case on 25 <sup>th</sup> January, 2022	File closed
12.	Benedict Kabugi Ndungu	China State Construction Engineering Corporation Limited	Notice of Withdrawal considered and accepted on 28 <sup>th</sup> March, 2022	File Closed
13.	Eng.Titus Njenga	China Railway No. 10 Engineering Group Co.mpany Limited	Dismissed for lack of Prima Facie case on 10 <sup>th</sup> February, 2022	File Closed
14.	Benedict Kabugi Ndugu	Africa Development Professional Group Limited	Dismissed for lack of Prima Facie case on 10 <sup>th</sup> February, 2022	File Closed
15.	Kenya Deposit Insurance Corporation	Merge Systems Limited	Request for Debarment dismissed for lack of merit and final decision delivered on 5 <sup>th</sup> May, 2022.	File Closed
16.	Kenya Deposit Insurance Corporation	Teknohub Limited	Request for Debarment dismissed for lack of merit and final decision delivered on 11 <sup>th</sup> April, 2022.	File Closed
17.	Geothermal Development Company	Kabways Merchants Limited	Prima facie case established awaiting DC decision	Ongoing
18.	Moi Teaching and Referral Hospital	Jimtec Services Limited	Analysis stage	Ongoing

No.	Applicant	Firm Sought to Be Debarred	Recommendation	Status
19.	Moi Teaching and Referral Hospital	Shree Sikandrabad Company Limited	Analysis stage	Ongoing

Over the past five Years the statistics of the debarment cases lodged were as follows:

Table 24: Debarment Cases Lodged over the Past Five Years

S/ No.	Financial Year	No. of Debarment Cases Lodged
4.	2021/2022	19
5.	2020/2021	8
6.	2019/2020	0
7.	2018/2019	5
8.	2017/2018	11

From the information in the table above, the debarment cases took a dip between the financial years 2017/2018 and 2019/2020 because of non-adjudication of cases lodged due to the absence of a debarment framework and the Regulatory Board mandated to review the cases. The framework was put in place under Public Procurement and Asset Disposal Regulations, 2020. Subsequently, the number of cases being lodged have taken an increasing trajectory as illustrated in the figure below:

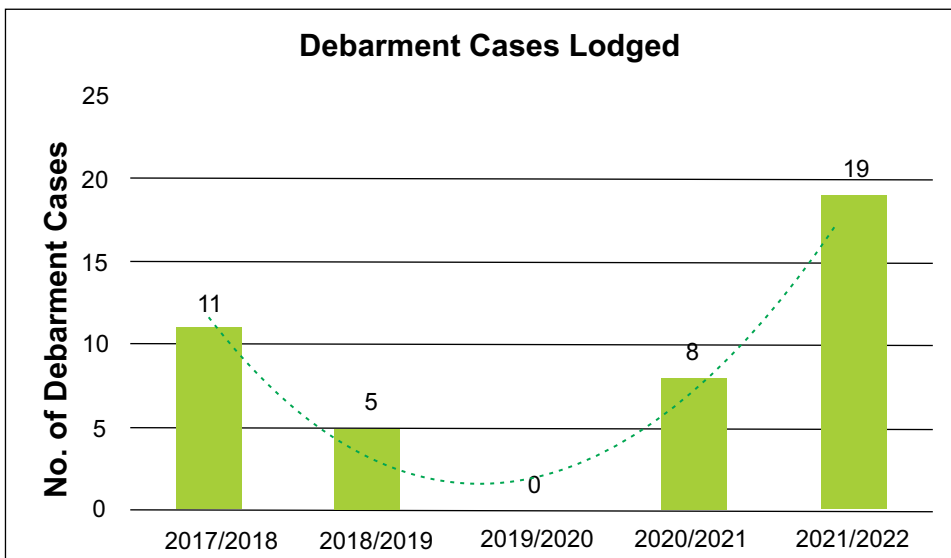


Figure 11: Debarment Cases

## **3.3 Strategic Objective 3: To Conduct Quality Research on Public Procurement and Asset Disposal Issues for Enhanced Service Delivery**

### **3.3.1 Issuance of Market Price Reference Guide**

Section 54 (3) of the Act, requires the Authority to issue a quarterly market price index as reference guide to assist accounting officers make informed price decisions. To realize this mandate, the Authority in collaboration with the Kenya National Bureau of Statistics (KNBS) through a memorandum of agreement, has been undertaking surveys on prevailing market prices for standard goods and services to inform preparation of market price index for use by the procuring entities. The market price surveys are conducted in Nairobi, Mombasa, Kisumu, Eldoret and Bungoma towns.

During the year, the Authority finalized and published the results of a market price index for the survey conducted in the fourth quarter of the 2020/2021 fiscal year. The published market price reference guide reports are available in the website [www.ppra.go.ke](http://www.ppra.go.ke) for reference by all stakeholders. The Authority due to financial constraints, did not undertake market surveys during the year to inform preparation of market price indices as envisaged in the Act and Regulations. As a result of this gap, there exists the risk of accounting officers not receiving proper guidance while making procurement decisions prices offered by bidders, which could erode the gains made in enhancing value for money in public procurement. Review of List of Items used to Prepare the Market Price Index.

The Authority received support from the Public Financial Management Reforms Secretariat, under the Reforms Strategy (PFMRS) 2018-2023 to implement a number of reforms. One of the reforms is the review of the list of items used in the development of market price reference guide. This is aimed at strengthening the quality of advice issued to accounting officers and other stakeholders, while making public procurement decisions, towards realization of value for money.

During the year under review, the Authority, through an Inter-Agency Technical Committee, convened a working session to review the existing lists with a view of making them comprehensive by dropping obsolete items, adding new items and incorporating sector specific specifications and standards. The Technical Committee completed the working by delivering a draft list of items, which is to be subjected to stakeholders for comments and validation.

### 3.3.2 Monitoring Access to Government Procurement Opportunities (AGPO)

#### (a) Half-Year (January–June, 2021) Report on Contract Awards under AGPO

The Act under Part XII provides for promotion of different forms of preference and reservation schemes in public procurement. Specifically, Section 157 focuses on disadvantaged groups (women, youth and Persons with Disabilities); of which the Accounting Officers are required reserve at least 30% of their procurement spend for procurement of goods, works and services from firms owned by the disadvantaged groups.

Procuring entities, pursuant to Section 157(12) & (13) of the Act are required to report to the Authority every six months on the number and value of contracts awarded to the disadvantaged groups. The Authority developed and disseminated templates for reporting by public entities vied PPRA Circular No. 01/2016, and as revised through PPRA Circular No. 01/2021 of April, 2021. The Authority is required submit the consolidated report to Parliament after the end of every half-year.

During the year, the Authority analysed reports received from the procuring entities for the January-June, 2021 period, being the second half-year of the 2020/2022 financial year. During the reporting period, only **184** procuring entities submitted reports on contracts awarded to enterprises owned by youth, women and PWDs. This comprised of, **160** entities from National Government and **24** from the County Governments. The National Government procuring entities consisted of **20** Ministries and State Departments; **92** State Corporations, **39** Universities, Colleges, Polytechnics and Technical Training Institutions and **9** Constitutional Commissions and Independent Offices. The **24** County Governments procuring entities comprised of **15** County Executives and **9** County Assemblies as illustrated in the Table below.

Table 25: Number of Procuring Entities reported during the Half–Year of the 2020/2021

Category of Procuring Entities	Numbers (Estimate)	Number Reporting
State Corporations and SAGAs	270	92
Ministries and State Departments	46	20
Constitutional Commissions/Offices and Independent Offices	19	9
Public Universities, Colleges, Polytechnics and TVETs	149	39
County Executives	47	15
County Assemblies	47	9
<b>Total</b>	<b>591</b>	<b>184</b>



The **184** procuring entities cumulatively planned to spend **KShs 122,504,457,647.82** on procurement of goods, works and services for the 2021/2022 FY, of which **KShs 24,805,596,973.86** was reserved for procurement of goods, works and services from firms owned by youth, women and PWDs. This represents an average reservation of **20.25%** of the cumulative planned quarter procurement spend. This implies that a majority of the procuring entities at both levels of Government reserved **9.75%** short of the required minimum of **30%**. The details are as illustrated in the table below:

*Table 26: Summary of Reserved Procurement Spend for the Target Groups by Procuring Entities at National and County Government Levels*

Category of Procuring Entities	Planned Annual Procurement Budget	Reserved Procurement Spend for the Target Groups	% Reserved
Ministries and State Departments	6,526,548,770.00	1,805,407,714.00	27.70%
State Corporations and SAGAs	87,385,424,857.62	14,126,336,589.26	16.17%
Universities, Colleges, Polytechnics & Technical Institutions	5,967,598,588.20	1,776,145,471.10	29.76%
Constitutional Commissions and Independent Offices	1,838,593,404.00	542,170,793.90	29.49%
<b>Total</b>	<b>101,718,165,619.82</b>	<b>18,250,060,568.26</b>	<b>17.94%</b>
County Executives	19,169,688,118.00	5,991,440,228.20	31.30%
County Assemblies	1,616,603,910.41	564,096,177.40	34.90%
<b>Sub-total</b>	<b>20,786,292,028.00</b>	<b>6,555,536,405.60</b>	<b>31.54%</b>
<b>Grand Total</b>	<b>122,504,457,647.82</b>	<b>24,805,596,973.86</b>	<b>20.25%</b>

In terms of number and value of contracts awarded, are disaggregated into **17,992** contracts of **KShs 12,350,781,213.99** by National Government entities and **1,625** contracts of **KShs 3,069,061,093.68** by County Governments entities. In total, the value of contracts awarded to the disadvantaged groups, procuring entities awarded **19,617** contracts worth **KShs 15,419,842,307.67** as detailed below.

Table 27: Summary of Contracts Awarded by Categories of Procuring Entities at National and County Government Levels

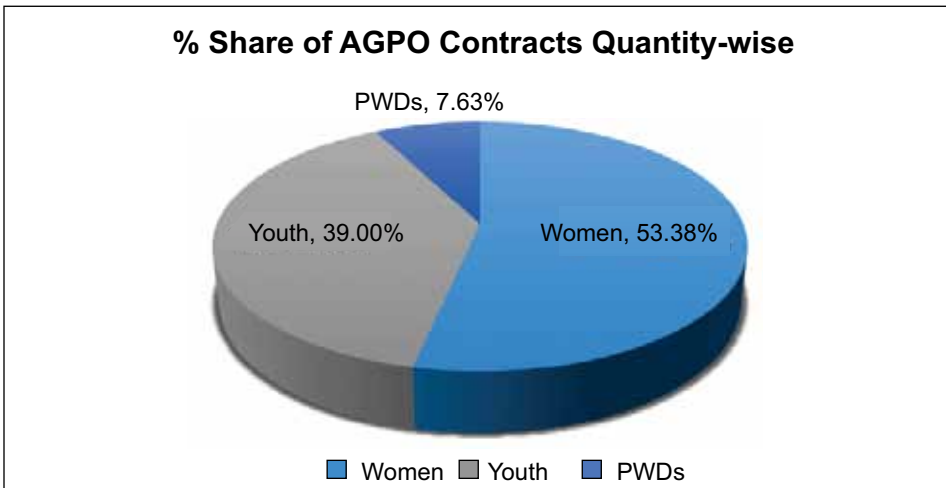
Category of Procuring Entity	Number of Contracts (Total)	Value of Contracts in KES. (Total)
Ministries and State Departments	3,139	3,538,527,098.15
State Corporations and SAGAs	8,658	7,454,060,995.13
Constitutional Commissions and Independent Offices	996	357,777,255.11
Universities, Colleges, Polytechnics and Technical Training Institutions	5,199	1,000,415,865.60
<b>Sub-Total</b>	<b>17,992</b>	<b>12,350,781,213.99</b>
County Executives	1,476	2,846,480,196.68
County Assemblies	149	222,580,897.00
<b>Sub-Total</b>	<b>1,625</b>	<b>3,069,061,093.68</b>
<b>Total</b>	<b>19,617</b>	<b>15,419,842,307.67</b>

When disaggregated into specific disadvantaged groups, the Women category received the highest share of 10,471 (**53.38%**) contracts followed by youth category at 7,650 (**39.00%**) contracts while PWDs received the least at 1,496 (**7.63%**) contracts. In terms of value of the contracts, the women category received the highest share of **50.95%** followed by youth at **41.86%** and the PWDs received the least share of **7.19.38%** as detailed in the table below:

Table 28: Summary of Number and Value of Contracts Awarded by All Entities that Reported

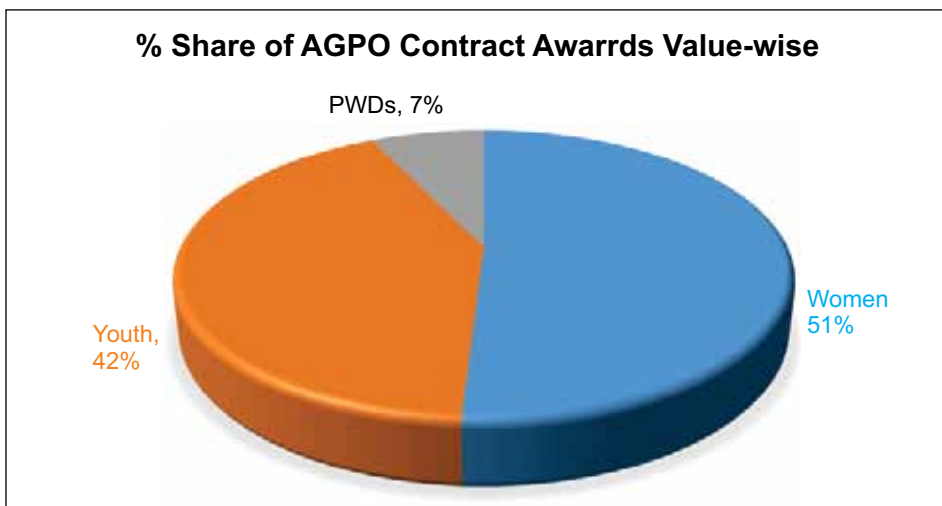
Category	No. of Contract Awards	Percent	Value of Contract Awards	Percent
Women	10,471	53.38%	7,856,988,681.60	50.95%
Youth	7,650	39.00%	6,454,313,101.18	41.86%
PWDs	1,496	7.63%	1,108,540,524.89	7.19%
<b>Total</b>	<b>19,617</b>	<b>100.00%</b>	<b>15,419,842,307.67</b>	<b>100.00%</b>

In terms of number of contracts awarded, the Women category received the highest share of **53.38%**, followed by the Youth category at **39.00%** while PWDs received the least number of contracts at **7.63%** as detailed in the figure below:



**Figure 12: % Share of AGPO Contracts Quantity-Wise**

In terms of value of the contracts, the women category received the highest share of **51%** followed by youth at **42%** and the PWDs received the least share of **7%** as detailed in the figure below:



**Figure 13: % Share of AGPO Contract Awards Value-wise**

In summary, some of the procuring entities reserved less than the required minimum of **30%**. Almost all procuring entities that reported awarded the least number of contracts to the PWD category, with some entities not awarding contracts to this group. Majority of the procuring entities have also failed to submit reports to the Authority, as prescribed, despite continuous reminders.

**(b) Half-Year (July-December, 2021) Report on Contract Awards under AGPO**

The Authority also analyzed and consolidated the reports received from public entities on the contracts awarded to the target groups between July and December 2021, being the first half year report of the 2021/2022 FY, and submitted to Parliament and the National Treasury and Planning for consideration. During the reporting period, only **176** procuring entities submitted reports on contracts awarded to enterprises owned by youth, women and PWDs, as presented in the table below.

*Table 29: Number of PEs that Submitted the Half-Year Report for July-December, 2021 Period*

Category of Procuring Entities	Numbers (Estimate)	Number Reporting
State Corporations and SAGAs	270	92
Ministries and State Departments	46	17
Constitutional Commissions/Offices and Independent Offices	19	10
Public Universities, Colleges, Polytechnics and TVETs	149	35
<b>County Executives and Agencies</b>	<b>47</b>	<b>12</b>
County Corporations	60	3
County Assemblies	47	7
<b>Total</b>	<b>638</b>	<b>176</b>

Compared with the previous reporting period of January – June, 2021, this reporting half recorded a **4.35%** decrease in the number of procuring entities that submitted reports to the Authority on contracts awarded to the target groups; from **184** in the previous half-year. Majority of the procuring entities have persistently failed to submit reports to the Authority as required by the Act.

The procuring entities that reported, cumulatively planned to spend Kshs. **152,888,184,156.15** on procurement of goods, works and services during the financial year; of which **Kshs. 30,668,449,779.37** was reserved for procurement of goods, works and services from firms owned by youth, women and PWDs (the target groups). This represented an average reservation of **20.06%** of the cumulative planned annual procurement spend; which was lower than the required minimum of **30%**.

In terms of number and value of contracts awarded to the target groups, the procuring entities that reported awarded a total of **16,431** contracts worth Kshs. **19,194,777,720.43**. This was disaggregated into **15,383** contracts of **Kshs. 16,411,089,753.87** by National Government entities and **1,048** contracts of

**Kshs. 2,783,687,966.56** by County Government entities, as presented in the table below.

*Table 30: Number of Contracts Awarded to the Youth, Women and PWDs*

Category of Procuring Entities	Number of Contracts by Target Groups			
	Women	Youth	PWDs	Total
State Corporations and SAGAs	5,792	2,820	756	9,368
Universities, Colleges, Polytechnics and Technical Institutions	2,376	1,158	249	3,783
Ministries and State Departments	1,059	700	63	1,822
County Executives	430	446	46	922
Constitutional Commissions and Independent Offices	292	84	34	410
County Assemblies	77	36	13	126
<b>Total</b>	<b>10,026</b>	<b>5,244</b>	<b>1,161</b>	<b>16,431</b>
<b>Percent</b>	<b>61.02%</b>	<b>31.91%</b>	<b>7.07%</b>	<b>100.00%</b>

From the table above, majority of the contracts were awarded by State Corporations and SAGAs, followed by Universities, Colleges, Polytechnics and Technical Institutions. Constitutional Commissions and Independent Offices and County Assemblies awarded the least number of contracts to the target groups. In terms of value of the contracts awarded to the target groups, State Corporations reported the highest amount followed by County Executives, then by Ministries and State Departments. Constitutional Commissions and Independent Offices and County Assemblies reported the least amounts, synonymous with their low levels of reporting. The summary is presented in the table below.

*Table 31: Summary of Value of Contracts Awarded to the Youth, Women and PWDs*

Category of Procuring Entities	Value of Contracts by Target Groups (Kshs.)			
	Women	Youth	PWDs	Total
State Corporations and SAGAs	8,421,077,133.04	3,283,765,718.62	1,218,438,415.28	12,923,281,266.94
County Executives	970,098,104.65	1,635,997,575.36	116,214,452.05	2,722,310,132.06
Ministries and State Departments	1,226,379,537.10	1,077,803,746.48	78,955,941.00	2,383,139,224.58
Universities, Colleges, Polytechnics and Technical Institutions	471,523,111.80	370,297,108.20	46,300,205.20	888,120,425.20

Category of Procuring Entities	Value of Contracts by Target Groups (Kshs.)			
	Women	Youth	PWDs	Total
Constitutional Commissions and Independent Offices	128,800,518.04	63,243,608.00	24,504,711.11	216,548,837.15
County Assemblies	38,436,198.00	19,599,427.00	3,342,209.50	61,377,834.50
<b>Total</b>	<b>11,256,314,602.63</b>	<b>6,450,707,183.66</b>	<b>1,487,755,934.14</b>	<b>19,194,777,720.43</b>
<b>Percent</b>	<b>58.64%</b>	<b>33.61%</b>	<b>7.75%</b>	<b>100.00%</b>

From the above table, a disaggregation of the value of contracts by category of target groups shows that, the women category was awarded the highest number and value of contracts represented by **61.02% (58.64%)**, whereas PWDs received the least at **7.07% (7.75%)**.

### (c) Report to National Development Implementation Technical Committee (NDITC) on AGPO

During the year under review, the Authority analysed issues affecting uptake of the AGPO programme and submitted a report to the National Treasury for consolidation and tabling before the National Development Implementation Technical Committee (NDITC), which required information on the status, bottlenecks, challenges and proposed resolutions to gaps in the implementation of Access Government Procurement Opportunities (AGPO). The Authority was part of a multi-Agency Team making submissions to the NDITC, whose report was expected to culminate into a Cabinet Memorandum, for consideration by the National Development Implementation and Communications Committee (NDICC) of the Cabinet.

The report by Authority presented information on the value of contracts awarded to the special interest group, including status of implementation, bottlenecks, gaps and recommendations to enhance access to the programmer. On the value of contracts, 49.78% was awarded to the women category, followed by the youth at 41.75% and the least amount was received by the PWDs at **8.47%**, over the two fiscal year period, as presented in the table below.

Table 32: Summary of the Value of Contracts Awarded to the Disadvantaged Groups

Category/ Financial Year	Value of Contracts Awarded by Procuring Entities						TOTAL	Percent
	2019/2020			2020/2021				
	Jul – Dec	Jan – Jun	Jul – Dec	Jan – Jun	Jul – Dec	Jan – Jun		
	KES	KES	KES	KES	KES	KES		
Women	4,922,954,366.30	5,983,148,925	7,139,407,103.82	7,856,988,681.60	25,902,499,076.72		49.78%	
Youth	3,418,542,718.77	6,489,735,729	5,362,741,017.67	6,454,313,101.18	21,725,332,566.62		41.75%	
PWDs	833,655,229.33	1,169,439,363	1,294,241,164.45	1,108,540,524.89	4,405,876,281.67		8.47%	
<b>Total</b>	<b>9,175,152,314.40</b>	<b>13,642,324,017</b>	<b>13,796,389,285.94</b>	<b>15,419,842,307.67</b>	<b>52,033,707,925.01</b>		<b>100.00%</b>	

On some of the challenges faced by the special groups while participating in the AGPO programme included:

- (i) Delayed payment by Procuring Entities for goods, works or services delivered /rendered. The delays have the risk of inflating the cost of tendering, as well as stagnating the businesses owned by the target group.
- (ii) A number of procuring entities reserve less than the required minimum of **30%** of their annual procurement budget for the Special Interest Groups which is against the provisions of Section 157(5) of the Act.
- (iii) PWDs are awarded the least contracts in terms of number and value by all the procuring entities that reported. Some procuring entities don't award contracts to this target group at all.
- (iv) Despite the entities reserving procurements for the target groups, there is still low absorption of the amounts reserved for the target groups.
- (v) Lack of access to credit facilities from financial institutions to enable the disadvantaged groups to service the contracts awarded to them (Commercial Banks and Financial Institutions still require some form of collateral).
- (vi) Low levels of awareness on the scheme by disadvantaged groups in the rural areas, thus limiting their participation.
- (vii) Lack of skills and knowledge amongst the disadvantaged groups on public procurement processes and procedures and on preparation and pricing of bids. Some of the disadvantaged groups submit abnormally low bids with the aim of winning tenders. However, upon winning such tenders, the bidder fails to perform or deliver on the contracts awarded owing to abnormally low prices quoted or lacking the capacity.
- (viii) Cases of misuse of the AGPO certificates, where the disadvantaged groups act as 'middlemen' to access public contracts and either subcontract or surrender the contract to a third party to deliver. Thus, diminishing the intended objectives of the scheme.
- (ix) Procuring entities preferring few established disadvantaged groups for repeat business and weak rotation of suppliers as required.

On the measures to address the challenges, the proposals included:-

- (i) LPOs/LSOs financing through Affirmative Funds established by Government, such as, the Youth Enterprise and Development Fund, Women Enterprise Fund and Uwezo Fund. Mechanisms to ensure ease of access to the funds by the special interest group should be developed.
- (ii) Establishment of AGPO desks at Huduma centres to carry out AGPO registration at County levels.
- (iii) Re-engineering of the AGPO portal to facilitate faster: Online application for AGPO certificates; Online certificate verification to ascertain their authenticity; Access to information on available tender opportunities for the Special Interest Groups; and Report generation on performance for purposes of enhancing monitoring and evaluation.



- (iv) Operationalization of the Preference and Reservations Secretariat responsible for: Registration, prequalification and certification of the persons, categories of persons or groups as provided for in Act; Training and capacity building of the target groups; Providing technical and advisory assistance to procuring entities in the implementation of the preferences and reservations under the Act; and Monitoring and evaluating the implementation of the preferences and reservations under the Act.
- (v) Issuance of periodic circulars and letters to accounting officers on prioritization of payments to these category groups; and
- (vi) Providing for unbundling procurements of goods, works and services in practicable quantities for the purpose of ensuring maximum participation of citizen contractors, disadvantaged groups, small, micro and medium enterprises in public procurement.

**(d) Regional Stakeholder Consultation Forums on Implementation of AGPO Programme**

During the period under review, the Authority participated in stakeholder consultation forums organized by the National Treasury to engage disadvantaged groups (youth, women and PWDs) participation in the AGPO programme across the country on the challenges/bottlenecks hindering their participation in public procurement between 9<sup>th</sup> and 19<sup>th</sup> January, 2022. The meetings were held through face-to-face dialogue and were conducted by technical officers from the National Treasury and the Authority.

Ten (10) regional consultation meetings covering 37 Counties namely: Mombasa, Kilifi, Kwale, Taita Taveta, Makueni, Machakos, Kitui, Kajiado, Muranga, Kiambu, Kirinyaga, Nyeri, Laikipia, Nakuru, Nyandarua, Meru, Isiolo, Tharaka Nithi, Embu, Garissa, Tana River, Uasin Gishu, Elgeyo Marakwet, Nandi, Baringo, Bomet, Kericho, Narok, Kisii, Nyamira, Kisumu, Siaya, Homabay, Vihiga, Bungoma, Nandi and Vihiga; were conducted with Youth, Women and Persons with Disabilities (PWDs). The respective County Executive Committee Member (CECM) for Finance mobilized the AGPO suppliers to attend the meetings.

During the meetings, a total of **175** of the targeted **252 (69.44%)** participated in the meetings. The Team considered end-to-end procurement process in light of the AGPO target groups where the participants discussed the challenges/ bottlenecks faced in each of the areas and proposed solutions. The detailed findings were incorporated in the report to by the National Treasury to the NDITC.

**3.3.3 Assessment of the Public Procurement and Asset Disposal System**

The Government of Kenya with the support of the World Bank is implementing

the Horn of Africa Gateway Development Project (HoAGDP), aimed at opening up the horn of Africa Corridor. The HoAGDP has several components and sub-components, with one of the sub-components requiring conduct of an analytical study on the public procurement system in Kenya to bring out the strengths, weaknesses and emerging issues. This analytical study will be undertaken using the Methodology for Assessing Procurement System (MAPS) II. The assessment will be managed and coordinated by the Public Procurement Regulatory Authority (the Authority), with guidance and support from the National Treasury and Planning.

The MAPS II analytical framework has four pillars; **(i) Legal, Regulatory and Policy Framework, (ii) Institutional Framework and Management Capacity, (iii) Procurement Operations and market Practices, and (iv) Accountability, Integrity and Transparency.** The four pillars are further broken down into **14** indicators and **55** sub-indicators.

The assessment will cover all the pillars and indicators without exception, and applied on sampled procuring entities and stakeholders at both the National and County governments. It is expected that the assessment will detail the gaps, challenges, weaknesses, and emerging issues in the public procurement system and prioritize reforms in an action plan for corrective measures. The final report of the assessment will be disseminated to stakeholders for information.

To ensure a seamless coordination and implementation of the assignment and the assessment, the Authority has constituted a joint Technical Committee to manage the assessment processes. The Technical Committee will be composed of officers drawn from the Authority, the National Treasury (PPD), Kenya Institute of Supplies Management (KISM), Kenya National Highways Authority (KeNHA) and the Horn of Africa Gateway Development (HoAGD) Project Management Unit. The Technical Committee will be reporting to the Steering Committee, Chaired by the Principal Secretary, National Treasury.

As at the close of the fiscal year, the Authority through KeNHA, was finalizing contracting of the Lead International Consultant to provide leadership in the conduct of the assessment. The lead consultant will also support in the engagement of the other six consultants to support delivery of the assignment.

### **3.3.4 Research on Uptake of 30% Reservation by the Youth, Women and PWDs**

The Authority engaged Kenya Institute for Public Policy Research and Analysis (KIPPRA) to conduct a study to identify and assess factors influencing the uptake of the thirty percent **(30%)** procurement spend set aside for Youth, Women and Persons with Disabilities in Kenya.

The study included the development of strategies needed to strengthen the reforms aimed at enhancing the uptake of the reserved procurement opportunities for the target groups. The scope of the study included expenditure data collection, identifying factors affecting the target groups, challenges in scheme implementation, remedial measures, and impact of the scheme in the economy, emerging issues and policy recommendations.

During the year, the study was finalized after KIPPRA submitted the Final Study Report, which was reviewed and adopted by the Authority for dissemination. Some of the issues that emerged during the study included:

- (a) **Corruption and Lack of transparency in public procurement processes;** where the respondents indicated that the AGPO scheme has increased corrupt and unethical practices in public procurement, through request for bribes, favoritism and nepotism (relatives and friends of the public officials), and lack of transparency where the procurement process outcomes were not communicated to the bidders.
- (b) **Use of technology in public procurement;** where adoption of IFMIS has eased the procurement process and use of the AGPO system for application and renewal of AGPO certificates has eliminated the challenges faced through the manual process.
- (c) **Misuse of AGPO certificates;** where AGPO certificates were being used by non-targeted groups to win government tenders. This led to exploitation of the scheme by non-targeted persons through use of proxies with AGPO certificates to get tenders from public entities. This has resulted to unfair competition with genuine bidders.
- (d) **Delayed payments;** where payment for performed contracts took longer time than expected time. This discouraged some bidders from taking up the reserved procurements.

Based on the study findings, the following recommendations are made:

- (a) To enhance the uptake of the procurement opportunities the National Treasury and the Authority should address the issues relating to corrupt and unethical practices including bribery cases, nepotism and lack of transparency in the procurement processes.
- (b) There is need to simplify the procurement processes, reduce many legal requirements and eliminate bureaucracy which hinders the target groups from easily accessing the reserved tenders which would consequently improve the uptake of the procurement opportunities.
- (c) The government to strengthen the framework of ensuring the affirmative action funds are accessible to the target groups given that most of the groups failed to uptake the procurement opportunities due to inability to finance the cost involved in the whole process.
- (d) Continuous sensitization/awareness creation and trainings focused on areas

such as procurement rules, regulations and the general procurement process would be crucial in ensuring the target groups uptake the procurement opportunities given that lack of knowledge and skills was a major challenge. This can be achieved through workshops, exhibition forums, centralized systems to access reserved tenders and related information, to equip the target groups with the required information.

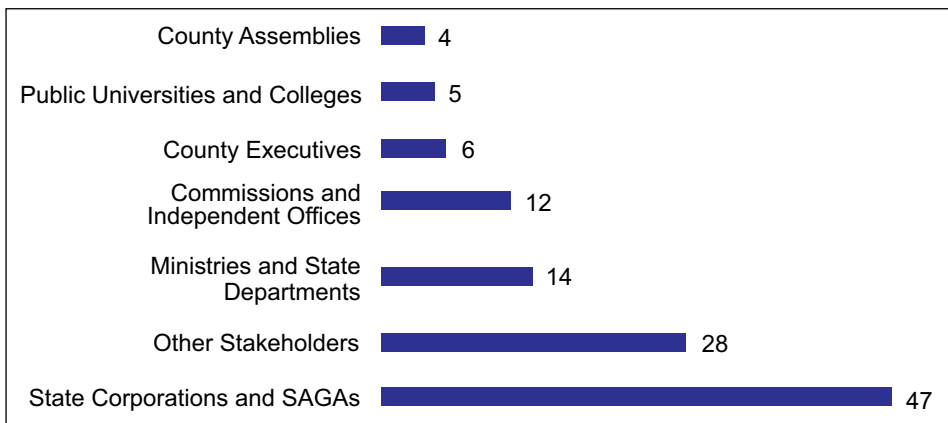
- (e) The AGPO certificate renewal process should be simplified, and the target groups sensitized on the procedure and requirements.
- (f) There should be strict enforcement of public procurement regulations to avoid misuse of the AGPO certificates by the non-targeted groups to benefit from the scheme through proxies.
- (g) There is need to strengthen monitoring and evaluation of implementation of the scheme, to enforce the policies, requirements, and procedures, to enhance uptake of the scheme.

### 3.4 Strategic Objective 4: To Strengthen the Public Procurement and Asset Disposal Legal and Regulatory Framework

The Authority is mandated under section 9 of the Act to provide advisory services and technical support upon request; monitor, evaluate and report on the performance of the public procurement and asset disposal system; as well as conduct research on the system.

#### 3.4.1 Provision of Advisory Services

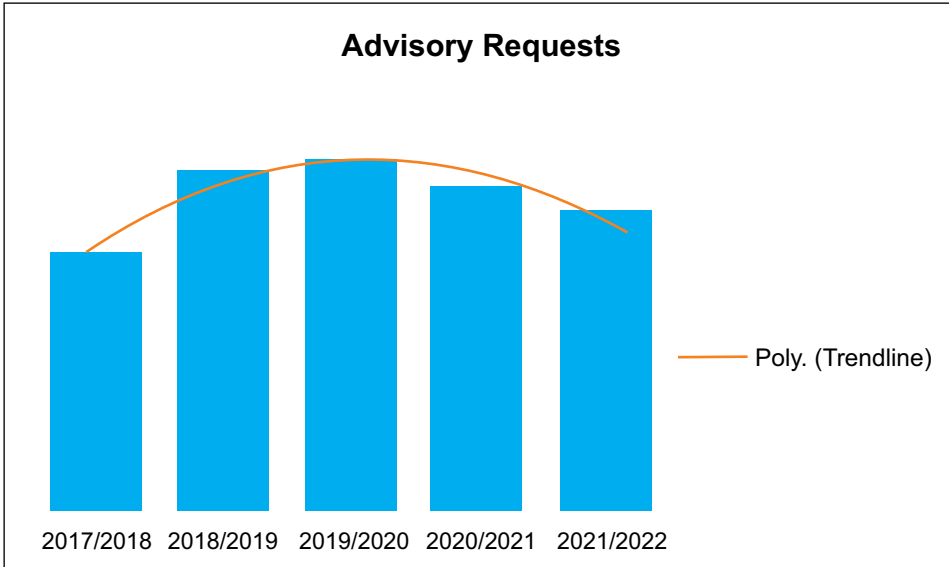
The Authority receives requests for advice in written form, telephone calls or walk-ins (visits to the Authority’s offices). During the period under review, the Authority received **116** requests for advice and issued written response letters to the concerned stakeholders, as presented in the figure below.



**Figure 14: Distribution of Request for Advice by Source**

From the figure above, most of the requests were from State Corporations and SAGAs (**47**), followed by other stakeholders who are not procuring entities (**28**); with the least number of requests being from County Assemblies (**4**).

Over the past five Years the statistics of the requests for advisory services were as follows:

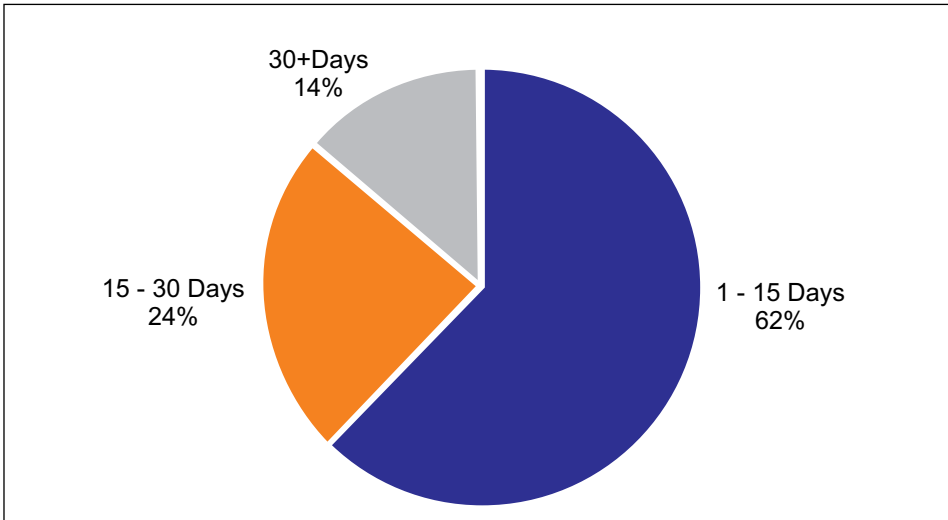


**Figure 15: Requests for Advice Over the Last Five Years**

From the figure above the number of requests for advice were at peak during the financial year 2019/2020 due to the COVID-19 pandemic which changed the modus operandi of the Public Procurement and Asset Disposal system. New guidelines issued to ensure business continuity of the government through observing the COVID-19 protocols elicited multiple requests for advice from stakeholders. As the pandemic is fizzling out, the number of requests are shown at a decreasing trend towards normalcy.

**(a) Duration of Processing of Requests for Advice**

The Authority is required to process requests for advice within 30 days upon receipt as per the service charter commitments. During the period, the Authority issued **76%** of the requests (**100**) within **30** days; whereas the remaining requests **16 (24%)** were issued after **30** days due to consultations with the relevant stakeholders to facilitate issuance of informed advice, as presented in the figure below.



**Figure 16: Duration of Processing of Requests for Advice**

**(b) Major areas of Requests for Advice**

The most common areas where different stakeholders sought advice included:

- (a) Use of and customization of the new standard tender documents and formats.
- (b) Contract management (reporting, variation/ Amendment, extension, expiry); including contract variations and amendments, emanating from delays in conclusion of new procurement proceedings.
- (c) Choice of procurement methods for different types of procurements.
- (d) Tender /Bid preparations.
- (e) Development and specification of evaluation Criteria.
- (f) Development of specifications and procurement planning.
- (g) Use of the Public procurement Information Portal.

**3.4.2 Requests for Approval of Alternative Selection Method for Consultancy Services**

Pursuant to Section 124 (15) of the Act, the Authority is mandated to approve requests from procuring entities in cases where an Alternative Selection Method for procurement of consultancy services is selected. During the year, the Authority received ten (10) requests from the following institutions, with their status presented in the table below.

Table 33: Status of Requests for Approval of Alternative Selection Methods for Consultancy Services

No	Source of Request	Nature of Request	Alternative Selection Method	Approved/Not Approved, and Remarks
1.	Kenya Power and Lighting Company Plc	Request for approval to engage external lawyers to advise on power purchase agreements review and renegotiation strategy.	Single source selection method <sup>2</sup>	<b>Not approved</b> , as the request did not fulfil the conditions under Section 124(12) of the Act.
2.	Kenya Airport Authority	Request for approval to procure professional consultancy services of Eng. Runji Ngware and Mr. James Gacoka	Single source selection method	<b>Not approved</b> , as the request did not fulfil the conditions under Section 124(12) of the Act, and Regulation 129(1) of the Regulations.
3.	State Department for Development of ASALs	Request for approval to procure a facilitating partner for Turkana West Subcounty	Consultants Qualifications Selection method	<b>Not approved</b> , as the request did not fulfil the conditions under Section 124(6) (c) of the Act, and Regulation 126 of the Regulations.
4.	Kenya Petroleum Refineries Limited	State Corporations and SAGAs	Single Source Selection method	<b>Not approved</b> , as the information provided was not adequate. The PE was advised to resubmit the request.
5.	Kenya Pipeline Corporation	State Corporations and SAGAs	Single Source Selection method	<b>Not approved</b> , since it did not fulfil the conditions for use of Single source selection method as outlined under Section 124 (12) of the Act.

No	Source of Request	Nature of Request	Alternative Selection Method	Approved/Not Approved, and Remarks
6.	Office of the Attorney – General and Department of Justice	Ministries and State Departments	Single Source Selection method	<b>Not approved</b> , as the information provided was not adequate. The PE was advised to resubmit the request.
7.	Communications Authority of Kenya	Single Source Selection method	Request to use single source selection for proposal for provision of consultancy service for baseline survey for broadcasting and postal courier service; for purposes of ensuring standardization and compatibility as single source selection method presents economic advantage over competition in the subject procurement.	The request was approved, pursuant to Section 124 (12, b) of the Act, and that the subject procurement should be processed in due compliance with the public procurement legal framework.
8.	Communications Authority of Kenya	Single Source Selection method	Request for proposal of provision of Legal and Governance Audit Consultancy; for purposes of ensuring standardization and compatibility as single source selection method presents economic advantage over competition in the subject procurement.	<b>The request was approved</b> , pursuant to Section 124 (12, b) of the Act.



No	Source of Request	Nature of Request	Alternative Selection Method	Approved/Not Approved, and Remarks
9.	Communications Authority of Kenya	Single Source Selection method	Request for proposal for provision of consultancy service for re-certification of quality management system –based ISO 9001:2015; for purposes of ensuring standardization and compatibility as single source selection method presents economic advantage over competition in the subject procurement.	<b>The request was approved,</b> pursuant to Section 124 (12, b) of the Act, and that the subject procurement should be processed in due compliance with the public procurement legal framework.
10.	Kenya Airports Authority	Alternative Selection methods	Requested for approval to use alternative consultancy selection method for provision of Legal services in respect of the contract for design/ Build tender for construction of the Greenfield Passenger terminal complex and associated works at JKIA	<b>Not approved,</b> on the grounds that legal services are non-consultancy services.

### 3.4.3 Request for Transfer of Procurement Responsibility

Pursuant to 52(1) of the Act, the Authority shall have power to transfer the procuring responsibility of a procuring entity to another procuring entity or procuring agent in the event of delay or in such other circumstances as prescribed in the Regulations. Further, Section 52 (2) of the Act provides that a procuring entity can make arrangements to enable another procuring entity to carry out the procurement or part of the procurement, on its behalf subject to the approval of the governing body of the organ or entity, where applicable or upon

recommendation of the Authority. During the year, the Authority received four (4) requests for transfer of procurement responsibility as presented in the table below.

*Table 34: Status of Requests for Transfer of Procurement Responsibility*

No.	PE/Organization Seeking to transfer responsibility	Entity/Organization responsibility being transferred to	Reasons for transfer	Status
1.	Nairobi Coffee Exchange	Agriculture and Food Authority	Nairobi Coffee Exchange does not have Management Committee	The request was approved
2.	Ministry of Health, Office of the Principal Secretary	AMREF Africa	The Ministry is currently experiencing staff shortage in the procurement department	Request was approved
3.	Kenya Railways Corporation	Kenya Urban Roads Authority (KURA)	The Kenya Railways lacked the capacity of technical expertise to execute the construction projects	Request was approved, and the PE notified that KURA should ensure compliance with the provisions of Regulation 39(4) of the Regulations, 2020 by entering into an agreement
4.	Communication Authority of Kenya	National Intelligence Service (NIS)	NIS has expertise and capacity to manage the acquisition of such security systems on behalf of government entities	Request was approved, and the Authority notified the Communication Authority of Kenya that it should comply with the provisions on transfer of procurement responsibility under Regulation 39(4) of the Regulations, 2020 by entering into an agreement with the NIS

### 3.4.4 Strengthening the Public Procurement and Asset Disposal Regulatory Framework

#### (a) Feedback on the New Standard Tender Documents and Formats

Section 9(1)(f), 58 and 70 of the Act vest the responsibility of development and issuance of standard bid/tender documents and formats with the Authority. The Authority with technical support from GIZ reviewed, updated and developed new Standard tender documents (STDs) and Formats in consideration of changes in the Act, the Regulations and international best practices.

Pursuant to Section 58(10) and 70(1) of the Act, it is mandatory for all procuring entities to use the standard bid/tender documents and formats in their procurement and asset disposal activities. In that regard, the Authority brought to the attention of all procuring entities the availability of the new standard bid/tender documents and formats via PPRA Circular No. 02/2021 of 22<sup>nd</sup> April, 2021, and revised in April, 2022. The same can be accessed from the Authority’s website [www.ppra.go.ke](http://www.ppra.go.ke) or through the link <http://ppra.go.ke/standard-tender-documents>.

During the year under review, the Authority received feedback and provided clarifications on the issued documents and formats, of which responses were provided as appropriate, as detailed below.

Table 35: Status of Clarifications Sought on the Standard Tender Documents and Formats

No.	Source of Feedback	Nature of Feedback	Clarification provided
1.	Kenya Forest Service	Enquired on the application of Section 164(5) of the Public Procurement and Asset Disposal Act, 2015 on the disclosure of reserve prices in the bidding documents. Further they noted that in the Standard Tender document (Section II (Conditions of Tender) Clause 1.6) issued by the Authority required that procuring entity to retain confidential reserve prices for all items. Therefore, the entity sought clarification on the two clauses of the two documents since they seem to contradict.	The Authority advised the procuring entity that the word “confidential” in the STDs was inadvertent and will be rectified.

No.	Source of Feedback	Nature of Feedback	Clarification provided
2.	Laikipia University	Reported a major challenge with the new standard tender documents on pagination. The university noted that after editing the right pages and removing the unrequired sections, the document cannot be paginated accordingly.	The Authority gave assurance of reviewing the tender documents to address the concerns raised.
3.	Water Sector Trust Fund	Sought clarification on whether Audit and Accounting services are non-Consulting services or Consulting services as indicated in the standard tender documents.	The Authority clarified that the Audit and Accounting services are Non consultancy where it is routine.
4.	State Department for Broadcasting and Telecommunication	Request for soft copies of the new standard bidding documents given that the tender documents uploaded at the Authority's website were not editable.	The issues noted in standard tender documents and formats were addressed and the editable documents were uploaded in the website.
5.	Nuclear Power and Energy Agency	Requested to be allowed to use the old tender documents and formats as the tender data sheet in the new standard tender documents were not editable.	The request was not allowed as the challenge had since been resolved.
6.	State Department for Correctional Services	Requested the Authority to upload Standard Tender Document No. 6 on Framework Agreements which had been withdrawn from the website.	The document has not been uploaded as it is still under development.
7.	The National Treasury	Requested for approval to amend a tender data sheet to provide for the two envelop system in the submission of bids and also to allow the application of award criteria provided under Section 86(1) (b) of the Act.	The PE was advised that Document 10 for Procurement of Information Technology, under Preface –Note 10 provides in part that “this document will be customized to suit the needs of the procuring entity”.

No.	Source of Feedback	Nature of Feedback	Clarification provided
8.	County Government of Machakos	Clarification on the technical requirements criteria on a Yes/ No basis whereas the Integrated Information Management System (IFMIS) requires a numerical score on the technical criteria.	The Authority made clarified that the provision was in line with Section 86(1) of the Act, 2015, and advised the PE seek guidance from the National Treasury on IFMIS related matters.
9.	State Department of Early Learning and Basic Education	Clarification on the missing Terms in the standard tender document No.4 for procurement of goods.	The Authority clarified that it was reviewing the mentioned document to make the necessary amendments.

## **(b) Regulatory Circulars and Directives**

During the period under review, the Authority issued the following directives/regulatory circulars for compliance and or information by stakeholders.

### **(i) Circular on Disclosure of Beneficial Ownership Information**

Sections 58 and 70 of the Act mandates the Authority to prepare issue and publish Standard Public Procurement and Asset Disposal documents and formats to be used by public entities and other stakeholders. Disclosure of Beneficial Ownership Information was one of the requirements included in the current standard public procurement and asset disposal document and formats following the requirements of the Executive Order No. 2 of 2018.

During the year, the Authority updated and included the revised Beneficial Ownership Information Disclosure Form and Tender Form in the standard tender documents in order to enhance transparency, openness and accountability in public procurement and asset disposal system through seamless disclosure of beneficial owners' information for companies / tenderers that have been awarded contracts as part of contract details to be published. This was communicated vide PPRA Circular No.02/2022 of 8<sup>th</sup> April, 2022.

### **(ii) Circular on Registration and Licensing of Procuring or Asset Disposal Agents**

Section 51(3) of the Act as read together with Regulation 38 (1) of the Public Procurement and Asset Disposal Regulations, 2020 (the Regulations) mandates

the Authority to register and license procuring and asset disposal agents (the Agents). Procuring and asset disposal agents play a vital role in enhancing and supplementing capacity of procuring entities to comply with the Act, the Regulations and the directives of the National Treasury and the Authority.

The agents are vital in ensuring that public procurement and asset disposal in Kenya fully complies with the fundamental principles of fairness, transparency, equity, competition and cost effectiveness and other guiding principles which include rule of law, accountability, good governance, sustainability, prudence, latest technology and international rules. To operationalize the registration and licensing of agents, the Authority developed and issued Guidelines on Registration and Licensing of Procuring and or Asset Disposal Agents.

The Guidelines provided simplified procedure, the requirements and conditions to be met by the procuring and asset disposal agents when applying for registration and licensing and when applying for renewal of annual practicing licence. A person applying for registration and licensing should specify the category of their interest per application and shall pay the prescribed fee of Kshs.50, 000.00 for each category. The practice categories include: (i) Procurement of: goods, non-consultancy services, consultancy services and works; (ii) Stores, Inventory and Asset Management; (iii) Logistics, Warehousing and Distribution; (iv) Contract Management; (v) Assets Disposal; (vi) Procurement Audit and Compliance Review; and (vii) Procurement Transaction Advisory.

The operationalization of this mandate was communicated to stakeholders vide PPRA Circular No.03/2022 of 28<sup>th</sup> June, 2022. The Guidelines and relevant forms can be accessed from the Authority's website, [www.ppra.go.ke](http://www.ppra.go.ke). The Authority invites applications from interested persons to be registered and licensed as Agents from 1<sup>st</sup> July, 2022.

### **(iii) Circular on Training of Procuring Entities on the Public Procurement Information Portal**

The public Procurement Information Portal was developed in July 2018 to enable procuring entities comply with the requirements of the Executive Order No.2 of June 2018 on Procurement of works, goods and services by procuring entities. Two years later its initial launch, the Authority enhanced the features of the portal by incorporating additional modules to help in collecting data relating to preference and reservation schemes, use of direct procurement method and termination of procurement proceedings and general reports as procurement and asset disposal transactions.

The upgraded version of the Portal was rolled out in June 2021, through PPRA

Circular No. 3 of May 2021. The Authority has since been supporting procuring entities through its support desk while working on capacity building program to train all procuring entities users (both registered and non-registered) so as to realize the full uptake and usage of the Portal.

The Authority issued a circular to all procuring entities notifying them of the planned trainings on the Portal between January and March, 2022. This was communicated to the PEs through PPRA Circular No. 4 /2021 of 1st December 2021. The circular is accessible through [www.ppra.go.ke/circulars](http://www.ppra.go.ke/circulars).

### **3.5 Strategic Objective 5: To Equip Persons involved in Public Procurement with Requisite Knowledge and Skills on Public Procurement and Asset Disposal**

#### **3.5.1 Technical Support**

The Authority is mandated under section 9 of the Act to provide of technical support and training to procuring entities upon request. During the year, the Authority received **54** requests for training and technical support, of which **39** were offered and **15** were postponed to the next financial year, as detailed in the table below.

Table 36: Technical Support and Trainings Offered

No.	PE/ Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
1.	Teachers Service Commission	Constitutional Commissions, Institutions and Independent Offices	Teachers Service Commission Procurement Manual	Technical Support	Review of Procurement Manual reviewed and comments shared with the PE	15 <sup>th</sup> February 2022
2.	Nairobi Metropolitan Services	State Corporations and SAGAs	Request for review of Draft Tender Document for the Specially Permitted Procurement Method under the Affordable Housing Project at Nairobi Metropolitan Service	Technical Support	Draft Tender Document Reviewed and comments shared with the procuring entity	21 <sup>st</sup> March 2022
3.	Nyeri Water and Sanitation Company Limited	County Corporations	Training on procurement Regulations	Training	Training conducted	2 <sup>nd</sup> to 4 <sup>th</sup> March, 2022
4.	ICT Authority	State Corporations and SAGAs	Capacity building for board members and management	Training	Training conducted	16 <sup>th</sup> March, 2022



No.	PE/ Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
5.	County Government of Kisumu	County government	Facilitation of Kisumu County Staff on AGPO Supplier sensitization	Training	Offered	18 <sup>th</sup> -22 <sup>th</sup> October, 2021
6.	County Government of Kisumu	County government	Facilitation of AGPO Supplier sensitization	Training	Offered	8 <sup>th</sup> -12 <sup>th</sup> November, 2021
7.	State Department for Youth Affairs	Ministries and State Departments	Request for nomination of one officer to facilitate training of A.I.E Holders and Budget Implementation Committee Members	Training	Training Conducted	1 <sup>st</sup> -2 <sup>nd</sup> October 2021
8.	Office of the Auditor General	Constitutional Commissions, Institutions and Independent Offices	Resource Persons for sensitization on Asset Disposal and Related Process	Training	Training conducted	17 <sup>th</sup> -19 <sup>th</sup> November 2021
9.	Kenya Marine and Fisheries Research Institute	State Corporations and SAGAs	Capacity Building Training for the Disadvantaged Groups and other interested suppliers	Training	Training conducted	Dates: 18 <sup>th</sup> November 2021

No.	PE/ Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
10.	Kiambu Institute of Science and Technology	Public Colleges, Polytechnics and Training Institutes	Request for Training	Training	Training Conducted	18 <sup>th</sup> September 2021
11.	Council of Governors	County Governments (Executives, Assemblies)	Request to appoint a Technical Representative to Aid on the implementation of AGPO activity under COG/UN Women project	Technical Support	Training conducted	14 <sup>th</sup> to 26 <sup>th</sup> February 2022
12.	Kenya Space Agency	State Corporations and SAGAs	Development of Procurement Policy Document	Training	Training conducted	29 <sup>th</sup> Sept - 3 <sup>rd</sup> October 2021
13.	Kenya Tourism Board	State Corporations and SAGAs	Request for Training Facilitation on the Public Procurement Regulations and the New STDs	Training	Training conducted	1 <sup>st</sup> - 2 <sup>nd</sup> December 2021
14.	Unclaimed Financial Assets Authority	State Corporations and SAGAs	Training Facilitation	Suppliers' sensitization	Training conducted	30 <sup>th</sup> December 2021
15.	Teachers Service Commission	Constitutional Commissions, Institutions and Independent Offices	Teachers Service Commission Procurement Manual	Technical Support	Document reviewed and comments submitted to the entity	12 <sup>th</sup> January 2022

No.	PE/ Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
16.	Nairobi Metropolitan Services	State Corporations and SAGAs	Forwarding of Draft Tender Document for the Specially Permitted Procurement Method under the Affordable Housing Project at Nairobi Metropolitan Service	Technical Support	Draft Tender Document Reviewed and comments shared with the procuring entity	18/01/2022
17.	Nyeri Water and Sanitation Company Limited	County Corporations	Training on procurement Regulations	Training	Training conducted	2 <sup>nd</sup> to 4 <sup>th</sup> March 2022
18.	ICT Authority	State Corporations and SAGAs	Capacity building for board members and management	Training	Training conducted	16 <sup>th</sup> March 2022
19.	Kakamega County Water and Sanitation Company	County Corporations	Training on how to upload information on the public procurement information portal	Training	Training conducted	25/04/2022

No.	PE/ Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
20.	Kenya National Highways Authority	State Corporations and SAGAs	The request for a facilitator on upgraded Public Procurement Information Portal (PIIP)	Training	Training conducted	4 <sup>th</sup> -8 <sup>th</sup> April 2022
21.	Women Enterprise Fund	State Corporations and SAGAs	Request for sensitization on public procurement operations	Training	Training conducted	18 <sup>th</sup> –20 <sup>th</sup> May 2022
22.	Kenya Deposit Insurance corporation	State Corporations and SAGAs	Training of Board of Directors KDIC on the role of the Board in public procurement	Training	Training conducted	11 <sup>th</sup> May 2022
23.	Privatization Commission	State Corporations and SAGAs	Induction Training for staff and management members	Training	Training conducted	13/4/2022
24.	Privatization commission	State Corporations and SAGAs	Board Induction	Training	Training conducted	12 <sup>th</sup> May 2022
25.	Women Enterprise Fund	State Corporations and SAGAs	Request for sensitization on public procurement operations	Training	Training conducted	23 <sup>rd</sup> –24 <sup>th</sup> 2022

No.	PE/ Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
26.	Tea Board of Kenya	State Corporations and SAGAs	Request to undertake training on Public Procurement and Asset Disposal Act	Training	Training conducted	11 <sup>th</sup> – 13 <sup>th</sup> May 2022
27.	Kenya Electricity Generating Company Plc	State Corporations and SAGAs	Training of staff on Public Procurement and Asset Disposal Act and Regulations	Training	Training conducted	15 <sup>th</sup> – 16 <sup>th</sup> June 2022 8 <sup>th</sup> 9 <sup>th</sup> June 2022 29 <sup>th</sup> – 30 <sup>th</sup> June 2022 25 <sup>th</sup> – 26 <sup>th</sup> June 2022
28.	The Commission on Administrative Justice	Independent Bodies	Request for a resource person to facilitate development of internal procurement and Disposal Manual	Technical Support	Technical Support provided	30 <sup>th</sup> May – 3 <sup>rd</sup> June, 2022,
29.	Kenya National Bureau of Statistics	State Corporations and SAGAs	Training of Newly Appointed staff on procurement and regulations	Training	Training conducted	20 <sup>th</sup> – 25 <sup>th</sup> June 2022

No.	PE/ Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
30.	The Judiciary	The Judiciary and the Courts	Regional supply chain conference and sensitization of DSCMS staff on the Judiciary Procurement manual	Training	Training conducted	26 <sup>th</sup> May 2022
31.	National Biosafety Authority	State Corporations and SAGAs	Request for a facilitation to assist in reviewing of the procurement manual for National Biosafety Authority	Technical support	Technical support provided	7 <sup>th</sup> June 2022
32.	EPRA	State Corporations and SAGAs	Sensitization workshop on Access to Government procurement opportunities	Training	Training conducted	3 <sup>rd</sup> June 2022
33.	Nyayo Tea Zones Development corporation	State Corporations and SAGAs	sensitization program on disadvantaged Groups 20211-2022	Training	Training conducted	18 <sup>th</sup> June 2022

No.	PE/ Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
34.	Ministry of Devolution	State Department	Training on public procurement /Aligning procurement processes to public procurement regulations 2020	Training	Training conducted	17 <sup>th</sup> 20 <sup>th</sup> June 2022
35.	International PFM Academy	State Corporations and SAGAs	Request for Training on pre qualifications	Training	Training conducted	10 <sup>th</sup> June 2022
36.	Kenya Girls Guides Association		Request for training	Training	Training conducted	19 <sup>th</sup> July 2022
37.	Kenya National Bureau of Statistics	State Corporations and SAGAs	Training of Senior Management on Public Procurement and Asset Disposal Act, 2015	Training	Training conducted	19 <sup>th</sup> -23 <sup>rd</sup> July 2022
38.	Kinyanjui Technical Training Institute	Universities / Colleges	Training on preparation of institute procurement Plan for FY 2022/2033	Training	Trained	21 <sup>st</sup> June 2022
39.	Kenya Law Reforms Commission	State Corporations and SAGAs	Sensitization webinar for Staff and AGPO Suppliers	Training	Training conducted	29 <sup>th</sup> June, 2022

**Table 37: Technical Support and Trainings Not Offered**

No.	PE/Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
1.	Kenya Literature Bureau	State Corporations and SAGAs	Request for In-House Training	Training	The Authority was not able to honour the request due to other assignments. The entity was advised to reschedule	N/A
2.	Kenya Ports Authority	State Corporations and SAGAs	Training of KPA staff on the new Standard Tender Documents	Training	Training was postponed. The Authority is awaiting new dates from the entity.	N/A
3.	Kenya Utalii College	State Corporations and SAGAs	Sensitization on Procurement and Asset Disposal Policies	Training	Postponed and new dates to be communicated by the entity.	NA
4.	National Construction Authority	State Corporations and SAGAs	Request for an officer to support in the customization of the New Standard Tender documents	Technical support	The Activity was postponed by the entity, awaiting new dates.	N/A
5.	Garissa University	Universities / Colleges	Request for training of Heads of Sections on public procurement	Training	Awaiting confirmation of dates from the entity	N/A



No.	PE/Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
6.	Communication Authority of Kenya	State Corporations and SAGAs	Request for facilitation of Training on sensitization of CA staff on the approved procurement manual	Training	Postponed and Awaiting response from the entity	N/A
7.	Kenya Meat Commission	State Corporations and SAGAs	Training for staff sensitization of procurement Regulatory	Training	Awaiting response from the entity	N/A
8.	Kenya Ports Authority	State Corporations and SAGAs	Training of KPA staff on the new standard tender documents and tender evaluation templates		Postponed, awaiting response from the entity.	N/A
9.	Nairobi Technical Training Institute	Universities / Colleges	Request for a facilitator on the standard tender documents	Training	Postponed, Awaiting response from the entity.	N/A
10.	Mama Ngina University College	Universities / Colleges	University college procurement staff Training Request	Training	Postponed, awaiting new dates from the entity.	NA
11.	Chuka University	Universities / Colleges	Sensitization workshop the Regulations, 2020	Training	Postponed, awaiting new dates from the entity.	NA

No.	PE/Organization Name	Category of Procuring Entity	Subject	Nature of Request	Status of Request	Training dates
12.	Nuclear Power and Energy Agency	State Corporations and SAGAs	Request for Appointment of a member to the Nuclear Procurement Technical Working Group	Training	The Authority as a Regulator could not participate in the technical working group	N/A
13.	JKUAT Industrial Park Limited	State Corporations and SAGAs	Request for resource persons for preparation of bidding documents and related tasks	Technical support	Given the regulatory function of the Authority; the entity was advised to use a short list of individual consultants	N/A
14.	Ministry of Agriculture, Livestock, Fisheries and cooperatives	State Departments	Training of the Inter-departmental Risk Management committee	Training	Referred to national treasury	N/A
15.	Kenya Electricity Transmission Company Limited	State Corporations and SAGAs	Request for procurement Training for various KETRACO staff	Training	Postponed and new dates to be communicated by the entity	N/A



**CHAPTER**

**4**

**PUBLIC PROCUREMENT  
ADMINISTRATIVE  
REVIEW MECHANISM**

## 4.1 Overview of the Review Board

The Act has provided for a mechanism through which bidders who are not satisfied with the decisions made by procuring entities on subject procurements may lodge an appeal or a request for review of such processes. The Procurement Administrative Review Board (Review Board) is established under Section 27 of the Act, to review, hear and determine tendering and asset disposal appeals/ disputes. The Authority is mandated to provide secretariat and administrative services to the Review Board.

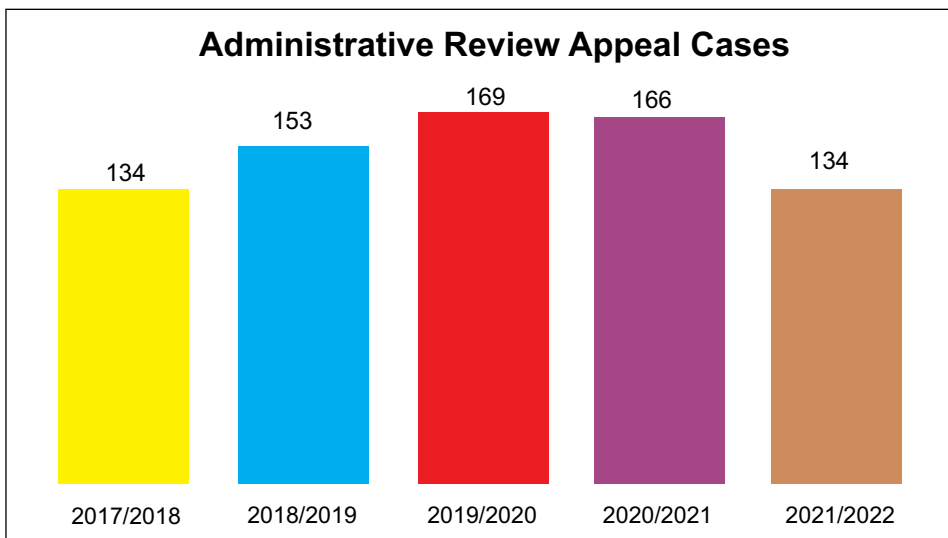
The Review Board is established to promote and uphold fairness, equitability, transparency, competitiveness and cost-effectiveness in the public procurement and asset disposal system through judicious, expeditious and impartial adjudication of matters arising from disputed procurement and asset disposal proceedings in order to increase accountability and public confidence.

The Review Board's objective is to determine tendering and asset disposal disputes arising from candidates and/or tenderers who claim to have suffered or risk suffering, loss or damage due to the breach of a duty imposed on a procuring entity by the Public Procurement Legal and Regulatory framework.

## 4.2 Requests for Review Lodged

During the year, the Review Board presided over **134** appeals/cases, fewer than **166** cases in the 2020/2021 fiscal year. The Review Board delivered all the decisions within the prescribed period of **21** days. In addition, the decisions rendered were signed, shared with the parties, and uploaded on the Authority's website: [www.ppra.go.ke](http://www.ppra.go.ke) for reference by stakeholders.

Over the last five years the Review Board has handled **756** appeal cases. This makes it an average of **151** cases handled annually. The numbers of cases lodged were at peak in the Financial Year 2019/2020. Afterwards the Review Board is witnessing a decreasing trajectory of cases as illustrated in the figure below. The decline of cases infers that tenderers are gaining confidence with the compliance levels by procuring entities.



**Figure 17: Administrative Review Appeal Cases**

### **4.3 Decisions Referred for Judicial Review**

The Review Board ensured that for all cases that were referred for Judicial Review at the High Court, necessary documents and the draft affidavits were submitted to the State Law Office; including instructions to the Attorney-General to represent the Review Board in Court.

### **4.4 Development of Law Reports (Case Digest)**

The Review Board, under the sponsorship of the International Development Law Organisation (IDLO), engaged the services of a consultant to develop the Law Report (Case Digest) for the Review Board’s cases rendered in the period 2014 to 2020. The Consultant submitted a draft of the Law Report to the Review Board and the Sponsor, which report was adopted and the Consultant allowed proceeding and finalizing the Case Digest.

### **4.5 Development of Electronic Administrative Review Management System**

The implementation of an electronic Administrative Review management system was progressed in the course of the fiscal year. All cases handled by the Review Board were captured in the online system, to ensure proper maintenance of the records.

## **4.6 Development of the Rules and Procedures for the Review Board**

The World Bank, under the Horn of Africa Gateway Development Project (HoAGDP) is assisting the PPRA (more specifically the Review Board) to develop Rules and Procedures of Handling Procurement Complaints by engaging a consultant to carry out the task. The Consultant was selected vide a competitive process by the Kenya National Highway Authority (KeNHA) the implementing agency for the project, and signed a contract. At the end of the financial year, the consultant was yet to finalise the development of the Rules and Procedures.



**CHAPTER**

**5**

**MANAGEMENT OF  
INTERNAL  
ORGANIZATION**

## 5.1 Corporate Services

### (a) Publicity and Awareness Creation

During the year, the Authority relocated its head office from National Bank Building to KISM towers along Ngong road. To publicise the relocation, two (2) quarter page adverts were run through MyGov publication. The Authority's website as well as its social media pages were also used to inform stakeholders of the relocation.

The Authority continued to provide an avenue for benchmarking to other public procurement authorities in the region and beyond. During the year, the Authority received delegations from Embassy of Switzerland, Angola Public Procurement Service and Somalia Public Procurement Regulatory Authority. The visits were aimed at learning and experience sharing on public procurement implementation and best practices.

### (b) Corporate Communications

The Authority's website continued to be a major hub of information to the public. The following tables indicate the most visited pages and most downloaded documents during the year.

Table 38: Most Downloaded Documents from the Authority's Website

Document Name	Downloads
Public Procurement and Asset Disposal Act 2015	126,087
Public Procurement and Asset Disposal Act Revised Edition 2016	105,354
The Public Procurement and Asset Disposal Regulations, 2020	65,724
Mandatory Reporting Requirements for Procuring Entities	49,240
Addendum For Tender No PPRA/05/2020-2021 – Provision of Cleaning, Sanitary and Fumigation Services for Public Procurement Regulatory Authority	46,027
AGPO List as at 17 <sup>th</sup> September 2019	30,660
Finance Act No. 15 Of 2017	15,521
Addendum: Provision of Air travel Ticketing Services – Tender No PPRA/01/2019–2020	13,464
Market Price Index March 2021	12,927
PPRA Code of Ethics	12,520
<b>Total</b>	<b>477,524</b>



Table 39 : Summary of 10 Most Visited Sites in the Authority's Website

Page Name	Page Link	No. Of Views	No. of Unique Views
Homepage	<a href="http://ppra.go.ke/">http://ppra.go.ke/</a>	213,226	161,939
The Public Procurement and Asset Disposal Act, 2015	<a href="http://ppra.go.ke/ppda/">http://ppra.go.ke/ppda/</a>	160,798	134,089
Standard Tender Documents	<a href="http://ppra.go.ke/Standard-Tender-Documents/">http://ppra.go.ke/Standard-Tender-Documents/</a>	81,409	66,258
AGPO	<a href="http://ppra.go.ke/Agpo/">http://ppra.go.ke/Agpo/</a>	42,946	28,249
Tenders Category	<a href="http://ppra.go.ke/Category/Tenders/">http://ppra.go.ke/Category/Tenders/</a>	35,633	25,896
Market Price Index	<a href="http://ppra.go.ke/Market-Price-Index/">http://ppra.go.ke/Market-Price-Index/</a>	31,354	24,621
Regulations 2020	<a href="http://ppra.go.ke/Download/The-Public-Procurement-And-Asset-Disposal-Regulations-2020//">http://ppra.go.ke/Download/The-Public-Procurement-And-Asset-Disposal-Regulations-2020//</a>	30,596	26,699
About Us	<a href="http://ppra.go.ke/About-Us/">http://ppra.go.ke/About-Us/</a>	26,969	20,943
Regulations Post	<a href="http://ppra.go.ke/Regulations/">http://ppra.go.ke/Regulations/</a>	25,159	21,098
Circulars	<a href="http://ppra.go.ke/Circulars/">http://ppra.go.ke/Circulars/</a>	24,554	19,420
<b>Total</b>		<b>672,644</b>	<b>529,212</b>

### (c) Customer service

The Authority undertook process mapping and documentation for activities in the Customer Service Carter for three (3) departments as part of business process re-engineering. As a result, four (4) service reports were submitted to Huduma Kenya Secretariat; consequently, the Authority attained an overall score of 100%. Due to budgetary constraints, the Authority did not undertake a customer satisfaction survey during the financial year.

### (d) Corporate Social Responsibility

In line with the Presidential directive on “inclusion of tree planting in Corporate Social Responsibilities activities”, the Authority partnered with Kenya Forest

Service and adopted one (1) hectare of degraded forest area in Kimondi Forest, Nandi County. The partnership involved establishment, protection and maintenance of the adopted forest for three (3) years. During the year, the Authority undertook a tree planting activity at Kimondi forest on 29<sup>th</sup> June, 2022.

### **(e) Complaints and Access to Information management**

The Authority continued to positively address customers' feedback and requests to access information. Five (5) complaints against the Authority were received and resolved during the year. Two (2) of the complaints were lodged with Commission on Administrative Justice (CAJ) and involved delayed payment by Taita Taveta Water and Sewerage Company and Sports Stadia to their suppliers. The reports on resolution of complaints were submitted to Commission on Administrative Justice (CAJ) whereby the Authority attained a composite score of 100%.

## **5.2 Legal Affairs**

During the year under review, the Authority handled fourteen (14) court cases. Seven (7) of them were filed in the Judicial Review Court (some arising out of the appeals from the decision of the Debarment Committee), Six (6) in the Constitutional and Human Rights Court and one (1) is a mediation matter.

As at the end of the fiscal year, judgment had already been entered in four matters in favor of the Authority, while two matters were withdrawn by the applicants. The remaining eight (8) were still active in court.

## **5.3 Internal Controls and Risk Management**

### **(a) Internal Audit and Quality Assurance**

The Internal Audit function exists to provide reasonable assurance and consultancy services in order to add value as well as improve the Authority's operations and internal control systems. The function assists the Authority to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

To ensure the independence and objectivity of the Internal Audit function, the department reports functionally to the Public Procurement Regulatory Board's Audit, Risk and Governance Committee and administratively to the Director General. During the year under consideration, the Internal Audit function undertook a number of reviews on the Authority's systems and made various recommendations for improvement.

## **(ii) Board Audit, Risk and Governance Committee**

The Audit, Risk and Governance Committee assists the Regulatory Board in fulfilling its statutory and fiduciary oversight responsibilities relating to governance, accountability, risk management and transparency to the Authority and its stakeholders. During the year, the Audit Committee held six (6) meetings as follows.

- (i) Ordinary Audit Committee meeting – held on 9<sup>th</sup> July, 2021;
- (ii) Ordinary Audit Committee meeting – held on 9<sup>th</sup> September, 2021;
- (iii) Ordinary Audit Committee meeting – held on 6<sup>th</sup> January, 2022;
- (iv) External Audit entry meeting – held on 13<sup>th</sup> January, 2022;
- (v) External Audit exit meeting – held on 4<sup>th</sup> March, 2022; and
- (vi) Ordinary Audit Committee meeting – held on 8<sup>th</sup> April, 2022.

## **(b) Risk Management**

Risk management is an integral part of the Authority's strategic management. Risk is the potentiality that expected and unexpected events may have an adverse impact on the achievement of the Authority's objectives. Risk management aims at identifying, measuring and mitigating various risks that are intrinsic as well as extrinsic. The Regulatory Board and management realized the centrality of risk management in the Authority and have continuously advocated for an overarching risk management culture in strategy formulation and implementation.

The Authority has identified a number of key risks that are likely to impede the implementation of its objectives. Strategies to mitigate the identified risks have been mapped out at functional levels and an implementation action plan developed and documented in risk registers and work plans.

## **5.4 ICT Support Services**

The Authority continued to embrace and enhance the innovative use of ICT products and services to support its core mandate as well as its administrative processes. During the year, the Authority increased automation of its business operations through enhancement of the Public Procurement Information Portal (PPIP) to enable procuring entities submit mandatory reports required by the Act and Regulations. The Authority also leveraged on emerging technologies in its operations to ensure business continuity during the corona virus pandemic in compliance with Government directives. The key projects undertaken include:

### **(a) Public Procurement Information Portal (PPIP)**

The Executive Order No. 2 of 2018 (EO) requires all Public Procuring Entities to maintain and continuously update and publicize details of procurement

information and contracts awards. Public Procurement Information Portal (PPIP) was developed to enable public procuring entities comply with the Executive Order through publication of the required information on public procurement. The portal is also a tool that enables public procuring entities to comply with the mandatory reporting and disclosure requirements in line with the Public Procurement and Asset Disposal Act, 2015.

During the year under review, the Authority successfully conducted a nationwide capacity building and training program on the PPIP in order to enhance the uptake and usage of the portal. The program targeted all PEs at the at National Government and County Governments levels. It covered 9 regions across the country i.e., Central and Upper Eastern, Eastern, North Eastern, Western, Nyanza, Coast, North Rift, South Rift and Nairobi Metro regions. The capacity building program was jointly funded by PFMR and GIZ.

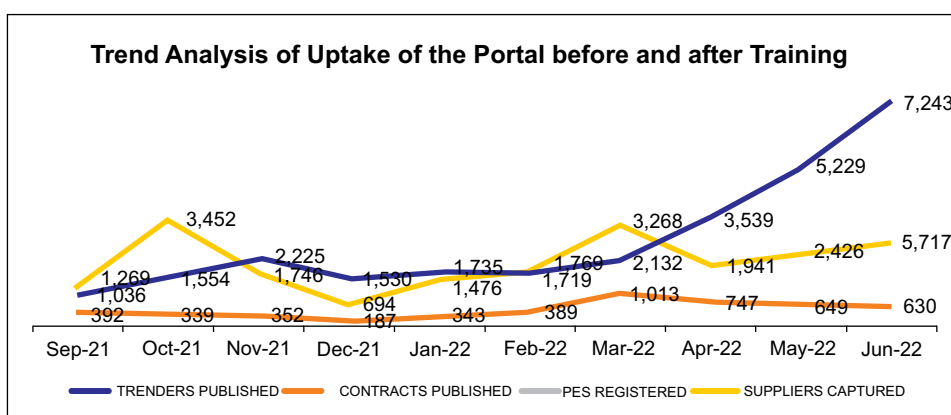
The participants comprised of officers drawn from Procurement Functions of PEs as well as Accounting Officers who were slotted for a one-day sensitization on the Portal and public procurement disclosure requirements, where a total of **1,408** procurement officers were trained. With the conclusion of the capacity building, it is expected that the uptake and usage of the portal will increase. The number of participants trained is presented in the table below.

*Table 40: Number of Participants Trained on Public Procurement Information Portal*

Dates	No. of Participants	Gender	
		Male	Female
10 <sup>th</sup> – 11 <sup>th</sup> January, 2022	100	70	30
12 <sup>th</sup> – 13 <sup>th</sup> January, 2022	62	43	19
14 <sup>th</sup> January, 2022	65	44	21
17 <sup>th</sup> – 18 <sup>th</sup> January, 2022	159	90	69
19 <sup>th</sup> – 20 <sup>th</sup> January, 2022	82	46	36
21 <sup>st</sup> January, 2022	104	64	40
31 <sup>st</sup> Jan – 1 <sup>st</sup> Feb, 2022	127	83	44
2 <sup>nd</sup> – 3 <sup>rd</sup> Feb, 2022	69	47	22
4 <sup>th</sup> Feb, 2022	157	120	47
28 <sup>th</sup> Feb – 1 <sup>st</sup> March, 2022	100	55	<b>45</b>
2 <sup>nd</sup> – 3 <sup>rd</sup> March, 2022	186	93	<b>83</b>
4 <sup>th</sup> March, 2022	65	47	<b>18</b>
7 <sup>th</sup> – 8 <sup>th</sup> March, 2022	33	24	<b>9</b>

Dates	No. of Participants	Gender	
		Male	Female
9 <sup>th</sup> – 10 <sup>th</sup> March, 2022	61	31	30
11 <sup>th</sup> March, 2022	38	27	11
<b>Total</b>	<b>1,408</b>	<b>884</b>	<b>524</b>

Following the conclusion of the nationwide capacity building program, the uptake and usage of the Portal has increased as illustrated by the figure below. The period before training is the **September to December, 2021** and the post-training period being the **January to June, 2022**.



**Figure 18 : Uptake of the Portal by Procuring Entities**

**(b) Automation of the Administrative Review Board - [arcms.ppra.go.ke](http://arcms.ppra.go.ke)**

The Authority has developed an electronic Administrative Review Case Management system (eARCMS). Once rolled out to the public, the system will automate the operations on the Administrative Review Board in order to enable the Secretariat and the Board improve their operational performance as well as enable appellants to file and track their cases online.

**(c) Automation of the Complaints Management - [cms.ppra.go.ke](http://cms.ppra.go.ke)**

The Authority developed an online Case Management System (CMS). This system automates the Authority’s Complaints Handling process of the Complaints and Investigations Department. Once rolled out to the public, the system will allow members of the public to lodge their complaints against Procuring Entities through the online platform and be able to track the status of processing of their complaints without having to come to the Authority’s premises.

#### **(d) Acquisition of an e-Board Management System**

During the year under review, the Authority acquired and operationalized an e-Board management system to enhance and streamline the operations of the Regulatory board. This system has improved board communications by enabling board meetings and other operations to be conducted through an online platform and also provided a secure channel for dissemination and management of board correspondences.

#### **(e) Upgrade of PPRA Server infrastructure and Implementation of a Disaster Recovery (DR) Site**

As part of improving the capacity and resilience of its ICT infrastructure, the Authority acquired additional servers and implemented a disaster recovery (DR) site as part of its business continuity measures. This has in turn enhanced the availability of the Authority's online systems thus enabling its stakeholders, clients and staff to transact and access services seamlessly through the available online platforms.

## **5.5 Procurement Operations**

#### **(a) Procurement Planning**

During the 2021/2022 financial year, the Authority planned to spend **KShs. 20,121,593.00** for procurement of goods, works and services. The Authority therefore reserved **KShs. 6,036,478.00**, of its procurement budgets for the disadvantaged groups (women, youth and Persons with Disabilities (PWDs)); representing **30%** of the total planned procurement budget. Of the **30%** reserved procurement budget, **KShs. 120,729.56** (being 2% of this budget) was reserved for PWDs.

#### **(b) Compliance with Mandatory Reporting Requirements and Presidential Directives**

During the year, the Authority filed mandatory reports that were due in the quarterly as required under the Act. The Authority did not undertake any procurement to facilitate advertising in the Public Procurement Information Portal (PPIP).

#### **(c) Access to Government Procurement Opportunities (AGPO)**

During the year, the Authority awarded 29 contracts worth **KShs. 6,539,685.00** to the firms owned by youth, women and PWDs. This presents a slight increase

of **KShs. 503,207.00** against the reserved budget of **KShs. 6,036,478.00** to the target groups translating utilization level of **108.3%**. The disaggregation of the number and value of contracts is presented in the table below.

*Table 41: Distribution of Number and Value of Contracts by Target Groups*

Category	No. of Contracts	Value of Contracts (KES)
PWD	11	1,057,117.00
Women	9	3,957,127.00
Youth	9	1,525,441.00
<b>Total</b>	<b>29</b>	<b>6,539,685.00</b>

## 5.6 Human Resource Management and Administration

Human resource plays a major role in the success of the Authority given that the Authority is a service organization. The Authority continues to invest in employee related matters on areas of recruitment, training and development, employee compensation, welfare schemes administration, transport and security/safety compliance.

### (a) Staffing Matters

Following successful conclusion of the recruitment process, the Public Procurement Regulatory Board (Regulatory Board) effected changes in Management and a new Director General, Mr. Patrick K. Wanjuki, assumed office effective 1<sup>st</sup> April 2022. Mr. Wanjuki is a supply chain management practitioner and a lawyer by profession, procurement specialist with over 20 years' experience gained from public and private sectors. The other appointments were for Mr. Henock Kirungu and Mr. Lawrence Kanyinyi, as General Manager, Technical Services and Manager ICT respectively.

The Authority staff complement at the beginning of the year was 71 employees. During the year one staff retired and two staff resigned from employment to pursue other goals. The in-post establishment at the end of the year was 70 employees.

The Authority continued to implement Public Service Commission's internship programs and support to student on attachments from various educational institutions. During the year the Authority hosted nineteen (19) graduate interns; comprising twelve (12) continuing from the previous year and exited in the third quarter, while seven (7) joined within the fourth quarter, of the year in review.

In addition, four staff were promoted through internal recruitment. The Authority brought on board two legal researcher consultants to assist in supporting the Public Procurement Administrative Review Board in its work.

### **(b) Organisational Restructuring and Human Resource Instruments**

During the year the Authority completed the organisational structuring process following development and approval of new Human Resource Management Instruments by the Regulatory Board, National Treasury and Planning and State Corporations Advisory Committee (SCAC).

### **(c) Staff Training**

The staff of the Authority benefited from training opportunities offered to agencies implementing projects under the Horn of Africa Gateway Development Project (HoAGDP), which is a five (5) program financed by the Government of Kenya and the World Bank; under the coordination of Kenya National Highways Authority (KENHA). During the year, eight (8) employees of the Authority were trained during the quarter.

The Taskforce charged with the development of the Training Needs Analysis (TNA) report finalized and submitted the report for implementation. Due to budgetary constraints, there was no training budget for the year under review.

### **(d) Covid-19 Pandemic**

The Authority continued to monitor the COVID -19 situations in the Authority by following the work place guidelines on Covid-19 as stipulated in the circular from the executive office of the President Head of the Public Service. Ref OP/CAB.26/1/3A dated 20<sup>th</sup> July, 2020.

### **(e) Performance Management Status**

The Authority signed a Performance Contract (PC) with the Cabinet Secretary, National Treasury and Planning for year under review, and was implemented as required.





**CHAPTER**

**6**

**CONCLUSION AND  
RECOMMENDATIONS**

## 6.1 Conclusion

During the period under review the Authority continued to strengthen systems and processes aimed at realization of an effective and efficient public procurement system. The major activities of the year included compliance monitoring in terms of review of mandatory reports submitted by procuring entities, procurement reviews, assessments, follow ups and contract audits. The others include complaints management, investigations, research and information management and strengthening of internal organization capacity to undertake the regulatory functions.

On compliance monitoring activities, the average compliance level was 61.9% which indicates average compliance with the Legal and Regulatory Framework. Some common weaknesses identified in the procurement systems of a majority of the PEs monitored, included: The PEs had not developed internal procurement and asset disposal manuals/policies to guide decision making on procurement operations as contemplated under Section 45(1) of the Act. In cases where the manuals/policies existed, they had not been aligned to the Regulations, 2020.

In addition, the PEs did not maintain individual procurement and contract files; in cases where the individual procurement and contract files were available, they were incomplete as some of the records were not available for review. The heads of Procurement Functions did not prepare monthly progress reports on procurement contracts as required under Section 152 of the Act and Regulation 140 of the Regulations. Whereas most of the PEs used the standard tender documents while preparing the tender documents, a number of them had challenges in customising the standard tender documents. The PEs did not publicize all contract awards pursuant to Section 138 of the Act and Regulations 131 of the Regulations, PPRA Circular No.1/2021 of 22nd April 2021 and Executive Order No. 2 of 28<sup>th</sup> June, 2018.

On complaints management, most of the complaints received by the Authority were on flaws in tender evaluation and specifications developed; delayed payments; allegations of corruption during procurement proceedings, and request for a review of procurement processes. On the other hand, the major areas of request for clarifications on the Act were on; customization of the new standard tender documents, contract management, clarification on development of the evaluation criteria and tender/bid preparations.

The Authority issued the entities with advice on corrective measures to be implemented in order to mitigate the risks associated with the identified challenges. In addition, the Authority continued to offer technical support to the procuring entities to ensure that they complied with the law and directives. The

actions of the Authority during the year were limited by the challenges, including inadequate budgetary provision. The Authority looks forward to cooperation and support from the stakeholders to facilitate realization of the mandate and aspirations detailed in the Strategic Plan in the coming financial year.

## **6.2 Challenges Faced by the Authority**

During the year under review, the authority faced a number of challenges that constrained realization of the planned activities for the year and as detailed in the strategic plan (2018/2019 – 2022/2023). These include:

- (a) Inadequate budgetary allocation to the Authority that constrained implementation of statutory functions including issuance of the quarterly market price index, sensitization of stakeholders on the new standard tender documents and formats, compliance monitoring and conducting of investigations. This has crippled and limited the scope of operation of the Authority in realization of an efficient and effective public procurement and asset disposal system in Kenya.
- (b) Inadequate institutional capacity in terms of human resource numbers and multidisciplinary competencies required to effectively implement the expanded mandate of the Authority.
- (c) Some procuring entities have continued to fail to submit mandatory reports as prescribed. This has denied the Government and stakeholders' valuable data for informed decision making on public procurement. This includes ignoring the Presidential Executive Order No. 2 of 2018.
- (d) Delayed Operationalization of the Capacity-building levy: The Authority has not been able to meet the stakeholder needs for capacity development due to constraints in funding which had been targeted once the levy was operationalized.

## **6.3 Recommendations to Stakeholders**

Based on the findings and experience from the regulatory activities implemented, the Authority recommends that:

- 1. Parliament and the National Treasury should consider allocating adequate resources to the Authority to strengthen delivery of its mandate owing to the importance of ensuring efficiency and effectiveness in the public procurement and asset disposal system. A well-funded regulator has the capacity of minimizing malpractices currently experienced in the public procurement system and immensely contributing to the fight against corruption.
- 2. Accounting Officers should:

- (i) Uphold compliance with the provisions of the Act while undertaking procurement and asset disposal proceedings for the purpose of increasing compliance levels of their respective procuring entities.
- (ii) Submit mandatory reports to the Authority within the prescribed timelines as well as publish in the Public Procurement Information Portal (PIIP) in accordance with the provisions of the Executive Order No.2 of 2018.
- (iii) Strengthen records and inventory management systems within their entities, to ensure continuity in procurement and contract records management.
- (iv) Continuously professionalize and build capacity of their staff on the Public Procurement Law and other relevant requirements.
- (v) Promptly pay suppliers and contractors within the stipulated contractual requirements.



**CHAPTER**

**7**

**FINANCIAL  
STATEMENTS**

## REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30<sup>th</sup>, 2022 which show the state of the Authority's affairs.

### Principal activities

The principal activities of the Authority are outlined on page 3 of this report.

### Results

The results of the Authority for the year ended June 30, 2022 and accompanying notes are set out on pages 120 to 150.

### Directors

The members of the Public Procurement Regulatory Board who served during the year are shown on pages 9 to 13 while members of the Public Procurement Administrative Review Board who served during the year are shown on pages 14 to 20.

### Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority did not make any surplus during the year under review and hence no remittance to the Consolidated Fund.

### Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Corporation Secretary  
Nairobi



Date: .....

## STATEMENT OF DIRECTORS' RESPONSIBILITY

Section 81 of the Public Finance Management Act, 2012 and Section 25 of the Public Procurement and Asset Disposal Act, 2015 require the Directors to prepare financial statements in respect of PPRA, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results for that year/period. The Directors are also required to ensure that PPRA keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of its state of affairs for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Public Procurement and Asset Disposal Act 2015. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2022, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

### Approval of the financial statements

The Authority's financial statements were approved by the Board on ..... 2022 and signed on its behalf by:



Chairperson of the Board



Director General

# AUDITOR'S REPORT

## REPUBLIC OF KENYA

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HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

### REPORT OF THE AUDITOR-GENERAL ON PUBLIC PROCUREMENT REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

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#### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

#### REPORT ON THE FINANCIAL STATEMENTS

##### Qualified Opinion

I have audited the accompanying financial statements of Public Procurement Regulatory Authority set out on pages 120 to 150, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows, the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229

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*Report of the Auditor-General on Public Procurement Regulatory Authority for the year ended 30 June, 2022*



of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Public Procurement Regulatory Authority as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Procurement and Asset Disposal Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1.0 Inaccuracies in the Financial Statements**

Review of the financial statements revealed inaccuracies as outlined below:

- 1.1 The statement of cash flows reflects an opening cash and cash equivalents balance of Kshs.56,283,092 as at 1 July, 2021. However, review of the prior year financial statements indicated a closing cash and cash equivalents balance of Kshs.56,363,092 as at 30 June, 2021. The variance of Kshs.80,000 has not been reconciled.
- 1.2 The statement of cash flows reflects change in reserves balance of Kshs.17,232,449 under operating activities contrary to the requirements of International Public Sector Accounting Standards, IPSAS 3 on Accounting Policies, Changes in Accounting Estimates and Errors which require the change to be effected in the respective components in the comparative period and not an adjustment in the cash flow and statement of changes in net assets.
- 1.3 The statement of financial performance reflects depreciation and amortization charge of Kshs.9,319,335 which, as disclosed in Note 16 to the financial statements includes amortization of intangible assets balance of Kshs.4,352,095. However, recalculation of the amortization charge for the year reflected a balance of Kshs.4,659,420. The variance of Kshs.307,325 has not been reconciled.

In the circumstances, the accuracy and completeness of balances reflected in the financial statements could not be confirmed.

#### **2.0 Unaccounted for ICT Assets**

The statement of financial position reflects property, plant and equipment balance of Kshs.12,841,498 which, as disclosed in Note 20 to the financial statements includes a balance of Kshs.1,743,826 in respect of equipment and computers. The balance of Kshs.1,743,826 further includes a balance of Kshs.1,665,000 in relation to fourteen (14) laptops and three (3) I Pads issued to Board Members whose terms ended in 2020 and staff members who have since exited from the service. However, the assets were not surrendered back to the Authority. Although Management has indicated that it has contacted the former staff and Board Members and initiated the process of recovery, only one (1) laptop has been surrendered.

In the circumstances, the existence of equipment and computer assets reflected in the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Public Procurement Regulatory Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

#### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: AG.4/16/3 Vol.2 (66) dated 6 July, 2022.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

#### **Underutilization of Case Management System**

The statement of financial position reflects intangible assets balance of Kshs.3,784,580 as disclosed in Note 21 to the financial statements. Review of procurement files revealed that the Authority entered into a contract for the development, implementation and commissioning of administrative review case management system, on 20 June, 2019 at a contract sum of Kshs.5,290,000. The contract provided for training of twenty-four (24) officers and the system was to have modules that support the Public Procurement Administrative Review functions. The system was inspected and accepted on 24 January, 2020. Although Management has indicated that it required the server infrastructure to be enhanced in order to cope with the increased data processing and storage requirements that would be imposed by the system, the process of engagement of supplier delayed and the system remained unutilized at the time of the audit.

In the circumstances, the Authority did not obtain value for money on procurement of the system.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Under Staffing of the Authority**

Review of the Authority's authorized staff establishment revealed that seventy (70) staff members were in post against an approved staffing level of one hundred and ninety-seven (197). Further, only thirty-nine (39) technical staff are available for technical support, procurement audits and monitoring in all public entities in the country against approved technical staff establishment of seventy (70).

In the circumstances, the effectiveness of the human resource to enable the Authority achieves its mandate of monitoring, assessing and review of the public procurement and asset disposal system in all public entities could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.



In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

#### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**30 March, 2023**

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*Report of the Auditor-General on Public Procurement Regulatory Authority for the year ended 30 June, 2022*

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2022 Ksh	2021 Ksh
<b>Revenue from non-exchange transactions</b>			
Unconditional Government Grants	6	306,000,000	306,987,152
<b>Revenue from exchange transactions</b>			
Rendering of services	7	15,936,087	23,979,983
Finance income	8	0	19,175
Other Income	9	870,574	4,689,025
<b>Total Revenue from exchange transactions</b>		<b>16,806,661</b>	<b>28,688,183</b>
<b>Total Revenue</b>		<b>322,806,661</b>	<b>335,675,335</b>
<b>EXPENSES</b>			
Employee Costs	10	199,627,777	199,468,837
Board Expenses	11	44,120,273	46,218,233
Use of Goods and Services	12	92,492,414	88,858,430
Repairs and Maintenance	13	1,524,986	2,970,885
Contracted Services	14	4,089,802	14,325,216
Finance Costs	15	0	0
Depreciation and Amortization	16	9,448,250	12,180,468
<b>Total Expenses</b>		<b>351,303,502</b>	<b>364,022,069</b>
<b>Surplus / (Deficit) for the year before extra ordinary item</b>		<b>(28,496,841)</b>	<b>(28,346,734)</b>
Extraordinary item	26	0	(654,273)
<b>Surplus / (Deficit) for the year after extraordinary item</b>		<b>(28,496,841)</b>	<b>(29,001,007)</b>

The notes set out on pages 66 to 89 form an integral part of the financial statements.



Mr Patrick K. Wanjuki  
Director General



Chris Sakwa  
Head of Finance  
ICPAK M/No: 9008



Mr Andrew M. Musangi  
Chairman, PPRB

## STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Note	2022 Ksh	2021 Ksh
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	17	74,241,739	154,683,728
Receivables from exchange transactions	18	13,747,951	24,278,860
Receivables from non-exchange transactions	19	4,116,562	61,962,181
<b>Total Current Assets</b>		<b>92,106,252</b>	<b>240,924,769</b>
<b>Non- current Assets</b>			
Property, Plant and Equipment	20	13,130,775	7,856,737
Intangible Assets	21	3,789,700	8,136,676
Work In Progress	22	40,568,062	0
<b>Total Non-Current Assets</b>		<b>57,488,537</b>	<b>15,993,413</b>
<b>Total Assets</b>		<b>149,594,789</b>	<b>256,918,182</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables from exchange transactions	23	48,161,326	18,571,530
Provisions	24	15,247,653	20,676,200
Deferred income	25	50,000,000	50,000,000
<b>Total Current Liabilities</b>		<b>113,408,979</b>	<b>89,247,730</b>
Net Assets			
Accumulated Fund	26	36,185,810	167,670,452
<b>Total Net Assets and Liabilities</b>		<b>149,594,789</b>	<b>256,918,182</b>

The financial statements and accompanying notes on page 59 to 88 were signed on behalf of the Authority by:



Mr Patrick K. Wanjuki  
**Director General**



Chris Sakwa  
**Head of Finance**  
**ICPAK M/No: 9008**



Mr Andrew M. Musangi  
**Chairman, PPRB**

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2022

	Accumulated Fund	Fair Value Adjustment Reserve	Total
	Ksh	Ksh	Ksh
<b>Balance at 01.07.2020</b>	<b>196,671,459</b>	<b>0</b>	<b>196,671,459</b>
Transfers to Other Govt Institutions	0	0	0
Capital/Development Grants/Fund received during the year	0	0	0
			0
Surplus / Deficit for the year	(29,001,007)	0	(29,001,007)
<b>Balance at 30.06.2021</b>	<b>167,670,452</b>	<b>0</b>	<b>167,670,452</b>
Surplus / Deficit for the year	(28,496,841)	0	(28,496,841)
Adjustment	(2,908,577)	0	(2,908,577)
Loans scheme	(100,079,224)		(100,079,224)
<b>Balance at 30.06.2022</b>	<b>36,185,810</b>	<b>0</b>	<b>36,185,810</b>



Mr Patrick K. Wanjuki  
**Director General**



Chris Sakwa  
**Head of Finance**  
**ICPAK M/No: 9008**



Mr Andrew M. Musangi  
**Chairman, PPRB**



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2022 Ksh	2021 Ksh
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Revenue from non-exchange transactions			
Unconditional Government Grants	6	306,000,000	306,987,152
<b>Revenue from exchange transactions</b>			
Rendering of services	7	15,936,087	23,979,983
Finance income	8	0	19,175
Other Income	8	870,574	4,689,025
<b>Total Revenue from exchange transactions</b>		<b>16,806,661</b>	<b>28,688,183</b>
<b>Total Receipts</b>		<b>322,806,661</b>	<b>335,675,335</b>
<b>Payments</b>			
Employee Costs	9	199,627,777	199,468,837
Board Expenses	10	44,120,273	46,218,233
Use of goods and services	11	92,492,414	88,858,430
Repairs and Maintenance	12	1,524,986	2,970,885
Contracted Services	13	4,089,802	14,325,216
Finance Costs	14	0	0
Depreciation	15	9,448,250	12,180,468
<b>Total Payments</b>		<b>351,303,502</b>	<b>364,022,069</b>
<b>Surplus/(Deficit)</b>		<b>(28,496,841)</b>	<b>(28,346,734)</b>
Extraordinary item		0	(654,273)
Surplus/(Deficit) after extra-ordinary item		(26,537,619)	(29,001,007)
Adjusted for Depreciation		9,448,250	12,180,468
Extraordinary item		0	654,273
Adjusted Surplus/(Deficit)		(19,048,591)	(16,166,266)
Cash flows from Operating Activities			
Increase/(Decrease) in trade and other payables		29,863,337	(2,448,669)
Increase/(Decrease) in deferred income		0	50,000,000
Increase/(Decrease) in Provisions		(5,428,547)	0
Decrease/(Increase) in receivables from exchange transactions		8,793,734	(12,792,570)
Decrease/(Increase) in receivables from non-exchange transactions		35,673,497	(54,390,022)

	Note	2022 Ksh	2021 Ksh
Decrease/(Increase) in work-in-progress		(40,568,062)	945,000
<b>Net Cash flows from Operating Activities</b>		<b>28,333,959</b>	<b>(34,852,527)</b>
<b>Other Cash flows</b>			
Tranfers from other Government Institutions		0	0
Insurance refund/compensation		0	0
GPA funds received		0	616,026
GPA funds paid out		0	(616,026)
Others		0	0
<b>Net Other Cash Flows</b>		<b>0</b>	<b>0</b>
<b>CASH FLOWS FROM INVESTING ACTIVITES</b>			
Acquisition of tangible assets		(10,375,312)	(3,656,650)
Acquisition of intangible assets		0	0
<b>Net Cash Flow from Investing Activities</b>		<b>(10,375,312)</b>	<b>(3,656,650)</b>
<b>Net Changes in Cash and Cash Equivalents</b>		<b>17,963,487</b>	<b>(38,509,177)</b>
Cash and Cash Equivalents as at 1st July		154,683,728	193,192,905
Loans scheme (KCBA/C)		(98,400,636)	0
<b>Cash &amp; Cash Equivalents as at 30th June</b>		<b>74,241,739</b>	<b>154,683,728</b>



Mr Patrick K. Wanjuki  
**Director General**



Chris Sakwa  
**Head of Finance**  
**ICPAK M/No: 9008**



Mr Andrew M. Musangi  
**Chairman, PPRB**

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Revenue	Note	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Performance difference	% of Utilization
		Ksh		Ksh		Ksh		Ksh			
		a	b	c = (a+b)	d	e=(c-d)					
Recurrent Government Grants	6	306,000,000	0	306,000,000	306,000,000	0	100%				
Rendering of services	7	20,000,000	(4,000,000)	16,000,000	15,936,087	(63,913)	99.8%				
Finance Income	8	0	0	0	0	0	0%				
Other income	9	0	900,000	900,000	870,574	(29,426)	96.7%				
Revenue Reserve		0	21,095,000	21,095,000	21,095,000	0	100%				
<b>Total Revenue</b>		<b>326,000,000</b>	<b>17,995,000</b>	<b>343,995,000</b>	<b>343,901,661</b>	<b>(93,339)</b>	<b>100.2%</b>				
<b>Expenses</b>											
Employee Costs	10	200,329,600	0	200,329,600	199,627,777	701,823	99.6%				
Board Expenses	11	24,215,400	19,976,000	44,191,400	44,120,273	71,127	99.8%				
Use of Goods and Services	12	93,900,000	(1,316,000)	92,584,000	92,492,414	91,586	99.9%				
Repairs and Maintenance	13	1,305,000	225,000	1,530,000	1,524,986	5,014	99.7%				
Contracted Services	14	5,000,000	(890,000)	4,110,000	4,089,802	20,198	99.5%				
Finance Costs	15	0	0	0	0	0	0.0%				
Depreciation & amortization	16	0	0	0	9,448,250	(9,448,250)					
Purchase of Tangible Assets	20	1,250,000	0	1,250,000	1,215,312	34,688	97.2%				
Purchase of Intangible Assets	21	0	0	0	0	0	0.0%				
<b>Total Expenses</b>		<b>326,000,000</b>	<b>17,995,000</b>	<b>343,995,000</b>	<b>350,559,592</b>	<b>(6,564,592)</b>	<b>101.9%</b>				

# NOTES TO THE FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

The Public Procurement Regulatory Authority (the Authority) is established under Section 8 (1) of the Public Procurement and Disposal Act, 2015. PPRA is domiciled in Kenya and has regional offices in Mombasa, Kisumu and Eldoret. The Authority is mandated with monitoring, assessing and reviewing the public procurement and asset disposal system to ensure that they respect the national values and other provisions of the constitution.

## 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### I. ADOPTION OF NEW AND REVISED STANDARDS

(i) **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.**

Standard	Effective date and impact:
<b>IPSAS 41:</b> Financial Instruments	<p>Applicable: 1<sup>st</sup> January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"><li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held.</li><li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.</li><li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li></ul>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"><li>(a) The nature of such social benefits provided by the Entity.</li><li>(b) The key features of the operation of those social benefit schemes; and</li><li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li></ol>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>(a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <b>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</b> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <b>IPSAS 39: Employee Benefits</b> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<b>Applicable 1<sup>st</sup> January 2025</b> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease.  Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

### (ii) Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021/2022.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Revenue Recognition

#### (i) Revenue from non-exchange transactions

##### Fees, taxes and fines

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

##### Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

## **NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

### **(ii) Revenue from exchange transactions**

#### **Rendering of services**

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

#### **Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

#### **Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

### **(b) Budget Information**

The original budget for FY 2021/2022 was approved by the management of the Authority. Subsequent revisions were made to the approved budget in accordance with specific approvals from the appropriate authorities.

#### **Budget information continued**

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

### **(c) Taxes**

#### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **(d) Property, Plant and Equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

### **(e) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

### (f) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

### (g) Depreciation

The Assets are depreciated as and when they are available for use by the Authority. Depreciation charge is calculated on a straight line basis for the various categories of assets as follows:

Motor vehicles	25.0%
Equipment and computers	33.3%
Furniture and fittings	12.5%
Office partitions	12.5%
Intangible assets	33.3%

## **NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

### **(h) Financial Instruments**

#### **(i) Financial assets**

##### **Initial recognition and measurement**

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

##### **Held-to-maturity**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

##### **Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

- The debtors or an entity of debtors are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).

### (ii) Financial liabilities

#### Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

#### Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

### (i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: Purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

### (j) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### Contingent liabilities

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

### Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

## **NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

### **(k) Nature and Purpose of Reserves**

The Entity creates and maintains reserves in terms of specific requirements. In the year under review, the Authority revalued its fleet of vehicles and set up a revaluation reserve.

### **(l) Changes in Accounting Policies and Estimates**

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policies are applied prospectively if retrospective application is impractical.

### **(m) Employee Benefits**

#### **Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

### **(n) Foreign Currency Transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

### **(o) Borrowing Costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### (p) Related Parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise Managers and Directors including the Director General.

The following transactions were carried out with related parties:

- (i) **Public Procurement Regulatory Board:** This is the Board that oversees the operations and governance of the Authority. The Board is responsible for providing strategic direction, approval of policies and overall governance of the Authority.
- (ii) **Public Procurement Administrative Review Board:** The Authority has a duty to provide Secretariat and administrative services as well budgetary support to the Review.
- (iii) **Management team:** The management team oversees the day to day operations of the Authority and also has the responsibility of formulating policies that govern operations of the Authority.
- (iv) **Kenya Institute of Supplies Management (KISM):** The National Treasury has been allocating KISM part of the funds appropriated to PPRA by Parliament.
- (v) **Government of Kenya and The National Treasury:** The Authority is a Government institution wholly owned by the Government of Kenya. The National Treasury is the parent ministry. The Authority relies on GoK for funding with GoK funds making up 97% of its annual revenues. During the year under review, the Authority received GoK budget funding of Ksh 306,000,000.

### (q) Service Concession Arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement.

Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

## **NOTES TO THE FINANCIAL STATEMENTS CONTINUED**

### **(r) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### **(s) Comparative Figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

## **3. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.  
IPSAS 1.140



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 24.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

### (u) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

## 4. UNCONDITIONAL GOVERNMENT GRANTS

Operational grants Government of Kenya funding of PPRA operations through Exchequer during the financial year.

	2022	2021
	Ksh	Ksh
Operational Grant	306,000,000	306,987,152

## 5. RENDERING SERVICES

Appeals fee: Relates to fees paid by parties seeking administrative review of public procurement disputes.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2022 Ksh	2021 Ksh
Income from appeals	15,936,087	23,979,983

### 6. FINANCE INCOME

This relates to interest income earned during the period under review.

	2022 Ksh	2021 Ksh
Other income	0	19,175

### 7. OTHER INCOME

This includes income from the sources listed below:

	2022 Ksh	2021 Ksh
Other income	870,574	4,689,025

Other income comprises of internally generated income other than fees for filing of appeals at the Review Board.

### 8. EMPLOYEE COSTS

This comprises of the staff personnel emoluments and employer pension contribution. A breakdown of the employee costs is as shown below:

	2022 Ksh	2021 Ksh
Salaries and wages	123,076,200	122,657,467
Housing benefits & allowances	51,562,530	51,886,323
Pension & Gratuity contributions	24,989,047	24,925,047
<b>Total</b>	<b>199,627,777</b>	<b>199,468,837</b>

### 9. BOARD EXPENSES

This comprises of costs related to the Public Procurement Regulatory Board and the Public Procurement Administrative Review Board.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2022 Ksh	2021 Ksh
Administrative Review Board other expenses	2,379,883	3,716,053
Administrative Review Board Emoluments	28,884,000	30,164,000
Regulatory Board other expenses	3,896,390	3,978,180
Regulatory Board Emoluments	8,960,000	8,360,000
<b>Total</b>	<b>44,120,273</b>	<b>46,218,233</b>

### 10. USE OF GOODS AND SERVICES

The Authority adopted a new chart of accounts from 1<sup>st</sup> July 2021. Consequently, there was a change in the classification of general expenses. As a result, the comparable figures for FY 2020/2021 had to be converted to the new expenditure categories in the table below:

Description	2022 Ksh	2021 Ksh
Administration expenses	29,196,577	33,060,322
Advisory services and stakeholder management	661,171	0
Assets management	97,810	0
Bank charges and commissions	282,644	264,505
Compliance monitoring	7,566,221	10,606,076
Corporate communication	1,265,555	3,767,118
Corporate planning	1,909,729	1,418,333
Human Capital Management and Development	8,338,142	7,897,253
ICT services	10,592,571	2,157,425
Insurance costs	22,685,976	20,940,656
Internal audit expenses	499,497	1,011,691
Investigations and enforcement	982,369	2,273,506
Legal services	556,750	612,110
Monitoring, Evaluation and Research	4,405,543	3,238,698
Records and knowledge management	10,100	0
Supply chain management	3,441,759	1,610,737
<b>Total</b>	<b>92,492,414</b>	<b>88,858,430</b>

### 11. REPAIRS AND MAINTENANCE

The Authority spent Ksh. 1,524,986 on maintenance of vehicles, equipment, computers and general maintenance. A breakdown of the expenditure is shown below:

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2022	2021
	Ksh	Ksh
Vehicles	959,329	748,790
Equipment	481,760	2,076,522
Property	83,897	145,573
<b>Total</b>	<b>1,524,986</b>	<b>2,970,885</b>

### 12. CONTRACTED SERVICES

These are services outsourced by the Authority.

	2022	2021
	Ksh	Ksh
Audit fees	858,400	858,400
Cleaning Services Fees	2,223,402	2,284,308
Guarding Services	1,008,000	836,768
Consultancy Fees	0	10,345,740
<b>Total</b>	<b>4,089,802</b>	<b>14,325,216</b>

### 13. FINANCE COSTS

These consist of costs associated with access to credit or other funding opportunities. PPRA did not have finance costs in the year under review.

### 14. DEPRECIATION AND AMORTIZATION

The depreciation charge for the year comprises of:

	2022	2021
	Ksh	Ksh
Property and equipment	5,101,274	4,790,459
Intangible assets	4,346,976	7,390,009
<b>Total</b>	<b>9,448,250</b>	<b>12,180,468</b>

### 15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises of cash and bank balances as shown in the table below. The comparative figure of **KShs. 154,683,728** was inclusive of **KShs. 98,400,636** for the Loans Scheme.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2022 Ksh	2021 Ksh
NBK Account	74,241,739	56,283,092
KCB Account	0	98,400,636
Cash on hand and in transit	0	0
<b>Total</b>	<b>74,241,739</b>	<b>154,683,728</b>

### 16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

The comparative figure has changed from **Kshs 24,278,860** to **Kshs 22,387,685** due to preparation of separate financial statements for the Authority and the Loans Scheme in FY 2021/2022. The difference of **Kshs 1,891,175** is in the loans scheme statements.

	2022 Ksh	2021 Ksh
Prepayments	13,555,642	13,135,092
Other receivables	177,309	11,128,768
Refundable Deposits	15,000	15,000
<b>Total</b>	<b>13,747,951</b>	<b>24,278,860</b>

### 17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2022 Ksh	2021 Ksh
The National Treasury	0	57,371,788
Imprest advance	3,356,551	4,087,693
Salary advance	760,011	502,700
<b>Total</b>	<b>4,116,562</b>	<b>61,962,181</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 18. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Equipment and Computers	Furniture & Fittings	Office Partitions	Total
Cost	Ksh	Ksh	Ksh	Ksh	Ksh
At 1st July 2020	68,041,313	66,080,203	17,383,000	45,158,490	196,663,006
Additions	0	1,561,495	2,095,155	0	3,656,650
At 30th June 2021	68,041,313	67,641,698	19,478,155	45,158,490	200,319,656
Additions	9,160,000	1,215,312	0	0	10,375,312
At 30th June 2022	77,201,313	68,857,010	19,478,155	45,158,490	210,694,968

Depreciation and Impairment					
At 1st July 2020	68,041,313	61,259,007	13,351,585	44,366,282	187,018,187
Depreciation	0	3,636,774	1,084,717	68,968	4,790,459
Transfers/ adjustments	0	0	0	654,273	654,273
At 30th June 2021	68,041,313	64,895,781	14,436,302	45,089,523	192,462,919
Depreciation	1,959,222	2,180,585	892,500	68,967	5,101,274
At 30th June 2022	70,000,535	67,076,366	15,328,802	45,158,490	197,564,193

Net book values					
At 30th June 2022	7,200,778	1,780,644	4,149,353	0	13,130,775
At 30th June 2021	0	2,745,917	5,041,853	68,967	7,856,737

### 19. INTANGIBLE ASSETS

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Intangible assets comprises ICT Systems and software used by the Authority in its operations.

	2022	2021
	Ksh	Ksh
<b>Cost</b>		
<b>At beginning of the year</b>	58,469,442	58,469,442
Additions	0	0
<b>At end of the year</b>	58,469,442	58,469,442
<b>Amortization and Impairment</b>		
<b>At beginning of the year</b>	50,332,766	42,942,757
Amortization	4,346,976	7,390,009
<b>At end of the year</b>	54,679,742	50,332,766
<b>Net book value</b>	3,789,700	8,136,676

### 20. WORK-IN-PROGRESS

	2022	2021
	Ksh	Ksh
Work-In-Progress	40,568,062	0

### 21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

The comparative figure has changed of **Kshs 18,571,530** was inclusive of **Kshs 273,541** for the loans scheme.

	2022	2021
	Ksh	Ksh
Trade Payables	36,491,343	7,875,810
Other Payables	11,669,983	10,695,720
<b>Total</b>	<b>48,161,326</b>	<b>18,571,530</b>

Provision made to cater for audit of FY 2021/2022 books of accounts and outstanding staff leave days as at 30th June 2022.

2022	2021
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## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2022	2021
	Ksh	Ksh
Provisions	15,247,653	20,676,200

### 23. DEFERRED INCOME

This is income received for a specific purpose i.e. partitioning of PPRA head office.

	2022	2021
	Ksh	Ksh
National Government	50,000,000	50,000,000
<b>Total Deferred income</b>	<b>50,000,000</b>	<b>50,000,000</b>

The deferred income movement is as follows:

	2022	2021
	Ksh	Ksh
Balance brought forward	50,000,000	0
Additions	0	50,000,000
Earned during the year	0	0
<b>Balance carried forward</b>	<b>50,000,000</b>	<b>50,000,000</b>

### 24. ACCUMULATED FUND

The movement in revenue reserves for the year ended 30<sup>th</sup> June 2022 is shown below: The comparative figure has changed from **Kshs 167,670,452** to **Kshs 67,652,182** due to preparation of separate financial statements for the Authority and the Loans Scheme in FY 2021/2022. The difference of **Kshs 100,018,270** is in the loans scheme statements.

	2022	2021
	Ksh	Ksh
Balance as at 1st July	67,591,228	196,671,459
Surplus / Deficit for the year	(31,415,968)	(29,001,007)
Adjustment	(2,908,577)	0
Loans scheme accumulate fund	(100,079,224)	0
<b>Balance as at 30th June</b>	<b>33,266,683</b>	<b>167,670,452</b>



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 25. EXTRA-ORDINARY ITEM

	2022	2021
	Ksh	Ksh
Gain/(loss) on disposal	0	(654,273)

### 26. FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks. The overall risk management programme focuses on unpredictability of changes in the business.

### 27. CONTINGENT ASSETS

The Authority had no contingent assets as at 30<sup>th</sup> June 2022.

### 28. CONTINGENT LIABILITIES

- (a) Litigation Matters: As at 30<sup>th</sup> June 2022, there were some cases before the courts in which the Authority is a party that had not been concluded. The outcome of the cases and the likely costs of the suits (damages/other court awards) that the Authority may have to bear cannot be estimated with certainty. This disclosure has been provided in conformity with IPSAS 19.
- (b) M/S SPA Infosuv East Africa Limited.

The Authority entered into contract No. PPRA/09/2015-2016 on 12<sup>th</sup> January 2017 with M/S SPA Infosuv East Africa Ltd to conduct country procurement assessment for a contract price of **Ksh. 16,285,000**. An amount of **Ksh. 3,257,000** was paid to the consultant on 30<sup>th</sup> April, 2019 in respect of submission of inception report. Audit review of the correspondences between the Authority and the consultant reveals that there is a pending disputed invoice **031019** amounting to **Ksh. 13,028,000**. The matter has been referred to an arbitrator for mediation.

#### I. Related Party Transactions

The following transactions were carried out with related parties:

- (i) **Public Procurement Regulatory Board:** This is the Board that oversees the operations and governance of the Authority. The Board is responsible for providing strategic direction, approval of policies and overall governance of the Authority.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

- (ii) **Public Procurement Administrative Review Board:** The Authority has a duty to provide Secretariat and administrative services as well budgetary support to the Review.
- (iii) **Management Team:** The management team oversees the day to day operations of the Authority and also has the responsibility of formulating policies that govern operations of the Authority.
- (iv) **Kenya Institute of Supplies Management (KISM):** The National Treasury has been allocating KISM part of the funds appropriated to PPRA by Parliament.
- (v) **Government of Kenya and the National Treasury:** The Authority is a Government institution wholly owned by the Government of Kenya. The National Treasury is the parent ministry. During the year under review, the Authority received GoK budget funding of KShs. 306,000,000.

### 29. SUBSEQUENT EVENTS

There were no subsequent events after year end that affect the Authority and that would affect the decisions made by a third party.

### 30. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

## APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The matters raised by the Office of Auditor General in the audit report for FY 2020/2021 have been substantially addressed.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	Unsupported Board Expenses – Board expenses in note 11 was <b>Kshs 46,218,233</b> while schedules had figure of <b>Kshs 45,066,422</b>	A reconciliation of the Board expenses was prepared and shared with the auditors via email on 20 <sup>th</sup> May 2022.		
1.2	Unauthorized expenditure on Board allowances – Board expenditure was <b>Kshs 46,218,233</b> against approved budget of <b>Kshs 36,904,800</b>	Audit recommendations on spending beyond budget was considered by management. Management is engaging Treasury to provide sufficient budget for the Authority. In addition, measures have been put in place to ensure that spending is within allocated budget.		
2.0	Rent and utilities expenses - The expenditure reported excluded service charge of <b>Kshs 8,157,952</b>	The service charge was accrued and the financial statements adjusted appropriately to reflect the correct expenditure.		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.0	Provisions – Provision figure of <b>Ksh 20,676,200</b> reported but schedules figure of <b>Ksh 15,179,605</b>	A reconciliation of the provisions has been done and the correct balance is now carried in the books of accounts.		
	Poor financial management – Statement of financial performance reflects deficit of <b>Ksh 29,001,007</b> an indication that the Authority was experiencing operational challenges.	The Authority has been receiving inadequate funding over time. The Authority is having engagements with Treasury to consider increasing the budget allocation and at the same time work within the current budget to avoid overspending. In addition, the Authority is endeavoring to work within the allocated budget and avoid reporting deficits going forward.		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Budgetary control and performance – The reported a budget of <b>Kshs 443,269,951</b> and actual revenues of <b>Kshs. 367,678,719</b> resulting in underfunding of <b>Kshs. 75,591,232</b></p>	<p>The Authority has been receiving inadequate funding over time. The Authority is having engagements with Treasury to consider increasing the budget allocation and at the same time work within the current budget to avoid overspending. In addition, the Authority is endeavoring to work within the allocated budget and avoid reporting deficits going forward.</p>		
	<p>Failure to comply with PFM Act 2012 – The Authority issued multiple imprests to Board members and staff totaling <b>Kshs. 2,993,407</b></p>	<p>Management has considered the audit recommendation and has put in place measure to ensure compliance.</p>		
	<p>Failure to remit taxes – Taxes amounting to <b>Kshs. 1,339,724</b> had not been remitted to KRA</p>	<p>The tax was remitted and the Authority did not incur interest or penalties.</p>		
	<p>Failure to update fixed assets register – The Authority's asset register had not been updated</p>	<p>The register has been updated with information on asset acquisition date, location and condition of the assets.</p>		

## APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

There was no capital project under implementation during FY 2021/2022.

## APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME: PUBLIC PROCUREMENT REGULATORY AUTHORITY				
Breakdown of Transfers from The National Treasury				
FY 2021/2022				
<b>a</b>	<b>Recurrent Grants</b>			
	Details	Bank Statement Date	Amount Kshs	FY to which amount relates
	Quarter 1 Exchequer	28/09/2021	76,500,000	FY 2021/2022
	Quarter 2 Exchequer	17/11/2021	76,500,000	FY 2021/2022
	Quarter 3 Exchequer	18/02/2022	76,500,000	FY 2021/2022
	Quarter 4 Exchequer	21/06/2022	76,500,000	FY 2021/2022
	<b>Total</b>		<b>306,000,000</b>	
<b>b</b>	<b>Development Grants</b>			
<b>No development exchequer was received in FY 2021/2022</b>				

The above amounts have been communicated to and reconciled with The National Treasury (Parent Ministry)



**Mr Chris Sakwa**  
**Manager, Finance**

## ANNEXES

### Annex 1: List of the PEs that Submitted Part of Consolidated Annual Procurement Plans on Preference and Reservation Schemes

No.	Procuring Entity	Date of Submission	Approved Procurement Budget (Kes.)	Value of Reserved Procurements (Kes)	Reservation (%)
1.	State Department of Labour	14/09/2021	191,630,945.38	148,043,842.06	77.25
2.	Kenya trade Network Agency	25/10/2021	62,200,000.00	30,478,000.00	49.00
3.	County Government Kwale	14/09/2021	517,345,999.00	239,653,222.00	46.32
4.	Kitui County Government	21/09/2021	4,587,301,649.00	1,881,430,786.00	41.01
5.	National Environment Trust Fund	03/09/2021	28,950,000.00	10,950,000.00	37.82
6.	Nyahururu Water and Sanitation Company Limited	08/04/2021	109,178,129.00	41,157,618.00	37.70
7.	Nyandarua National Polytechnic	08/04/2021	181,337,885.00	67,685,328.81	37.33
8.	Coast Development Authority	08/09/2021	123,671,000.00	45,030,000.00	36.41
9.	Competition Authority of Kenya	30/08/2021	83,280,000.00	25,483,680.00	30.60
10.	Kenya National Examination Council	01/09/2021	845,800,986.00	258,815,002.00	30.60
11.	Maseno University	16/09/2021	527,476,150	160,126,479.00	30.36
12.	Commission On Administration Justice	14/09/2021	131,518,779.00	39,455,633.70	30.00
13.	County Assembly of Kilifi	16/09/2021	271,555,200	81,466,560.00	30.00
14.	Ewasong'ro North Development Authority	16/08/2021	705,372,461.00	211,611,738.30	30.00
15.	Export Processing Zone Authority	30/08/2021	201,529,764.00	60,458,935.20	30.00

No.	Procuring Entity	Date of Submission	Approved Procurement Budget (Kes.)	Value of Reserved Procurements (Kes)	Reservation (%)
16.	Kakelo Technical and Vocational College	30/08/2021	19,138,884.00	5,741,665.20	30.00
17.	Kenya Export Promotion and Branding Agency	17/09/2021	467,346,102.00	140,203,831.00	30.00
18.	Kenya Film Commission	31/08/2021	112,064,512.00	33,619,353.60	30.00
19.	Kenya Forestry Research Institute	31/08/2021	638,528,882.00	191,558,664.71	30.00
20.	Kenya Institute for the Blind	26/08/2021	77,705,141.00	23,311,542.30	30.00
21.	Kenya Institute of Special Education	13/8/2021	320,133,110.00	96,039,933.00	30.00
22.	Kenya National Library Services	17/09/2021	350,364,335.50	105,109,300.35	30.00
23.	Keroka Technical Training Institute	01/09/2021	156,852,165.00	47,055,650.00	30.00
24.	Kiirua Technical Training Institute	26/08/2021	40,908,696.00	12,272,608.80	30.00
25.	Kisii University	27/08/2021	226,997,854.00	68,099,356.00	30.00
26.	Koitaleel Samoei University College	06/09/2021	27,728,870.00	8,318,661.00	30.00
27.	Mathenge Technical Training Institute	16/09/2021	145,175,957	43,552,787.00	30.00
28.	Warehouse Receipt Council	01/09/2021	52,945,500	15,883,650.00	30.00
29.	National Industrial Training Authority	06/09/2021	868,409,500.00	260,522,850.00	30.00
30.	National Water Harvesting and Storage Authority	24/10/2021	349,440,000.00	104,832,000.00	30.00
31.	National Youth Council	30/08/2021	35,216,040.00	10,564,812.00	30.00
32.	NGOs Co-ordination Board	31/08/2021	53,294,006.64	15,988,201.99	30.00
33.	Public Sector Accounting Standards	27/08/2021	56,322,291.00	16,896,687.30	30.00



No.	Procuring Entity	Date of Submission	Approved Procurement Budget (Kes.)	Value of Reserved Procurements (Kes)	Reservation (%)
34.	Tea Board of Kenya	01/09/2021	166,575,960.00	49,972,788.00	30.00
35.	Thika Water & Sewerage Company	31/08/2021	462,329,550.00	138,698,865.00	30.00
36.	Kenya Tsetse and Trypanosomiasis Eradication Council	16/07/2021	144,240,200.00	43,240,200.00	29.98
37.	National Oil Corporation of Kenya	31/08/2021	439,204,707.00	131,331,948.00	29.90
38.	University of Kabanga	01/09/2021	113,963,459.90	33,963,459.90	29.80
39.	Nuclear Power and Energy Agency	03/09/2021	308,078,000.00	91,480,000.00	29.69
40.	University of Eldoret	25/10/2021	456,611,035.00	126,258,976.71	27.65
41.	State Department of Infrastructure	01/09/2021	1,335,510,990.00	368,088,501.90	27.56
42.	The Judiciary	06/09/2021	4,315,724,057.28	904,117,075.27	20.95
43.	Meru County Government	22/09/2021	3,993,831,645.00	781,963,020.00	19.58
44.	Taita Taveta University	31/08/2021	82,068,496.00	15,820,000.00	19.28
45.	National Aids Control Council	14/09/2021	483,398,371.28	78,765,711.00	16.29
46.	Kilifi Mariakani Water and Sewerage Company	01/09/2021	22,751,000.00	3,681,500.00	16.18
47.	Women Enterprise Fund	27/08/2021	205,828,844.00	31,421,850.00	15.27
48.	Kenya Water Institute	01/09/2021	583,000,000.00	56,100,000.00	9.62
49.	Unclaimed Financial Asset Authority	03/09/2021	385,803,503.00	34,722,315.27	9.00
50.	Unclaimed Financial Asset Authority	21/09/2021	385,803,503.00	34,722,315.27	9.00
51.	Lapsset Corridor Development Authority	24/10/2021	85,140,300.00	6,895,050.00	8.10

No.	Procuring Entity	Date of Submission	Approved Procurement Budget (Kes.)	Value of Reserved Procurements (Kes)	Reservation (%)
52.	State Department for Broadcasting and Telecommunication	09/09/2021	1,714,704,507.00	132,439,983.00	7.72
53.	University of Nairobi Enterprises and Services	25/10/2021	453,592,432.20	33,393,073.26	7.36
54.	Kenya Deposit Insurance Corporation	01/09/2021	267,592,500.00	14,997,500.00	5.60
55.	Kenya Coast National Polytechnic	13/08/2021	579,850,000.00	30,000,000.00	5.17
56.	Energy & Regulatory Authority	19/10/2021	932,128,000.00	29,000,000.70	3.11
57.	Kenya Veterinary Board	26/10/2021	39,025,215.00	780,504.00	2.00
58.	Machakos University	03/09/2021	64,505,561.00	902,040.00	1.40
59.	Council of Legal Education	01/09/2021	142,466,712.00	29,210.00	0.02
60.	Kenya National Bureau of Statistics	14/09/2021	23,997,500.00		0.00
61.	Business Registration Service	05/07/2021	150,920,800.00	-	-
62.	Centre for Mathematics Science and Technology	21/09/2021	-	-	-
63.	Commission for university Education	03/09/2021	86,980,495.00	26,207,082.50	
64.	County assembly of Bungoma	03/09/2021	-	-	-
65.	County Government of Nyandarua	06/09/2021	388,414,450.72		-
66.	Dr. Daniel Wako Murende Technical and Vocational College	31/08/2021	15,628,000.00	-	-
67.	Friends School Kaimosi	19/09/2021			-
68.	Geothermal Development Company	26/10/2021	233,457,188.00	-	-

No.	Procuring Entity	Date of Submission	Approved Procurement Budget (Kes.)	Value of Reserved Procurements (Kes)	Reservation (%)
69.	Independent Electoral Boundaries Commission	23/10/2021			-
70.	Insurance Regulatory Authority	23/09/2021	466,546,178.00	-	-
71.	KENGEN	09/09/2021			-
72.	Kenya Film Classification Board	01/09/2021			-
73.	Kenya Forestry Services	23/10/2021	-	-	-
74.	Kenya Institute of Curriculum Development	12/07/2021	763,652,908.00	-	-
75.	Kenya Law Reforms Commission	13/08/2021	25,230,000.00	-	-
76.	Kenya Literature Bureau	01/09/2021	1,52,664,885.00		-
77.	Kenya National Innovation Agency	30/08/2021	18,724,807.00	-	-
78.	Kenya Roads Board	12/07/2021	217,600,000.00	-	-
79.	Kenya School of Law	05/07/2021	-	-	-
80.	Kenyatta National Hospital	14/9/2021			-
81.	KIPPRA	09/07/2021	192,376,842.00	-	-
82.	Kirinyaga university	12/09/2021	176,138,813.00	-	-
83.	Laikipia County Government	13/09/2021	-	-	-
84.	Media Council of Kenya	25/10/2021	-	-	-
85.	Meru County Microfinance Corporation	30/08/2021	74,097,032.00	-	-

No.	Procuring Entity	Date of Submission	Approved Procurement Budget (Kes.)	Value of Reserved Procurements (Kes)	Reservation (%)
86.	Meru University	26/10/2021		-	-
87.	Michuki Technical Training Institute	01/09/2021			-
88.	State Department for Tourism	06/09/2021	231,742,708.00	-	-
89.	Murang'a County Assembly	31/08/2021	208,408,014.00		-
90.	Muranga County Government	20/09/2021	-	-	-
91.	Murang'a University	02/09/2021	334,000,000.00		-
92.	Nairobi Water and Sewerage Company	01/09/2021			-
93.	National Crime Research Centre	25/10/2021	-	-	-
94.	National Drought Management Authority	03/08/2021	-	-	-
95.	National Hospital Insurance Fund	13/09/2021	370,199,998.00		-
96.	National Housing Corporation	31/08/2021	395,531,336.00	-	-
97.	NEPAD/APRM - Kenya Secretariat	08/06/2021	-	-	-
98.	Nursing Council of Kenya	02/09/2021	128,223,000.00		-
99.	Nyeri County Government	14/09/2021			-
100.	Office of the Data Protection Commissioner		155,998,995.00		
101.	Policyholders Compensation Fund	24/09/2021	209,605,000.00	-	-
102.	Privatization Commission	20/10/2021		-	-
103	Retirement Benefit Authority	26/07/2021		33,660,000.00	-

No.	Procuring Entity	Date of Submission	Approved Procurement Budget (Kes.)	Value of Reserved Procurements (Kes)	Reservation (%)
104	Runyenjes Technical and Vocational College	13/08/2021	12,966.03	-	-
105.	Salaries and Remuneration Commission	13/09/2021	-	-	-
106.	State Department for social Protection (KSEIP)	14/09/2021	271,146,024.00	-	-
107.	State Department of Devolution	22/09/2021	-	-	-
108.	State Department of Early Learning and Basic Education	20/10/2021	-	-	-
109.	State Department of Fisheries and Blue Economy	24/09/2021	-	-	-
110.	State Department of University Education and Research				-
111.	Teachers Service Commission	27/08/2021	-	-	-
112.	Technical University of Mombasa				-
113.	Tharaka University	23/10/2021	437,100,000.00	-	-
114.	Tom Mboya University College	01/09/2021			-
115.	Universities Fund				-
116.	University of Embu	26/10/2021	186,719,608.00	-	-
117.	Wajir County Government	21/09/2021	-	-	-
	<b>TOTAL</b>		<b>36,275,302,004.93</b>	<b>7,707,864,266.60</b>	

## Annex 2: List of PEs that Submitted Reports on Contract Awards

S/No.	Category of Procuring Entity Ministries and State Departments
1.	Ministry of Agriculture, State Department Crop Development & Agriculture Research
2.	Ministry of Education
3.	Ministry of ICT, Innovation and Youth Affairs
4.	Ministry of Public Service and Gender
5.	State Department of Livestock
6.	State Department of Planning
7.	Ministry of Labour
8.	State Department of Gender
9.	State law and Department of Justice
10.	Ministry of Transport Infrastructure, Housing (State Department of Infrastructure)
11.	Ministry of water, Sanitation and Irrigation
12.	State Department of Telecommunication and broadcasting
13.	State Department of Tourism and Wildlife
14.	State Department of Trade
15.	State department of Transport and Infrastructure
16.	National Treasury
17.	Ministry of Tourism wildlife State Department of Tourism
18.	State Department of University Education and Research
<b>State Corporations and SAGAs</b>	
19.	Agricultural finance Corporation
20.	Agro-chemicals and food company
21.	Anti-Counterfeit Authority
22.	Athi water works development Agency
23.	Bomas of Kenya (BoK)
24.	Business Registration Services
25.	Centre for Mathematics, Science and Technology Education in Africa
26.	Consolidated Bank
27.	Capital Markets Authority
28.	Central Rift Valley Water Development Works Authority
29.	Chemilil sugar Company
30.	Communication Authority of Kenya (C.A)
31.	Competition Authority of Kenya

S/No.	Category of Procuring Entity Ministries and State Departments
32.	Coast Water Works Development Agency
33.	Commodities Fund
34.	Communication for University Education
35.	Development Bank of Kenya
36.	East African Portal cement
37.	Engineers Board of Kenya
38.	Ewaso Ngiro North Development Authority
39.	Ewaso Ngiro South Development Authority (ENSDA)
40.	Export Processing Zone Authority
41.	Energy and Petroleum Regulatory Authority
42.	Embu Water and Sanitation Company Ltd
43.	Geothermal Development Company
44.	Higher Education Loans Board
45.	ICT Authority
46.	Insurance Regulatory Authority
47.	Industrialization and Commercial Development Corporation
48.	Kenya National Innovation Agency (KNIA)
49.	Keiyo South Constituency CDF
50.	Kenya Accountants and secretaries National Exams Board
51.	Kenya Airports Authority
52.	Kenya Broadcasting Corporation (KBC)
53.	Kenya Bureau of Standards
54.	Kenya Civil Aviation
55.	Kenya Cultural Centre
56.	Kenya Animal Genetic Resource Centre
57.	Kenya Academy of Sports
58.	Kenya Electricity Generating Company
59.	Kenya Association of National Exams Board (KASNEB)
60.	Kenya Development Corporation
61.	Kenya Film Classification Board (KFCB)
62.	Kenya Fisheries
63.	Kenya Forest Research Institute
64.	Kenya Forest Service
65.	Kenya Dairy Board
66.	Kenya Export, promotion and Branding Agency
67.	Kenya Institute of Public Policy Research and Analysis

S/No.	Category of Procuring Entity Ministries and State Departments
68.	Kenya Institute of Special Education (KISE)
69.	Kenya Literature Bureau
70.	Kenya Marine and fisheries Research Institute
71.	Kenya Meat Commission
72.	Kenya Institute of Mass Communication (KIMC)
73.	Kenya Maritime Authority
74.	Kenya Industrial Estates
75.	Kenya Industrial Research and Development Institute
76.	Kenya Institute of Curriculum Development
77.	Kenya Medical Supplies Authority (KEMSA)
78.	Kenya Medical Research Institute (KEMRI)
79.	Kenya National Examinations Council
80.	Kenya National Highway Authority
81.	Kenya National Bureau of Statistics
82.	Kenya National innovation Agency
83.	Kenya National Trading Corporation
84.	Kenya Petroleum Refineries Ltd
85.	Kenya Pipeline Company
86.	Kenya Ports Authority
87.	Kenya Post Office Savings Bank
88.	Kenya Power Pension Fund
89.	Kenya Railways Corporation
90.	Kenya Nuclear Electricity Board
91.	Kenya Revenue Authority
92.	Kenya Roads Board
93.	Kenya Rural Roads Authority
94.	Kenya School of Law
95.	Kenya Space Agency
96.	Kenya Sports of Kenya
97.	Kenya Tourism Board (KTB)
98.	Kenya Power and Lightening Company
99.	Kenya School of Government
100.	Kenya Universities and Colleges central placement service
101.	Kenya Seeds Company
102.	Kenya Trade Network Agency (KENTRADE)
103.	Kenya Tsetse and Trypanosomiasis Eradication Council (KENTTEC)



S/No.	Category of Procuring Entity Ministries and State Departments
104.	Kenya water Institute
105.	Kenya Wildlife Service
106.	Kenyatta University Teaching and Referral Hospital
107.	Kesses CDF
108.	Kilifi South CDF
109.	Konza Technopolis Development Authority (KoTDA)
110.	Kenya Vision 2030 Delivery Secretariate
111.	Kilifi Mariakani water and Sewerage Company Limited
112.	Kenya Urban Roads Authority
113.	Kenya Water Towers Agency
114.	Kenyatta National Hospital (KNH)
115.	Lap Fund
116.	Lake Basis Development Authority (LDBA)
117.	Lake Victoria North water works development Agency
118.	Lake Victoria South Water Works Development agencies
119.	Museum of Kenya
120.	Media Council of Kenya
121.	Meru County Microfinance Corporation
122.	Moi Teaching and Referral Hospital (MTRH)
123.	NEPAD/APRM KENYA SECRETARIAT
124.	Nairobi Centre for International Arbitration
125.	National Aids Control Council (NACC)
126.	National Authority for the Campaign Against Drugs and Alcohol (NACADA)
127.	National Construction Authority
128.	National Council for Law Reporting (Kenya Law)
129.	National Council for persons with disability
130.	National Government Constituencies Development Fund Board
131.	National Industrial Training Authority
132.	National Transport and Safety Authority (NTSA)
133.	National cereals and produce board
134.	National Environment Trust Fund
135.	National Crime Research Centre (NCRC)
136.	Nairobi Water and Sewerage Company Ltd
137.	National Water Harvesting and Storage Authority
138.	National Youth Council
139.	New KCC

S/No.	Category of Procuring Entity Ministries and State Departments
140	New Partnership for Africa's Development
141	National Oil Corporation of Kenya
142	North Rift Valley water works
143	Northern Water Service Board
144	Nuclear Power and Energy
145	Numerical Machining complex ltd
146	Nyayo Tea Zone Development Corporation
147	Nzoia Sugar Company
148	National Hospital Insurance Funds
149	National Housing Corporation
150	Office of Auditor General
151	Pest Control Products Board
152	Policyholder Compensation Fund
153	Postal Corporation of Kenya
154	Public Procurement Regulatory Authority
155	Pyrethrum Processing Company of Kenya Limited
156	Public Sector Accounting Standard Board (PSASB)
157	Rural electrification and Renewable energy
158	Retirement Benefit Authority
159	Salaries and Remuneration Commission
160	South Nyanza Sugar Company Limited
161	Tana and Athi River Development Authority
162	Technical and vocational Education and Training Authority
163	Tourism Fund (TF)
164	The Sacco Societies Regulatory Authority
165	TVET Curriculum Development, Assessment and Certification Council
166	Thika Water and Sewerage Company
167	State Department of Tourism
168	Unclaimed Financial Assets Authority
169	University Fund
170	University of Nairobi Enterprise and Services Ltd
171	Uwezo Fund
172	Wild Life Research and Training Institute
173	Warehouse Receipt System Council
174	Water Service regulatory Board
175	Women Enterprise Fund

S/No.	Category of Procuring Entity Ministries and State Departments
176	Water Sector Trust Fund
177	Youth Enterprise Development Fund (YEDF)
178	Kitui County – Kitui County Textile Corporation (KICOTEC)
179	Kakamega County – Golf Hotel Limited (GHL)
180	Kenyatta International Convention Centre (KICC)
181	Kenya Convention Bureau (KNCB)
	<b>Constitutional Commissions, Institutions and Independent Offices</b>
182	Business Registration Services
183	Commission of Administrative Justice - Office of the Ombudsman
184	Commission for University Education
185	Ethics and Anti-Corruption Commission
186	Independent Electoral and Boundaries Commission
187	Independent Policing Oversight Authority (IPOA)
188	Kenya Film Commission
189	Kenya Law Reforms Commission
190	Kenya National commission for UNESCO
191	Kenya Law
192	National Gender and Equality Commission
193	National Lands Commission
194	National Police Service Commission (NPSC)
195	National Commission For Science, Technology Andinnovation
196	Privatization Commission
197	Public Service Commission
198	Parliamentary Joint Service
199	Teachers Service Commission
200	The Judiciary
201	Office of The Auditor General
	<b>Public Universities</b>
202	Alupe University College
203	Chuka University
204	Dedan Kimathi University
205	Egerton University
206	Garisaa University
206	Kaimosi Friends College and University
207	University of Nairobi
208	Karatina University

S/No.	Category of Procuring Entity Ministries and State Departments
209	Kabianga University
210	University of Eldoret
211	University of Embu
212	Kibabi University
213	Kenyatta University
214	Kirinyaga University
215	Kisii University
216	Koitaleel University College
217	Laikipia University
218	Machakos University
219	Masai Mara University
220	Maseno University
221	Meru University of Science and Technology
222	Moi University
223	Masinde Muliro University of Science and Technology
224	Multimedia University of Kenya
225	Muranga University of Technology
226	Pwani University
227	Rongo University
228	South Eastern Kenya University
229	Taita Taveta University
230	Technical University of Mombasa
231	Tom Mboya University
	<b>University Colleges</b>
232	Bukura Agricultural College
233	Bumbe technical training Institute
234	Butere technical and Vocational Training
235	The Nyeri National Polytechnic
236	Thika Technical Training Institute
237	Wote technical Training institute
238	Eldoret National Polytechnic
239	Ikutha technical and Vocational College
240	Kaelo technical and Vocational College
241	Kamwenja Teachers College
242	Kangumo Teachers Training College
243	Karen Technical Training Institute for the DEAF

S/No.	Category of Procuring Entity Ministries and State Departments
244	Kenya Coast National Polytechnic
245	Kiirua technical training institute
246	Kisii National Polytechnic
247	Kisumu Polytechnic
248	Koshin Technical training Institute
249	Kapcherop Technical Training Institute
250	Kasarani technical and Vocational Training
251	Limuru Technical and Vocational College
252	Lugari Diploma Teachers Training College
253	Maasai Technical Training Institute
254	Mabera Technical and Vocational College
255	Machakos Teachers College
256	Masinga Technical and Vocational College
257	Meru National Polytechnic
258	Moi Teachers College Baringo
259	Mukiiria Technical Training Institute
260	Murang'a Teachers College
261	Michuki Technical Training Institute
262	Mitunguu Technical Training Institute
263	Nairobi Technical Training Institute
264	Nyandarua National Polytechnic
265	Rift Valley Institute of Science and Technology
266	Sabatia Technical and Vocational
267	Siala Technical Training Institute
268	Sigalagala National Polytechnic
269	Siaya Institute of Technology
270	Siruti Technical and Vocational College Awendo
271	Tharaka Technical and Vocational College
272	Weru Technical and Vocational College
	<b>COUNTY ASSEMBLIES</b>
273	County Assembly of Bomet
274	County Assembly of Bungoma
275	County Assembly of Elgeyo Marakwet
276	County Assembly of Taita Taveta
277	County Assembly of Tharaka-Nithi
278	County Assembly of Vihiga

S/No.	Category of Procuring Entity Ministries and State Departments
279	County Assembly of Embu
280	County Assembly of Garissa
281	County Assembly of Kiambu
282	County Assembly of Kisii
283	County Assembly of Kilifi
284	County Assembly of Machakos
285	County Assembly of Makueni
286	County Assembly of Murang'a
287	County Assembly of Mandera
288	County Assembly of Nakuru
289	County Assembly of Nyamira
290	County Assembly of Nyeri
291	County Assembly of Nairobi
292	County Assembly of Nandi
293	County Assembly of Elgeyo Marakwet
294	County Assembly of Kiambu
295	County Assembly of Samburu
296	County Assembly of Siaya
	<b>County Governments (Executives)</b>
297	County Government of Bomet
298	County Government of Busia
299	County Government Bungoma
300	Samburu County
301	Taita Taveta County
302	Uasin Gishu County
303	Elgeyo Marakwet County
304	County Government of Kiambu
305	County Government of Kirinyaga
306	County Government of Kwale
307	Kitui County
308	Laikipia County
309	Lamu County
310	County Government of Mandera
311	Machakos County Government
312	Meru County
313	Muranga County Government

S/No.	Category of Procuring Entity Ministries and State Departments
314	County Government of Nyeri
315	Nairobi City Council

### Annexure 3: PEs that submitted Reports on Direct Procurement

S/No.	Procuring Entity	No. of Reports
1.	Nyeri County Government	121
2.	Kenyatta National Hospital (KNH)	91
3.	Kenyatta University Teaching, Referral and Research Hospital	38
4.	Moi Teaching and Referral Hospital	36
5.	Kenya Medical Supplies Authority (KEMSA)	36
6.	Kenya Medical Research Institute (KEMRI)	31
7.	Central Bank of Kenya	29
8.	Geothermal Development Company	28
9.	Kenya Airports Authority	23
10.	Kenya Generating and Electricity Company	22
11.	Kenya Railways Corporations	20
12.	Kenya Revenue Authority	19
13.	South Nyanza Sugar Company Ltd	19
14.	Kenya Ports Authority	17
15.	Kenya Power and Lightening Company	16
16.	Athi Water Development Agency	15
17.	Samburu County	13
18.	Athi Water Works	9
19.	Elgeyo Marakwet County	8
20.	Office of Auditor General	8
21.	Numerical Machining Complex Ltd	8
22.	Bukura Agricultural College	8
23.	Kenya Tourism Board	7
24.	Sony Sugar Company	6
25.	Meru County	6
26.	East Africa Portland Cement	6
27.	Kenya Forest Service	5
28.	Kenya Post Office Savings Bank	5
29.	Parliamentary Joint Service	4
30.	Karatina University	4
31.	National Oil Corporation of Kenya	4
32.	Retirement Benefits Authority	4
33.	Kenya Vision 2030 Delivery Secretariate	3



S/No.	Procuring Entity	No. of Reports
34.	Nuclear Energy	3
35.	National Hospital Insurance Fund (NHIF)	3
36.	Kenya Broadcasting Corporation (KBC)	3
37.	Kenya Export Promoting and Branding Agency	3
38.	Kenya Petroleum Refineries	3
39.	Ethics and Anti-Corruption Commission	3
40.	Public Procurement Regulatory Authority	3
41.	Insurance Regulatory Authority	3
42.	Kenya Literature Bureau	3
43.	University Fund	3
44.	Kenya Power Pension Fund	3
45.	Ministry of Agriculture, State Department Crop Development and Agriculture Research	2
46.	Ministry of Land and Physical Planning	2
47.	Kenya Civil Aviation Authority	2
48.	Council of Legal Education	2
49.	Kenya National Innovation Agency (KNIA)	2
50.	National Transport and Safety Authority (NTSA)	2
51.	ICT Authority	2
52.	Kakamega County - Golf Hotel Limited (GHL)	2
53.	University of Nairobi	2
54.	University of Eldoret	2
55.	Kisii University	2
56.	Kenya National Highways Authority	2
57.	Kenya Ferry Services	2
58.	Centre for Mathematics, Science and Technology Education in Africa	2
59.	Commission of Revenue Allocation	1
60.	Industrial & Commercial Development Corporation	1
61.	Kenya Safari Lodges and Hotels	1
62.	National Council for Persons with Disability	1
63.	National Crime Research	1
64.	Kenya Animal Genetic Resource Centre	1
65.	Embakasi west CDF	1
66.	Capital Markets Authority	1
67.	Competition Authority of Kenya	1
68.	University of Nairobi Enterprise and Services Limited	1

S/No.	Procuring Entity	No. of Reports
69.	Kakamega County - Golf Hotel Limited (GHL)	1
70.	Kenya Film Classification Board (KFCB)	1
71.	Kenya Veterinary Board	1
72.	Nyayo Tea Zone	1
73.	National Housing Corporation	1
74.	Kenya Pipeline Co	1
75.	Jomo Kenyatta University	1
76.	Pwani University	1
77.	Tharaka Nthi University	1
78.	Kabianga University	1
79.	Kitui County	1
80.	County Government of West Pokot	1
81.	Kilifi County	1
82.	County Assembly of Nairobi	1
83.	County Assembly of Wajir	1
84.	Min. of Transport State Department for Housing and Urban development	1
85	Ministry of Energy	1
	<b>Total Number of Reports</b>	<b>757</b>

## Annex 4: PEs that submitted Reports on Terminations of Procurement Proceedings

S/No.	Procuring Entity	No. of Reports Submitted
1.	Kenya Pipeline Corporation	52
2.	Kenya Ports Authority	43
3.	Moi Teaching and Referral Hospital	41
4.	Kenya Electricity Generating Company	39
5.	Geothermal Development Company	37
6.	Kenya Revenue Authority	37
7.	Kenya National Highways Authority	32
8.	Kenya Power and Lightening Company	30
9.	Communication Authority of Kenya	30
10.	Kenya Airports Authority	27
11.	Kenya Railways Corporation	25
12.	National Irrigation Authority	24
13.	Kenya Petroleum Refineries	22
14.	Kenyatta National Hospital (KNH)	20
15.	ICT Authority	17
16.	National Construction Authority	15
17.	National Oil Corporation of Kenya	13
18.	Teachers Service Commission	13
19.	Kenya Power Pension Fund	13
20.	Independent Electoral and Boundaries Commission	10
21.	Meru University of Science and Technology	10
22.	Bungoma County Government	9
23.	The Judiciary	8
24.	Nairobi water and Sewerage company limited	8
25.	Ethics and Anti-Corruption Commission	7
26.	Kenya Civil Aviation Authority	7
27.	Energy and Petroleum Regulatory Authority	7
28.	Privatization Commission	7
29.	Kenya Post Office Savings Bank	6
30.	Central Bank of Kenya	6
31.	County Assembly of Nairobi	6
32.	County Assembly of Siaya	6
33.	Office of Auditor General	6

S/No.	Procuring Entity	No. of Reports Submitted
34.	Agricultural Finance Corporations	6
35.	Kaimosi Friends college and University	5
36.	Ministry of Transport Infrastructure Housing Urban Development and Public Works	5
37.	Nuclear Power and Energy Agency	5
38.	Kenya Reinsurance and Corporation	5
39.	Kenya National Bureau of Statistic	5
40.	Kenya Urban Roads Authority	5
41.	Retirement Benefits Authority	4
42.	Unclaimed Financial Asset Authority	4
43.	East Africa Portland Cement	4
44.	University of Nairobi Enterprise and Services Limited	4
45.	National Transport and Safety Authority (NTSA)	4
46.	Office of The Director of Public Prosecutions	4
47.	Business Registration Services	4
48.	Kisii County Government	4
49.	Numerical Machining Complex Limited	3
50.	Athi Water Development Agency	3
51.	Kenya Roads Board	3
52.	National Water Harvesting and Storage Authority	3
53.	National Aids Control Council (NACC)	3
54.	Lake Basin Development Authority (LDBA)	3
55.	Media Council of Kenya	3
56.	Kenya Marine Authority	3
57.	Bomet University	3
58.	Egerton University	3
59.	Office of the Data Protection Commissioner	3
60.	Masinde Muliro University of science and Technology	3
61.	Kilifi County	3
62.	Uasin Gishu County	3
63.	Ministry of Mining and Petroleum	3
64.	National Assembly	3
65.	Ministry of Environment and Forestry	3
66.	Treasury and National Planning	3
67.	Insurance Regulatory Authority	2
68.	Competition Authority of Kenya	2

S/No.	Procuring Entity	No. of Reports Submitted
69.	Kenya Literature Bureau	2
70.	Kenya Medical Supplies Agencies	2
71.	Public Procurement Regulatory Authority	2
72.	Kenya Forestry Research Institute	2
73.	Kenya Seeds Company Limited	2
74.	Tourism Regulatory Authority	2
75.	Thika Water and Sewerage Company	2
76.	National Cereal Produce Board	2
77.	National Police Service	2
78.	Kenya National Housing Corporation	2
79.	Kabianga University	2
80.	Pwani University	2
81.	Parliamentary Joint Service	2
82.	Meru County	2
83.	Nandi County Government	2
84.	Kitui County	2
85.	County Assembly of Machakos	2
86.	Ministry of Public Service, Gender Senior Citizen Affairs and Special Programmes – State Department for Public Service Huduma Secretariat	2
87.	Kenya Safaris Lodges and Hotels	2
88.	Lake Victoria South Water Works Development agencies	2
89.	Kenyatta University Teaching, Referral and Research Hospital	2
90.	University Fund	2
91.	Parliamentary Services commission	2
92.	Ministry of Tourism and Wildlife State Department of Tourism	2
93.	Ministry of Water, Sanitation and Irrigation	2
94.	Athi Water Works	1
95.	Kenya Medical Research Institute (KEMRI)	1
96.	National Hospital Insurance Fund (NHIF)	1
97.	Kenya Agricultural and Livestock Research Organization	1
98.	Polyholders Compensation Fund	1
99.	Kenya Trade Network Agency (KENTRADE)	1
100.	Kenya Deposit Insurance Corporation	1
101.	Public Service Superannuation Scheme	1

S/No.	Procuring Entity	No. of Reports Submitted
102.	Mombasa Water Supply and Sanitation Company Limited	1
103.	Kenya Bureau of Standards	1
104.	Rivatex East Africa Limited	1
105.	Higher Education Loans Board	1
106.	Wildlife Research Institute	1
107.	Kenya Wildlife Services	1
108.	Bomas of Kenya	1
109.	National Drought Management Authority	1
110.	Kenya Industrial Property Institute	1
111.	Kenya National Examination Council	1
112.	Kitui Water and Sanitation Company	1
113.	Micro and Small Enterprises Authority	1
114.	Kenya Urban Roads Authority	1
115.	Huduma Kenya Secretariate	1
116.	Kenya Veterinary Board	1
117.	Nyayo Tea Zone	1
118.	South Nyanza Sugar Company	1
119.	Kenyatta International Convention Centre	1
120.	Kenya National Conventional Bureau	1
121.	Commodities Fund	1
122.	Tourism Fund	1
123.	Kenya Leather Development Council	1
124.	National Crime Research Centre	1
125.	Kenya Institute of Curriculum Development	1
126.	Water Sector Trust Fund	1
127.	University of Eldoret	1
128.	Kisii University	1
129.	Judiciary Service Commission	1
130.	Technical University of Mombasa	1
131.	Maseno University	1
132.	Laikipia University	1
133.	Machakos University	1
134.	Moi University	1
135.	Maasai Mara University	1
136.	Jaramogi Odinga Odinga of Science and Technology	1
137.	Kenya University and Colleges Central Placement Service	1

S/No.	Procuring Entity	No. of Reports Submitted
138	National Land Commission	1
139	State House	1
140	Salary and Remuneration Commission	1
141	Bomet County	1
142	Migori County Government	1
143	Nyamira County	1
144	Kwale County Government	1
145	Turkana County Government	1
146	Kakamega County	1
147	Kiambu County	1
148	Embu County	1
149	Nairobi City County	1
150	County Assembly of Kiambu	1
151	County Assembly of Embu	1
152	County Assembly of Kilifi	1
153	County Assembly of Meru	1
154	County Assembly of Kisumu	1
155	County Assembly of Nyeri	1
156	Kiambu Institute of Science and Technology	1
157	Thika Technical Training Institute	1
158	Kenya Institute of Mass Communication	1
159	Bandari Marine Academy	1
160	Ministry of Agriculture, Livestock, Fisheries and Cooperatives - State Department of Livestock	1
161	Ministry of Correctional services	1
162	State Department of University Education and Research	1
163	State Department of Trade	1
164	Ministry of Public Service State Department for Development of ASALS	1
165	Ministry of East African Community and Regional Development	1
166	Ministry of Health	1
167	Ministry of Sports, Culture and Heritage	1
		<b>883</b>

## Annex 5: PEs that Submitted Reports on Contract Variations/Amendments

S/No	Procuring Entity	S/No.	Tender Reference	Original Contract Sum Ksh	New Contract Sum Ksh	Original Contract Sum Euros	New Contract Sum Euros	Original Contract Sum USD	New Contract Sum USD	Percentage Change %
<b>1. QUARTER 2</b>										
	Kenya Airports Authority	(i)	Tender No. KAA/OT/JKIA/15032018-2020 for Provision of Waste Management Services at JKIA.	5,232,833.85	5,232,833.85					0%
		(ii)	Tender No. KAA/OT/JKIA for Supply & Delivery of Spare Parts for Terminal 1A Departure Baggage Handling System. The contract period was 4 weeks.			350,617.41	350,617.41			0%
		(iii)	Tender No. KAA/OT/NANYUKI/0013/C: Proposed Nanyuki Civil Airstrip rehabilitation. Contract entered on 6-04-2020 for a period of 15 months. PE extended period by 3.5 months.	329,853,680.94	329,853,680.94					0%
		(iv)	Tender No. KAA/PROC/MIA/205: Provision of cleaning services, fumigation and pest control at Moi International airport. Contract entered on 21-12-2017 for a period of 2 years. PE extended period by 3 months.	17,769,152.00	17,769,152.00					0%



S/ No	Procuring Entity	S/No.	Tender Reference	Original Contract Sum Ksh	New Contract Sum Ksh	Original Contract Sum Euros	New Contract Sum Euros	Original Contract Sum USD	New Contract Sum USD	Percentage Change %
		(i)	Provision of Cleaning Services KAA-HQS, ICAO, Data centre and training Academy. Contract entered on 19-9-2019 for a period of 2 years. PE extended period by 3 months.	12,833,105.76	12,833,105.76					0%
		(vi)	CAA/HR/HQ/1301/2017-2018: Provision of Staff uniform. Contract entered on 24-7-2018 for 3 years extended for 1 year.	19,080,227.52	21,082,690.09					9%
		(vii)	CAA/HR/1301/201-2018: Provision of Staff uniform. Contract entered 26-7-2018 for 3 years extended for 1 year.	4,191,138.00	4,610,657.00					10%
		(viii)	CAA/OT/ISIO-LO/0026/2020-2021: Extension of time proposed construction of cargo processing facility at Isiolo International Airport. Contract entered on 11/9/2020 for a period of 9 months. PE extended for 3 months	20,983,495.50	20,983,495.50					0%

S/No	Procuring Entity	S/No.	Tender Reference	Original Contract Sum Ksh	New Contract Sum Ksh	Original Contract Sum Euros	New Contract Sum Euros	Original Contract Sum USD	New Contract Sum USD	Percentage Change %
		(ix)	CAA/RT/ICT/HQ/1469/2018/2019: Contract for the provision of WAN connectivity services-Primary Links for Kenya Airports Authority.	13,648,560.00	13,648,560.00					0%
		(x)	CAA/CC/MIA/1239: Provision of cleaning services, for washroom at Moi International airport. Contract entered on 01-10-2018 for a period of 3 years. PE extended period by 3 months.	18,840,372.00	18,840,372.00					0%
		(xi)	CAA/DP/KIA/0043/2020-2021: Supply and Installation of 1 /no. man type engine for fire truck. The contract entered on 22-4-2021 for a period of 12 weeks and extended by a month.	23,004,581.39	23,004,581.39					0%
		(xii)	CAA/OT/KIA/007/2020-2021: Supply of Uninterrupted power supply at Kisumu International Airport. Contract entered 19/8/2021 for a period of 8 weeks extended by 1 month.	4,450,843.18	4,450,843.18					0%

S/ No	Procuring Entity	S/No.	Tender Reference	Original Contract Sum Ksh	New Contract Sum Ksh	Original Contract Sum Euros	New Contract Sum Euros	Original Contract Sum USD	New Contract Sum USD	Percentage Change %
		(xiii)	KA/ES/LANET/0113/C: Proposed Lanet Airstrip pavement phase 1. Contract entered on 19-10-2020 for a period of 18 months.	39,418,827.00	39,418,827.00					0%
		(xiv)	KA/ES/HQ/1262/E: Replacement of MV and LV electrical switchgear at JKIA. Contract entered 1/10/2018 period 40 weeks. PE did not indicate reason and duration of period varied.	199,970,023.00	199,970,023.00					0%
		(xv)	KA/ES/MANDA/1298/C: Extension of time for contract proposed re-construction of taxis and apron at Manda Airport Lamu.	121,726,189.00	121,726,189.00					0%
		(xvi)	KA/ES/LOKI/0043/C: Proposed rehabilitation of runway, taxiways and apron at Lokichogio airport phase 2.	281,041,415.55	281,041,415.55					0%
		(xvii)	KA/OT/JKIA/1512/2018-2019: Provision of maintenance services for baggage handling system (BHS) at JKIA. The contract entered 27/11/2020 for a period was 3 years.	274,700,000.00	274,700,000.00					0%

S/ No	Procuring Entity	S/No.	Tender Reference	Original Contract Sum Ksh	New Contract Sum Ksh	Original Contract Sum Euros	New Contract Sum Euros	Original Contract Sum USD	New Contract Sum USD	Percentage Change %
		(xviii)	KAART/ICT/0055/2019-2020: Extension of project implementation period for the upgrade of checkpoint unified threat management system for KAA. Contract entered 31/08/2020 for a period of 24 weeks duration varied for 4 weeks.	29,645,322.04	29,645,322.04					0%
		(xix)	KAART/NYARI-BO/0108/2019-2020: Proposed construction of VIP lounge at Nyaribo airstrip. Contract entered 24/08/2020 for 9 months and varied for 34 weeks.	39,970,629.12	39,970,629.12					0%
		(xx)	KAADP/JKIA/0043/2020-2021: Supply and installation of 1 no. man type engine fire truck. Contract varied by 9 weeks.	23,004,581.39	23,004,581.39					0%
		(xxi)	KAADOT/MIA/1549/2018-2019: Refurbishment for freight terminals building Moi international airport. Contract varied for 6 months.	18,420,325.00	18,420,325.00					0%
		(xxii)	KAADOT/MIA/1476/2018-2019: Provision of environmental service - grass cutting, vegetation control and gardening at Moi International Airport.	43,154,564.06	43,154,564.06					0%

S/No	Procuring Entity	S/No.	Tender Reference	Original Contract Sum Ksh	New Contract Sum Ksh	Original Contract Sum Euros	New Contract Sum Euros	Original Contract Sum USD	New Contract Sum USD	Percentage Change %
	(xxiii)		CAA/OT/LOKI/0043/2019-2020: Request for design review to suit site conditions and approval of project appraisal No. 1 for the proposed rehabilitation of runway, taxi ways and apron for Lokichogio airport.	285,971,966.70	309,957,337.70					8%
		(xxiv)	CAA//OT/KAKA-MEGA/1542/2018-2019: Proposed payments rehabilitation works at Kakamega airstrip.	174,715,461.90	174,715,461.90					0%
		(xxv)	CAA/ES/SUNEKA/1338/C/2017-2018: Extension of time and waiver to pay below the minimum interim IPC rehabilitation of runway and apron at Suneka airstrip contract .	134,000,949.60	127,481,590.81					8%
				<b>2,135,578,244.50</b>	<b>2,155,466,238.28</b>	<b>350,617.41</b>	<b>350,617.41</b>			
<b>QUARTER 3</b>										
2.	Kenya Revenue Authority	(xxvi)	KRA/HQS/NCB/2019-2019: Supply and Delivery of IP Phones, Switches and WAN Routers for Expansion of IP Telephony Solution at KRA.	91,958,323.04	99,560,980.04					8%

S/ No	Procuring Entity	S/No.	Tender Reference	Original Contract Sum Ksh	New Contract Sum Ksh	Original Contract Sum Euros	New Contract Sum Euros	Original Contract Sum USD	New Contract Sum USD	Percentage Change %
		(xxvii)	KRA/HQS/NCB/2020-2021: Provision of Office Fit-out and Renovation works at Ushuru pension towers building.	58,697,480.00	58,697,480.00 .00					
		(xviii)	KRA/HQS/NCB/2019-2020: proposed civil works for sewer line overflow at Langata Estate.	7,914,850.00	7,914,850.00.00 .00					
		(xxix)	KRA/HQS/NCB/2018-2019: annual maintenance contract (AMC) services for KRA data centre critical equipment.				295,41330	369,266.61	25%	
		(xxx)	KRA/HQS/NCB/2018-2019: Provision of Managed Printing Solution (Leasing Of Multifunctional Printers).	2,700,000.00	3,105,000.00					15%
3.	ICT Authority (ICTA)	(xxxi)	ICTA/OT/07/2020-2021: Provision of Government Internet Services.	49,225,560.00	61,565,700.00					25%
				<b>194,947,735.04</b>	<b>144,762,373.58</b>					

S/No	Procuring Entity	S/No.	Tender Reference	Original Contract Sum Ksh	New Contract Sum Ksh	Original Contract Sum Euros	New Contract Sum Euros	Original Contract Sum USD	New Contract Sum USD	Percentage Change %
<b>QUARTER 4</b>										
	Kenya Revenue Authority	(xxxii)	KRA/HQS/NCB/2019-2020: Cleaning Services.	471,718,563.10	491,791,063.14					4%
		(xxx-iii)	KRA/HQS/NCB/2020-2021: Supply and Delivery of 18.9 L clean bottled drinking water for Nairobi region on need basis for a period of 2 years.	457.89	515.00					20%
		(xxx-iv)	KRA/HQS/NCB/2020-2021: Provision of Group Life Assurance and Funeral (last) Expense Insurance Brokerage Services.	83,096,010.00	103,870,013.00					25%
4.	Communication Authority of Kenya	(xxxv)	CA/PROC/RT/02/2016-2017: Provision Annual Oracle Licenses and Support of ERP System.					3,114,019.41	132,736.60	4.26%
5.	Kenya Transmission Company (KETRA-CO)	(xxx-vi)	Provision of Maintenance and Related Services for ESRI AGCGIS System to SAP.	16,657,852.80	16,929,375.80					1.63%
				572,783,359.39	613,958,419.74	\$3,114,019.41	\$3,246,755	3,114,019.41	132,736.60	



**PPRA**

**PUBLIC PROCUREMENT  
REGULATORY AUTHORITY**

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