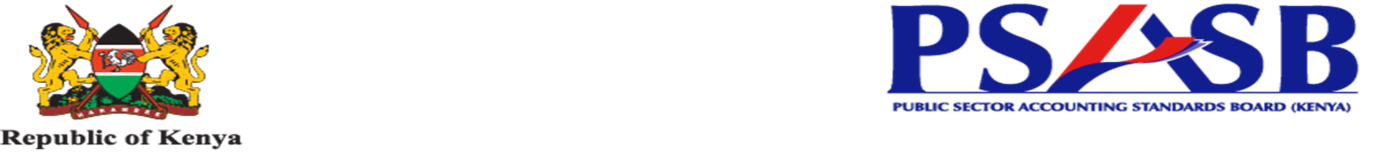
**Draft County Audit Programs**

1 | P a g e



**GOVERNMENT OF KENYA**

**DRAFT AUDIT PROGRAMS FOR COUNTY GOVERNMENTS**

**April 202**

# **PROJECT PROCESSES (ROAD CONSTRUCTION)**

|  |  |  |
| --- | --- | --- |
| **Audit Program No.:** | **Period Under Review:** | **Department:** |
| **Prepared By:** | | |
| **Reviewed By:** | | |

**(To be customised for each Program)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
| 1. | To establish that the County Government followed an appropriate planning process to  identify and  select road construction projects | * Non-compliance with the   legislative requirements which require the development of the CIDP | Approved CIDP – Test done once in 5 years or whenever an amendment is done | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on preparation and approval of the CIDP * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the approved CIDP * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Verify whether the CIDP contains all known projects, plans and programs to be implemented within the county by any organ of state Sec. 108(2(b(iii)) of the CGA, 2012 * Confirm citizen participation in the development of the CIDP Sec. 106(4) and Sec. 105(1(d)) of the CGA, 2012. Review the Public Participation reports, newspaper advertisements etc. * Verify whether the CIDP contains key performance indicators set by the county Sec. 108(2(b(iv)) of the CGA, 2012 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Verify whether the CIDP contains budget projection required under the law governing county government financial management Sec. 108(4(a)) of CGA, 2012 * Verify whether the CIDP indicates the financial resources that are available for capital project developments Sec. 108(4(b)) of CGA, 2012 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Lack of citizen participation in project identification that may lead to litigations and resistance in the use of the project | Oversight arrangements on citizen participation | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on citizen participation in project identification and selection * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project * Establish that the project identification is in line with the regulatory requirements identified in TOD. Note any deficiencies in implementation * Document the citizen participation in project identification and selection process   **TOE**   * Obtain the contracts register and create a list of all payments for roads construction. Obtain a representative sample of the road construction projects using an approved sampling criteria * Confirm that the identified projects are in the Approved CIDP Sec. 108(2(b(iii)) of CGA, 2012 * Verify that the Approved CIDP and ADP are supported by Public Participation Reports, Attendance Registers and Newspaper Adverts. Sec. 106(4) and Sec. 105(1(d)) of the CGA, 2012 * Confirm that annual reports on citizen participation in the affairs of the county are sent to the county assembly Sec. 92(2) on CGA, 2012 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Identification of projects not consistent with the county government’s priorities with regard to capital projects | * Budget Circular * Approved CFSP * Approved ADP * Approved Budget | **TOD**   * Establish the key requirements of laws, regulations, policies and   procedures on establishment of county government’s priorities   * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the Budget Circular, CFSP, Approved ADP and Approved Budget * Select one road project * Establish that the project identification is in line with the regulatory requirements identified in TOD. Note any deficiencies in implementation * Document the project identification and selection process in relation to   the county government’s priorities  **TOE**   * **ADP (Once in a year or whenever the ADP is revised)** * Verify whether the ADP contains strategic priorities for the medium term that reflect the county government’s priorities and plans Sec. 126(1(a) of PFMA * Verify whether the ADP contains a description of significant capital developments Sec. 126(1(e) of PFMA * Verify whether the ADP contains payments to be made on behalf of the county government, including details of any grants Sec. 126(1(d) of PFMA * Verify whether the ADP contains a detailed description of proposals with respect to the development of physical resources of the county, including measurable indicators where those are feasible Sec. 126(1(f) of PFMA * Verify whether the ADP contains a summary budget in the format required by the PFM regulations Sec. 126(1(f) of PFMA |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the ADP is submitted to the County Assembly by 1st September of each year for approval with a copy to CRA and NT Sec. 126(3) of the PFMA * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. * **Projects** * Obtain the contracts register and create a list of all payments for roads construction. Obtain a representative sample of the road construction projects using an approved sampling criteria * Confirm that the project was budgeted for Reg. 22(g) of CGPFMR * Confirm that the project was included in the ADP Sec. 126 of PFMA * Confirm that the project was included in the CIDP Sec. 108(2(b(iii)) of CGA, 2012 * Confirm that the identified projects are in the Approved ADP Sec. 108(2(b(iii)) of CGA, 2012 * Confirm that the Budget Circular and CFSP clearly spells out the county government’s priorities that are consistent with the CIDP, National Government’s policy priorities and programs such as projects under Vision 2030 Sec. 05 of CBOM, 2014, Reg. 26 and 30 of the CGPFMR * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans |
| * Identification and selection of a road project not under the mandate of the county government | * County intergovernmental forum for   coordinated planning with  national govt institutions | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on coordinated planning with national govt institutions * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the appointment letters of parties in the county intergovernmental forum |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the design documented under TOD is implemented as documented * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the appointment letters and verify that the composition of the county intergovernmental forum is composed of both the national government and county government heads of functions in the county Sec. 54(3) of the CGA, 2012   + The Governor or representative - Chairperson   + All CECMs or representative   + County Commissioner   + All HODs who report to CC * Confirm that the functions of the members of the forum are properly spelt out to undertake the following responsibilities Sec. 54(4) of the CGA, 2012;   + Harmonization of services rendered in the county;   + Coordination of development activities in the county;   + Coordination of intergovernmental functions; * Obtain the minutes of the forum. Check to confirm that it is consistent with ADP * Check the ADP to confirm that the identified road projects are in Class D, E, F and G Petition no 472 of 2014, Council of County Governors v Attorney General & 4 others [2015] Eklr * Confirm that where the county government undertakes to construct road not under its function, there exists a framework of engagement with the national government Art. 187(1) of the Const. of Kenya, 2010 * Confirm that when a national government project is transferred to the   County Government, relevant resources for implementing the project are also transferred Art. 187(1) of the Const. of Kenya, 2010 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that national road projects implemented by the county government are preceded by public hearings and subsequent approval of the county assembly Sec. 114 of CGA, 2012 * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| 2. | To review the tender process for procurement of contractors to determine if the selection process complied with Public Procurement Act and its Regulations | * Complex procurement modalities -   unlikely to attract adequate local competition | Selection of  appropriate procurement method  - International Competitive Tendering | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on complex procurements * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project(complex procurement modalities) * Establish that the complex procurement is in line with the regulatory requirements identified in TOD. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the listing of planned projects from the Annual Development Plan. Create a list of projects with complex procurement modalities. Select a representative sample of road projects using an approved sampling criteria * Confirm that where the procurement is complex or the works by their nature, are unlikely to attract adequate local competition International Competitive Tendering is used Sec. 5.3.1 of the Public Procurement Manual for Works, 2009 * Confirm that procurements subjected to International Competitive Tendering are only done if it is justified that there will not be effective competition for a procurement Sec. 89 of PPADA, 2015 * Confirm that in inviting foreign tenderers to participate, the following is complied with Sec. 89(a) of PPADA, 2015; |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * The invitation to tender and the tender documents is made in English * Confirm that in advertising the tender, invitation to tender is advertised in Kenya’s dedicated tenders portal or one or more English-language newspapers or other publications that, together, have sufficient circulation outside Kenya * Technical requirements are compatible with requirements under Kenyan law and are based on international standards or standards widely used in international trade * The tenderer uses a currency that is widely used in international trade and that the tender documents specifically allow to be used * Where local or citizen contractors participate they are be entitled to the following exclusive preference   + The funding is 100% from the national government or county government or a Kenyan body; and   + The amounts are below five hundred million shillings; * Confirm that the following margin of preference for international tendering and competition is applied Reg. 164 of PPADR, 2020;   + 20% margin of preference of the evaluated price of the tender given to candidates who offer locally obtained goods or semi- processed goods in Kenya and percentage of shareholding of Kenyan citizens is more than 50%   + 15% margin of preference of the evaluated price of the tender given to candidates offering goods   + 10% margin of preference of the evaluated price of the tender, where the percentage of shareholding of Kenyan citizens is more than 50%   + 8% margin of preference of the evaluated price of the tender, where the percentage of shareholding of Kenyan citizens is less   than 50% but above 20%; and |

|  |  |
| --- | --- |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * 6% margin of preference of the evaluated price of the tender, where percentage of shareholding of Kenyan citizens is above 5% and less than 20% * Confirm that all foreign tenderers participating in international tenders source at least forty percent of their supplies from citizen contractors prior to submitting a tender Sec. 157(9) of PPADA, 2015 * Confirm that the works are restricted to qualified contractors who have been registered by NCA for the category of work. Confirm that the following thresholds are upheld Sec.16(3) of NCA Act and Part II of the NCA Regulations, 2017;   **Category Value of**  **works(KShs.)**  NCA 1 Unlimited  NCA 2 2,500,000,000  NCA 3 1,250,000,000  NCA 4 750,000,000  NCA 5 500,000,000   * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Lack of suitably qualified suppliers | Approved Procurement Plan (Selection of appropriate procurement method) | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on selection of procurement method during the development of the procurement plan * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the Approved Procurement Plan * Identify the method of procurement for one selected road project(cancelled procurement proceedings due to lack of suitably qualified suppliers) |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** | | | | |
|  |  |  |  | * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the tender register. Create a list of cancelled procurement proceedings due to lack of suitably qualified suppliers. Select a reasonable sample of the road projects from the list using an approved sampling criteria * Confirm that the Procurement Plan contains the procurement method Reg. 41(g) of PPADR, 2020. Identify the method used for each procurement(road) from the procurement plan * Confirm that the selected procurement method is not designed to avoid competition Sec. 3(b) of PPADA, 2015, Sec. 2.3(a) of the Public Procurement and Disposal General Manual, 2009. Use of other methods other than open tender is properly justified * Confirm that the selected procurement method in the procurement plan, other than open tender, is properly justified Sec. 2.6(a(ii)) of the Public Procurement and Disposal General Manual, 2009 * Confirm that the selected procurement method gives due consideration and balance to Sec. 2.3 of the Public Procurement and Disposal General Manual, 2009;   + Cost saving associated with increased competition and utilizing more effective procedure controls vs increased transaction costs of using more highly controlled procurement methods   + Cost savings introduced by expanding competition, e.g. Expanding to international markets vs the transaction costs associated with implementing an international bid process. * Confirm that the identified procurement method is within the prescribed threshold(Second Schedule of PPADR, 2020); | | | | |
|  | **Method** | **Minimum (KShs.)** | **Maximum (KShs.)** |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** | | | | |
|  |  |  |  |  | International Open tender | No  minimum | As per the  budget |  |
| National Open tender | No minimum | As per the budget |  |
| Restricted tender – complex or specialized nature | No minimum | As per the budget |  |
| Restricted tender – time and cost required to examine and evaluate a large number of  tenders would be disproportionate | No minimum | 30,000,000 |  |
| Restricted tender – only a few known suppliers of the whole market | No minimum | As per the budget |  |
| Request for proposals | No minimum | As per the budget |  |
| Direct Procurement | No minimum | No maximum |  |
| Request for quotations | No minimum | 5,000,000 |  |
| Competitive negotiation | No minimum | No maximum |  |
| Electronic reverse auction | No minimum | No maximum |  |
| Two stage tendering | No minimum | As per the budget |  |
| Design competition | No minimum | No maximum |  |
| Framework agreement | No minimum | No maximum |  |
| * Confirm that the works are restricted to qualified contractors who have been registered by NCA for the category of work. Confirm that the   following thresholds are upheld Sec.16(3) of NCA Act and Part II of the NCA Regulations, 2017; | | | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** | | | |
|  |  |  |  |  | **Category** | **Value of**  **works(KShs.)** |  |
| NCA 1 | Unlimited |
| NCA 2 | 2,500,000,000 |
| NCA 3 | 1,250,000,000 |
| NCA 4 | 750,000,000 |
| NCA 5 | 500,000,000 |
| NCA 6 | 200,000,000 |
| NCA 7 | 50,000,000 |
| NCA 8 | 10,000,000 |
| * Confirm that where the procurement is complex or the works by their nature, are unlikely to attract adequate local competition International Competitive Tendering is used Sec. 5.3.1 of the Public Procurement Manual for Works, 2009 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. | | | |
| * Management overrides | Approved Leadership and Integrity Code – State Officers involved in the process | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on approval and signing of Leadership and Integrity Code for State Officers in the County * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the one signed Specific Leadership and Integrity Code * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE** | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the State Officers in the County Executive have signed the Specific Leadership and Integrity Code issued by the County Government at the time of taking the oath of office or within seven days of assuming a State office Sec. 40 of Leadership and Integrity Act, 2015 * Confirm that the State Officer does not to engage in activities that amount to abuse of office Sec. 13(1(b)) of Leadership and Integrity Act, 2015 * Confirm that where personal interests conflict with the official duties, the personal interests are declared to the County Government or the EACC Sec. 16(3) of Leadership and Integrity Act, 2015 * Where conflict of interest exists, confirm that the Officer refrains from participating in any deliberations with respect to the matter Sec. 16(4(b)) of Leadership and Integrity Act, 2015 * Confirm that the Officer does not influence the award of a contract to a firm associated with self Sec. 16(5) of Leadership and Integrity Act, 2015 * Confirm that the Officer does not act through other officers on activities that contravene the Code Sec. 35 of Leadership and Integrity Act, 2015 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Collusion | Approved Code of Conduct – Public Officers involved in the process | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on Code of Conduct for Public Officers in the County * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the approved Code of Conduct * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the Public Officers in the County Executive have signed the Code of Conduct Sec. 34 of The Public Service Code of Conduct and Ethics, 2016 * Confirm that the Officer does not to engage in activities that amount to abuse of office Sec. 13(1(b)) of Leadership and Integrity Act, 2015 * Confirm that where personal interests conflict with the official duties, the personal interests are declared to the County Government or the EACC Sec. 16(3) of Leadership and Integrity Act, 2015 * Where conflict of interest exists, confirm that the Officer refrains from participating in any deliberations with respect to the matter Sec. 16(4(b)) of Leadership and Integrity Act, 2015 * Confirm that the Officer does not influence the award of a contract to a firm associated with self Sec. 16(5) of Leadership and Integrity Act, 2015 * Confirm that the Officer does not act through other officers on activities that contravene the Code Sec. 35 of Leadership and Integrity Act, 2015 * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| Segregation of duties | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on segregation of duties * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the Process Flow Chart * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that appropriate systems and procedures to facilitate decision making for procurement and asset disposal proceedings are established Sec. 45(1) of PPADA, 2015 * Confirm that the procuring entity meets the following minimum requirements;   + Has an accounting officer;   + Has a procurement function headed and staffed by procurement professionals;   + Has established or is in a position to establish all relevant committees under section 44(2) of PPADA, 2015   + Has a vote where the budget is approved by a county assembly * Confirm that procurements initiation, processing and receipt of works are performed by different professional offices Sec. 44(2(h) of PPADA, 2015 * Confirm that all the procurement committees are constituted Sec. 44(2(b) of PPADA, 2015. This include;   + Tender Opening Committee   + Tender Evaluation Committee   + Tender Negotiation Committee * Confirm that the following duties are performed by the following officers   Second Schedule of PPADR, 2020;  **Activity Performed by;** Procurement Head of the User Department initiation   |  |  | | --- | --- | |  |  | |  |  | |  |  | |  |  | |  |  | | Professional opinion | Head of Procurement | |  |  |   Evaluation of Tender Evaluation Committee Awarding the Accounting Officer contract  Signing of Contract Accounting Officer  Verification of works Accounting Officer or his or her appointee  in writing   * Confirm that the officers involved have been trained or sensitized and made aware that they shall bear personal responsibility for their actions   and omissions 45(5) of PPADA, 2015 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Use of non- standard tender documents | Standardized Tender Documents | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on use of Standard Tender Documents * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project(Review the Standard Tender Document used in the process) * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contract register. Select a reasonable sample of road projects based on an approved sampling criteria * Confirm the procuring entity used the Standard Tender Document issued by PPRA (Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.)) Sec. 70(2) of PPADA, 2015, Eighth Schedule of PPADR, 2020 * Confirm that contain Tender Document contains sufficient information to allow fair competition among those who may wish to submit tenders Sec. 70(3) of PPADA, 2015 * Confirm that the tender documents sets out Sec. 70(6) of PPADA, 2015;   + Specific requirements   + Relevant Drawings   + Bills of Quantities   + General and specific conditions of the contract   + Tender number   + Instructions for the preparation and submission of tenders |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * An explanation of where and when tenders shall be submitted * A statement that the tenders will be opened immediately after the deadline for submitting them * An explanation of where the tenders will be opened from * A statement that those submitting tenders or their representatives may attend the opening of tenders; * A statement of the period during which tenders must remain valid; * The procedures and criteria to be used to evaluate and compare the tenders; * A statement that the accounting officer of a procuring entity may, at any time terminate the procurement proceedings without entering into a contract in accordance with section 60 of the PPADA, 2015; * A provision for providing details of subcontractors for the bidder, where applicable, and * A declaration that the sub-contractors have complied with this PPADA, 2015 * Confirm that tender document clearly indicates the technical and financial evaluation criteria to be applied which is quantifiable, measurable and objective Reg. 68(4) of PPADR, 2020 * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Staff capacity constraints such as inadequate numbers of staff due to slow or incompetent recruitment practices | Approved Workflow | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on the workflow * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the Approved Workflow and the Organization Chart * Confirm that the design documented under TOD is implemented as documented. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm that the process flow, at a minimum, contains the following Sec.   1. of the Public Procurement and Disposal General Manual, 2009;      + Preparation of Procurement Plans      + Preparation of procurement specifications and initiation of the procurement process      + Preparation of Pre-qualification/Tender/Bid documents      + Advertisement/invitation of bids      + Receiving and Opening Bids      + Evaluation of Bids      + Notification of Contract Award      + Negotiations (where applicable)      + Preparation and Signing of Procurement Contract * Confirm that the procurement process is in compliance with PPADA, 2015   Sec. 44(2(g)) of PPADA, 2015   * Confirm that controls created as a result of the process flow are efficient and do not include unnecessary red-tapes and are aimed at building robust business operations Reg. 158(1(b)) of CGPFMR, 2015 * Confirm that procurements such as road maintenance that are repetitive in nature or works whose need may arise urgently are subjected to framework contracting so as to save on resources Reg. 134(2) of PPADR, 2020 * Confirm that certain functions such as pre-approved automated evaluation process are automated Reg. 58(6) of PPADR, 2020 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Unfair pricing | Engineer’s Estimate | **TOD**   * Establish the key requirements of laws, regulations, policies and   procedures on development and approval of the engineer’s estimate |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** | | | |
|  |  |  |  | * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the filled BoQ developed by the engineer * Confirm that the design documented under TOD is implemented as documented.   Walkthrough and document the process flow/ map. Note any gaps in implementation**.**  **TOE**  **General Verifications**   * Confirm that the estimates are realistic and based on up-to-date information on economic and market conditions Reg. 71(3) of PPADR, 2020 * Confirm that unit prices of the quantities provided in the BoQ are reasonably not at variance with the Unit Rates List attached hereto as **Appendix I,II and III** Sec. 3 of the Cost Estimation Manual for Road   Maintenance Works, 2019 and Reg. 43(2) of PPADR, 2020; | | | |
|  | **Type** | **Source of Official Price Index** |  |
| Labor | Ministry of Labor i.e. Special Issue dated 14th July, 2017, Kenya Gazette Supplement No. 52, Legal Notice No. 111 |  |
| Material Price | Current Material Price List from Kenya National Bureau of Statistics |  |
| Equipment | Equipment Hire Rate List from Mechanical and  Transport Department, Ministry of Transport, Infrastructure, Housing and Urban Development |  |
| Standard Goods, | Quarterly Market Price Index Survey Results issued by PPRA |  |

|  |  |
| --- | --- |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** | | | |
|  |  |  |  |  | Services or  Works |  |  |
| * Confirm that where prices are not covered in the Official Price Indices, market survey is done by the procuring entity or provisional prices of similar items are used Sec. 2.3 of the Cost Estimation Manual for Road Maintenance Works, 2019 and Reg. 71(3) of PPADR, 2020. Market Survey may be done by collecting price information from the following sources; **Type Supplier of information**   Labor Contractors  Material Hardware shops  Equipment Mechanical and Technical Department, Ministry of Transport Infrastructure Housing and Development, Contractors  Standard Goods, General Merchants Services or  Works   * Confirm that indirect cost as a ratio of the total direct work cost is limited to not more than 20%. Indirect cost includes Sec. 2.6 and 2.7 of the Cost Estimation Manual for Road Maintenance Works, 2019;   + Human Resource Management costs (e.g. recruiting, staff welfare, transportation, insurance, uniforms).   + Site staff allowances.   + Management cost (e.g. site office maintenance, office equipment, communication, transportation).   + Safety measures.   + Social charges (e.g. Local taxes and public charges, welfare)   + Head office staff salaries and allowances.   + Head office management costs (e.g. office maintenance, office equipment, communication, transportation).   + Corporate Social charges (e.g. insurance, tax and public charges, welfare).   + Research and Development. | | | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Advertisement and publicity. * Depreciation costs for fixed assets * Profit margin * Confirm that the miscellaneous costs are limited to (Sec. 2.8 of the Cost Estimation Manual for Road Maintenance Works, 2019);   + 10% for Concrete works, Structural Works and complicated street furniture works   + 5% for Clearing, cleaning, earthwork, base and surfacing works, simple street furniture works * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Staff capacity constraints due to lack of adequate   qualifications and training | Approved Training Need Assessment Report   * Procurement function | * **As tested under objective No.6** |
| 3. | To assess the appropriateness of designs and specifications to meet the intended project objectives | * Planning and design deficiencies not addressed | Approved Drawing and Design | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on preparation and approval of the Drawings and Designs * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project * Obtain the approved Drawings and Designs * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | **TOE**   * Obtain the contracts register. Create a list of all contracted road projects. Select a representative sample of the road construction projects using an approved sampling criterion. * Confirm that the sampled roads are supported by appropriate drawings and designs Sec. 4.4.1 of the Procurement Manual for Works, 2009 * Confirm that there is road reserve width of between 25 meters for Class D Roads and 20 meters for Class E roads to allow for future expansion Sec. 2.4 of the Road Design Manual Part I ; Geometric Design of Rural Roads * Confirm that the road is designed to fit into the landscape of the area Sec.   1. of the Road Design Manual Part I; Geometric Design of Rural Roads. Review;      + Topography – Terrain of the topography influences location due to difficulties that it may cause in the design….alignment, gradients, sight distances, cross-section      + Land use – prevention of soil erosion      + Physical features – Care should be taken to avoid unnecessary destruction, demolition or severance of valuable properties. * Confirm the road is designed to take into account;   + Preservation of nature’s beauty   + Preservation of areas and land use of particular value   + Prevention of soil erosion and sedimentation.   + Prevention of health hazards by pending of water leading to the formation of swamps.   + Avoidance or reduction of visual intrusion.   + Prevention of undesirable roadside development   + Noise pollution.   + Air pollution.   + Vibration.   + Severance of areas (barrier effect)   Sec. 3.3 of the Road Design Manual Part I ; Geometric Design of Rural Roads |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm road is designed to provide design features aimed at preventing accidents and where accidents occur, reduce the impact of accidents Sec.   1. of the Road Design Manual Part I ; Geometric Design of Rural Roads. The road is designed to provide for;      + Provision of physical separation between motor vehicles and non- motorized traffic (pedestrians, cyclists, animals); and separate facilities for these two road user types.      + Provision of a balanced design, i.e. compatibility between the various design elements.      + Avoidance of surprise elements for the drivers;-i.e. no abrupt changes in standard, adequate visibility conditions and proper phasing of horizontal and vertical alignment.      + Avoidance of situations where drivers must make more than one decision at a time.      + Provision of design features that reduce speed differentials between vehicles; e.g. flat grades and speed change lanes.      + Proper location and design of junctions with particular emphasis on sufficient sight distances, a minimum of conflict points, and clearly defined and controlled traffic movements.      + Proper design, application and location of traffic signs, road markings and other traffic control devices.      + Provision of design elements compatible with traffic volumes and type of traffic (long-distance, through local means, etc.).      + Provision of proper drainage of the road surface. * Confirm that the Drawing and Design are approved by the appropriate senior officer and the user department Sec. 2.1.1 and 4.3.8 of the Procurement Manual for Works, 2009 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Unrealistically prepared bills of   quantities | Approved Bill of Quantities | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on preparation and approval of the Bills of Quantities |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select on road project * Obtain the Approved Bills of Quantities * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. * Create a list of all contracted road projects. * Select a representative sample of the road construction projects using an approved sampling criterion. * Confirm that the sampled roads are supported by an appropriate Bill of Quantities Sec. 4.4.1 of the Procurement Manual for Works, 2009 * Confirm that the quantity of material (the amount of material used per unit of work), labor productivity (the number of people worked per unit of work), and machinery productivity (the number hours/days of machinery operation needed per unit of work) are determined with the following references Sec. 2.5 of Cost Estimation Manual for Road Maintenance Works;   + Ministry of Transport and Communications; Standard Specification for Road and Bridge Construction, 1986.   + Standard drawings * Review the BoQ to ensure that it includes the use of the approved Units of Measurement, Quantity, Symbols and Multiples/Sub-Multiples Sec. V(7)Standard Tender Documents for Procurement of Works(Roads, water Bridges etc.) and Design Manual Part I ; Geometric Design of Rural Roads * Confirm that each work specified in the BoQ is coded according to the categorized RMS coding system and in accordance with the Standard |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | Specifications for Road and Bridge Construction (1986) Sec. 2.1 of the Cost Estimation Manual for Road Maintenance Works   * Confirm that the BoQ is approved by the end user and the appropriate senior officer Sec. 2.1.1 and 4.3.8 of the Procurement Manual for Works, 2009 * Confirm that the BoQ (unpriced) is appropriately communicated tenderer as part of the tender document Sec. 12.1 of the Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.) * Confirm that the BoQ is split into relevant sections ((Sec. V of the Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.**)**;   + Bill No. 1: General Items;   + Bill No. 2: Earthworks;   + Bill No. 3: Culverts and Bridges;   + Bill No. 4: etc., as required;   + Daywork Schedule; and   + Summary Bills of Quantities * If the Daywork Schedule is included in the BOQ, confirm that nominal units are included and priced for the following categories(Sec. V of the Standard Tender Documents for Procurement of Works(Roads, water Bridges etc.);   + Daywork labor   + Daywork Materials   + Daywork Contractor’s Equipment * Confirm that the BoQ is priced using the following columns(Sec. V of the Standard Tender Documents for Procurement of Works(Roads, water Bridges etc.**)**;   + Item no.   + Description   + Unit   + Quantity   + Rate   + Amount |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the total price BOQ agrees with letter of tender(Sec. V of the Standard Tender Documents for Procurement of Works(Roads, water Bridges etc.) * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Inadequately prepared specifications and ambiguous description of items in the bills of quantities leading to poor quality of works, extra costs due to claims, delayed completion of works | Approved Specifications | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on preparation and approval of the Specifications * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project and obtain the Approved Specifications * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Create a list of all contracted road projects. Select a representative sample of the road construction projects using an approved sampling criterion. * Confirm that the sampled roads are supported by appropriate Specifications Sec. 4.4.1 of the Procurement Manual for Works, 2009 * Confirm that the Approved Specifications do not appear to favor certain bidders Sec. 7.1 of the Public Procurement and Disposal General Manual, 2009 * Confirm that the Specifications are prepared by a qualified staff Sec. 7.1(a) of the Public Procurement and Disposal General Manual, 2009 * Confirm that where the procuring entity lacks qualified staff, a procurement agent or consultant is be engaged to prepare complex |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | specifications Sec. 7.1(d) of the Public Procurement and Disposal General Manual, 2009   * Confirm that the Specifications are be updated and based on adequate market trends Sec. 7.1€ of the Public Procurement and Disposal General Manual, 2009 * Confirm that the evaluation criteria which is disclosed in the bidding documents is partly based on the specifications Sec. 7.1(f) of the Public Procurement and Disposal General Manual, 2009 * Confirm the preparation of bidding documents is not commenced before specifications are ready Sec. 7.1(h) of the Public Procurement and Disposal General Manual, 2009 * Confirm that the Specifications take into account total cost of ownership.   Sec. 7.1(i) of the Public Procurement and Disposal General Manual, 2009   * Confirm that the responsibility on preparation of the Specifications is shared between the user and technical departments and coordinated by the procurement unit Sec. 7.1 of the Public Procurement and Disposal General Manual, 2009 * Confirm that Special Conditions are appropriately listed and communicated to the tenderer and form part of the TD. Check to confirm that the listed specifications include location and extent of site, extent of the contract, drawings and any other specification that do not form part of the General Specifications. SSRBC,1986 and STD * Confirm that the Specifications are approved by the end user and the appropriate senior officer Sec. 2.1.1 and 4.3.8 of the Procurement Manual for Works, 2009 * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| 4. | To determine whether contract  documents contained all | * Inequitable distribution of risks | Risk assessment | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on procurement and project risk assessment * If the control is not documented, enquire from process owner how it is meant to be executed. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  | necessary information and whether the  contract was properly signed |  |  | **TOI**   * Select one road then obtain the Procurement risk register from the project file * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Create a list of all contracted road projects. Select a representative sample of the road construction projects using an approved sampling criterion. * Confirm that the accounting officer has established mechanisms for risk management Reg. 158 of CGPFMR, 2015 * Confirm that a contract implementation team is formed for each every complex and specialized procurement contract Sec. 151 of PPADA, 2015 * Confirm that as part of contract review, the team undertakes risk analysis   Reg. 138(3(c)) of the PPADR, 2020   * Confirm that the team maintains a risk register for the project Reg. 138(3(d)) of the PPADR, 2020 * Confirm that any risks identified shall be isolated and addressed within a reasonable time Reg. 138(3(d)) of the PPADR, 2020 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Contract lacks critical information | Reviews by the County Attorney | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on contract reviews * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Select one road project and extract the contract * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Select a reasonable sample of the contractual agreements * Confirm that the written contract is based on the tender documents and any clarifications that emanate from the procurement proceedings Sec. 135(2) of PPADA, 2015 * Confirm that the contract is signed by the accounting officer or an officer authorized in writing by the accounting officer of the procuring entity and the successful tenderer Sec. 135(1) of PPADA, 2015 * Confirm that the following documents form part of the contract(Sec. 135(6) of PPADA, 2015);   + Contract Agreement Form;   + Tender Form   + Bills of quantities submitted by the tenderer;   + Drawings   + Schedule of Requirements;   + Technical Specifications;   + General Conditions of Contract;   + Special Conditions of Contract;   + Notification of Award. * Confirm that all written contracts are negotiated, drafted, vetted and interpreted by the County on behalf of the county executive and its agencies Sec. 7(e) of The Office of the County Attorney Act, 2020 * Confirm that all contracts of a value exceeding Kenya shillings five billion   are cleared by the Attorney-General before they are signed Sec. 134(2) of PPADA, 2015 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Unrealistically estimated construction periods | Contract period  Signed contract agreements. | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on determination of contract periods * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file and extract the following;   + Contractual Agreement   + General Conditions of Contract   + Special Conditions of Contract   + Evaluation and Negotiation Committee Report * Review clauses that relate to the contract period * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation.   **TOE**   * Obtain the contracts register. Select a reasonable number of roads using an approved sampling criterion. Obtain the following documents;   + Contractual Agreement   + General Conditions of Contract   + Special Conditions of Contract   + Evaluation and Negotiation Committee Report * Confirm that the Evaluation Committee undertakes a post-qualification analysis, taking into account the completion period and the Work Programme Sec. 4.4.18 of Public Procurement Manual for Works, 2009 * Where there is an urgent need that can be met by several suppliers, confirm that the Evaluation and Negotiation Committee competitively |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | negotiates on behalf of the procuring entity provided that the quality of work is not compromised Sec. 131(d) of PPADA, 2015   * Confirm that the Special Conditions of Contract records the Commencement Date and Time of Completion General Conditions of Contract; Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.) * Confirm that the project period is reasonable and covers the following phases Sec. 5.3.1.2 Cost Estimation Manual for Performance Based Road Maintenance Contract; Volume II – Manual for Cost Administrators, 2019;   + Initial Mobilization Period – bringing the road to the required service level   + Road Construction/Maintenance Period * Confirm that the Initial Mobilization Period and the Road Construction/Maintenance Period takes into account both the wet period and the dry period Sec. 5.3.1.2 Cost Estimation Manual for Performance Based Road Maintenance Contract; Volume II – Manual for Cost Administrators, 2019 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| 5. | To determine whether the  contract was properly administered | * Contract not   completed on time | Approved Work Execution Programme | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on development and approval of Work Execution Programme * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file and obtain the Approved Work Execution Programme * Confirm that the design documented under TOD is implemented as documented. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Select a reasonable number of ongoing/complete roads using an approved sampling criterion. * Confirm that the contractor submits the Work Execution Programme by the time that was specified in the contract documents before commencement of work. Confirm that it is submitted within 28 days after the date of the award of the contract. Sec. 2.2(i) of the Supervision and Contract Evaluation Manual for Road Works, 2012, Clause 108 of SSRBC * Confirm that the WEP covers all required information for proper execution and completion of the work within the contract period Sec. 2.3.1 of the Supervision and Contract Evaluation Manual for Road Works, 2012 * Confirm that the submitted WEP is approved by the relevant technical department, including the modified WEP Sec. 2.3.1 of the Supervision and Contract Evaluation Manual for Road Works, 2012 * Confirm that WEP contains General information and Work execution schedule Sec. 2.3.1 of the Supervision and Contract Evaluation Manual for Road Works, 2012 * Confirm that the WEP for class A-D roads further contains Sec. 2.3.2 of the Supervision and Contract Evaluation Manual for Road Works, 2012 ;   + Method Statement   + Personnel management plan (Inhouse and subcontractor staff)   + Equipment management plan   + Mobilization management plan   + Safety management plan   + Environmental and social management plan   + Quality control plan   + Quantity control plan   + Photograph plan |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the WEP forms the basis of supervision by the resident engineer/project manager and is modified as directed by the engineer based on existing or presumed conditions Sec. 2.3.1 of the Supervision and Contract Evaluation Manual for Road Works, 2012 * Confirm that the results of the supervision are recorded in the Supervision Check List(SCL) and agreed upon by the contractor Sec. 2.4.3.(1) of the Supervision and Contract Evaluation Manual for Road Works, 2012 * Confirm that the SCL contains Sec. 2.5 of the Supervision and Contract Evaluation Manual for Road Works, 2012;   + Description   + Check Timing and frequency   + Reference   + Case Examples * Confirm that all corrective orders are recorded in a Site Diary date when issued and re-issued and date when corrected for proper monitoring Sec. 2.4.3.(3) of the Supervision and Contract Evaluation Manual for Road Works, 2012 * Confirm that significant problems such as slippage in the timetable are brought to the immediate attention of the Procuring Entity(Sec. 7.2.6 of the Public Procurement Manual for Works, 2009) * Confirm that the project manager holds regular site meetings with the Contractor to identify the causes of any slippage in the schedule of works (Sec. 7.2.6 of the Public Procurement Manual for Works, 2009) * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Inadequate coverage of the scope * Construction deficiencies | Supervision by project manager | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on contract supervision * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Select one road project file * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Select a reasonable number of ongoing/complete roads using an approved sampling criterion. * Confirm that the supervision is undertaken by the project manager/supervision engineer in consultation with the Procurement Unit and the Technical Department Sec. 7.2 of the Public Procurement Manual for Works, 2009 * For effective supervision, confirm that the project manager has sufficient experience and qualifications Sec. 7.2 of the Public Procurement Manual for Works, 2009, Scheme of Service for Road Engineers. * Confirm that the supervision takes into account quality control (Sec. 7.2 of the Public Procurement Manual for Works, 2009) * Confirm that supervision of quality control monitors the following for effective contract management(Sec. 7.2.2 of the Public Procurement Manual for Works, 2009);   + Tests   + Identifying Defects   + Correction of Defects during:   + Construction Period   + Defects Liability Period   + Remedying of Uncorrected Defects * Confirm that the project manager maintains close supervision of the Contractor’s performance, work done, materials used, and labor force on the site (Sec. 7.2.6 of the Public Procurement Manual for Works, 2009) * Confirm that the supervisor notifies the Contractor in writing requesting rectification of any deficiencies in workmanship, materials used, safety or |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | environmental standards, or other required performance standards (Sec.  7.2.6 of the Public Procurement Manual for Works, 2009)   * Confirm that the project manager holds regular site meetings with the Contractor to identify the causes of any slippage in the schedule of works (Sec. 7.2.6 of the Public Procurement Manual for Works, 2009) * Confirm that the project manager conducts detailed checks on the Contractors claims for work performed, re-measure as appropriate, and prepare Interim Payment Certificates (Sec. 7.2.6 of the Public Procurement Manual for Works, 2009) * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans.   Further verifications;   * 1. **Materials and Material Testing** * Confirm that all materials used in or upon the works are tested by the contractor and accepted by the engineer(Clause 203 of SSRBC, 1986) * Confirm that samples are tested before the materials are delivered in bulk upon the works (Clause 203 of SSRBC, 1986)   **ii. Verification of Site Clearances and Topsoiling**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Site Clearances and Topsoiling. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Bush clearing(Art. 401 and 404 of SSRBC, 1986)** * Confirm that trees within the road reserve having a trunk girth of more than 450mm at a point and 600mm above the ground are not cut down, unless instructed by the engineer * Confirm that the applicable rates is as per the BoQ multiplied by the No. of units of the cleared site |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the cut trees(property of the procuring entity) are protected and preserved by the contractor until collected by the procuring entity * Confirm that all vegetation is burnt or carted away to spoil area   **b) Site Clearing and Backfill(Clause 401 and 404 of SSRBC, 1986)**   * Confirm that the obstructions designated to remain are not demolished and any damage which occurs as a result of the contractor’s failure to exercise caution, shall be repaired at the contractor’s expense * Confirm that the demolished buildings, structures and fences have the components dismantled, cleaned and stacked in separate heaps * Confirm that all materials not fit for reuse are removed from site to spoil areas * Confirm that all the re-usable materials(property of the procuring entity) are protected and preserved by the contractor until collected by the procuring entity   **c) Concrete Demolition(Clause. 401 and 404 of SSRBC, 1986)**   * Confirm that the obstructions designated to remain are not demolished and any damage which occurs as a result of the contractor’s failure to exercise caution, shall be repaired at the contractor’s expense * Confirm that the demolished obstructions have the components dismantled, cleaned and stacked in separate heaps * Confirm that all materials not fit for reuse are removed from site to spoil areas * Confirm that all the re-usable materials(property of the procuring entity) are protected and preserved by the contractor until   collected by the procuring entity |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | **d) Topsoil stripping(Clause 402 of SSRBC, 1986)**   * Confirm that the depth of the topsoil does not exceed 200mm and where the depth exceeds 200mm, the portion below 200mm is treated as fill or spoil * Confirm that the topsoil is transported and deposited in stockpile areas as instructed by the engineer * Confirm that where the contractor strips to depths greater than those specified by the engineer, the contractor is made to replace the material with fill material at the contractor’s expense   **e) Pipe Culvert Removal (Clause 403 and 404of SSRBC, 1986)**   * Confirm that the pipes designated to remain are not demolished and any damage which occurs as a result of the contractor’s failure to exercise caution, shall be repaired at the contractor’s expense * Confirm that the demolished pipes have the components dismantled, cleaned and stacked in separate heaps * Confirm that all pipes not fit for reuse are removed from site to spoil areas * Confirm that all the re-usable pipes(property of the procuring entity) are protected and preserved by the contractor until collected by the procuring entity   **iii. Earthworks**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Earthworks. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Material Filling**      + Confirm that the materials used for are obtained from cuttings. Confirm that only the contractor has demonstrated and the |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | engineer agree that materials from cuttings are inadequate, that materials be obtained from borrow pits(505)   * Confirm that earthworks proceed towards completion in an orderly and continuous manner(505) * Confirm that the contractor submits a written request for approval of any layer at least 18 hours before he/she intends to cover the completed layer(505) * Confirm that the hard materials are spread and levelled by a howler tractor weighing not less than 15 tonnes (505) * Confirm that the fill material is not stockpiled on embankments without the express permission of the engineer * Confirm that the embankments are raised up to the bridges and up to and over the culverts(505) * Confirm that each layer of hard material is compacted by at least 8 passes of a towed vibrating roller weight at least 5 tonnes of dead weight(508) or a grid roller weighing not less than 13 tonnes of dead weight * Confirm that where unsuitable materials are used in the embankments, the materials are removed and replaced by the suitable materials at the cost of the contractor(502) * Confirm that the water used for compaction is clean , fresh and free from impurities and is obtained from a source approved by the engineer(508) * Where the cuttings are obtained from a borrow pit, confirm that this is approved by the engineer(511) * Confirm that adequate supervision of suitable material obtained from a borrow pit is provided to protect it from being contaminated with unsuitable material(511)  1. **Material Cutting**    * Confirm that the spoil material is deposited in spoil areas as approved by the engineer(510) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the contractor gives the engineer at least 24 hours’ notice of his or her intention to commence spoiling operations at a particular location(510)  1. **Rock filling**    * Confirm that the rock fill is obtained from a rock quarry, transported, placed in uniform layers, rolled and trafficked until it is fully embedded in the whole area as instructed(507)    * Confirm that the rock fill is of maximum dimension of 250mm, well graded and width of not more than 5% finer than 10mm(507)    * Confirm that the layer thickness and the number of layers is as instructed by the engineer(507)    * Confirm that each layer is blinded with smaller rock fragments so as to fill the many voids(507)    * Confirm that when required to place a filter fabric, the fabric is placed under or around the rock fill as instructed and that final layer of the rock fill is blinded with gravel(507) 2. **Planting(Grassing)**    * Confirm that the Confirm that the contractor plants sprigs of   approved indigenous ‘runner’ type grass at 150mm centers(514)   * + Confirm that the contractor takes care for and waters the grass until it is firmly established(514)   + Confirm that the contractor protects the grass from being washed away by his watering or the rainfall or rainfall runoff before it is firmly established(514)   + Confirm that the contractor protects the grass from any other damages before it is firmly established(514)   **iv. Excavation and Filling for Structure**   * Identify the work to be done from the BoQ, Engineer’s Instructions and   the measurement sheets the works to be done in Excavation and Filling for Structure. Check if any of the following items is provided for in this |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Material Excavation for Structures**    * Confirm that the sides of the excavation are kept vertical and are properly timbered or sheet piled, shored and strutted so as to prevent subsidence or stripping of the surrounding soil(703)    * Confirm that all excavated surfaces(in material other than hard material) on which structures are to be placed are compacted to 95% MDD immediately before foundations are constructed(703)    * Confirm that excavated surfaces in material are further excavated to achieve a minimum thickness of 50mm of blinding concrete(703)    * Confirm that the engineer’s approval of any excavation is obtained   prior to any construction thereon(703)   * + Confirm that all excavations are kept dry and protected from water by the contractor(704)   + Confirm that the excavation is neatly done to the shape required by the drawings or engineer’s instructions. Any over-excavation is backfilled by Class 15/20 concrete or concrete of similar grade at the contractor’s expense(707)   + Confirm that no filling around a structure commences without the approval of the engineer(707)   + Confirm that the filling or backfilling is done with selected materials approved by the engineer, brought up to horizontal layers not exceeding 150mm compacted thickness (707)   + Confirm that all structures put in place for the exclusion or removal of water from various parts of the works are removed on completion of the works(708)  1. **Gabion** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that gabions are of ‘’Maccaferri’’ boxes and/or ‘’Reno’’ mattresses with a diaphragm of 1 meter centers or approved similar(711) * Confirm that the dimensions of the gabion boxes are as instructed(711) * Confirm that the gabions are constructed to the shapes and dimensions shown on the drawings or as directed by the engineer(711) * Confirm that adjacent gabions do not vary by more than 25mm in line and/or level from each other(711) * Confirm that the surface upon which the gabions are laid are compacted to a minimum dry density of 95% MDD and trimmed to the specified level as instructed(711) * Confirm that gabions are laid with broken bond throughout to avoid continuous joints both horizontally and vertically(711) * Confirm that pre-tensioning of gabions is approved by the engineer * Confirm that the whole interior and the top layers are packed tight and hammered into place(711) * Confirm that on completion of the construction, the gabions are painted with a thick bitumen to discourage vandalism(711)  1. **Stone Pitching**    * Confirm that stone pitching is formed of hard stone, roughly dressed square(710)    * Confirm that the least dimension of any stone is not less than 200mm and the volume of not less than 0.01m3(710)   **v. Culverts and Drainage Works**   * Identify the work to be done from the BoQ, Engineer’s Instructions and   the measurement sheets the works to be done in Culvert and Drainage Works. Check if any of the following items is provided for in this BoQ and |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Culvert Cleaning**    * Confirm that all the culverts are maintained, free from silt and extraneous materials. Where this happens during construction, confirm that the materials are removed at the contractor’s expense(819)    * Where damage occurs as a result of the contractor’s failure to make adequate provision of drainage, confirm that the repairs are done at the contractor’s expense(819) 2. **Pipe Culvert Installation**    * Confirm that the contractor carries out excavations to the level, lines and dimensions shown in the Drawings and as instructed by the Engineer(804)    * Confirm that any over-excavations are backfilled with approved materials and compacted to the correct levels and dimensions at the expense of the contractor(804)    * Confirm that suitable materials are set aside for re-use and the unsuitable materials are spoilt with the approval of the engineer(804)    * Confirm that all the excavations are kept clean and free from water and the contractor undertakes further measures to de-water the excavations(804)    * Confirm that all particles larger than 20mm are removed prior to compaction(804)    * Confirm that the final excavated surface in soft material on which culverts or structures are to be constructed is compacted to a dry density of at least 95%MDD    * Where a satisfactory foundation cannot be achieved, confirm that unsuitable materials are removed until a suitable material is   encountered(804) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the Engineer’s approval is obtained prior to culvert   installation(804)   * Confirm that the culverts are laid directly on in-situ material and where this material is found to be unsuitable, the invert is excavated and backfilled as specified in the Drawings or Engineer’s instructions(809) * Where metal culverts are used, confirm that the pipes are bedded and jointed in accordance with the manufacturer’s recommendations. Confirm that such pipes are painted over the exposed area using bituminous paint and that all pipes with aa diameter of 1.2m are also painted internally(809) * Confirm that all pipes are scraped, cleaned inside before jointing(810) * Confirm that all rigid joints are protected from wing, sand and rain by a covering approved by the engineer(810) * Confirm that the culvert inlets and outlets are protected by stone pitching, gabions or rip-rap as may be instructed by the engineer(815)  1. **Headwall construction**    * Confirm the Headwall is constructed in accordance with the dimensions and levels instructed by the Engineer. Where there are no instructions, confirm that the Headwall is left square(810) 2. **Manhole installation**    * Confirm the Manhole is constructed in accordance with the dimensions and levels instructed by the Engineer. Where there are no instructions, confirm that the Headwall is left square(816) 3. **Gulley Pot installation**    * Confirm the Gulley Pot is constructed in accordance with the dimensions and levels instructed by the Engineer. Where there are   no instructions, confirm that the Headwall is left square(816) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | 1. **Drain Lining**    * Confirm the Drain Lining is in accordance with the dimensions and levels instructed by the Engineer. Where there are no instructions, confirm that the Headwall is left square(817)   **vi. Grading and Gravelling Works**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Grading and Gravelling Works. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Grading**      + Confirm that the road is graded as instructed by the engineer to restore the driving surface and drainage attributes of the road(Contractual Agreement, BoQ)      + Confirm that the length and dimensions of the roads are as per   the engineer’s instructions(Contractual Agreement, BoQ)   * 1. **Gravelling**      + Confirm that the material used in graveling is as instructed by the engineer(1001)      + Confirm that the formation is cleaned of all foreign matter and any potholes, loose materials, ruts, corrugations, depressions and any other defect(1005)      + Confirm that when instructed by the engineer, the contractor scarifies, waters, grades and recompacts the subgrade to line and level at the contractor’s expense(1005)      + Confirm that gravelling is done to the appropriate dimensions and lengths as instructed by the engineer(Contractual Agreement, BoQ)   **vii. Paved Roads – Shoulder Maintenance and Repairs** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Paved Roads – Shoulder Maintenance and Repairs Works. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Shoulder Rebuilding**      + Confirm that the materials used is as per the Drawings or as instructed by the Engineer(1102)      + Confirm that the shoulders are constructed in a manner as to not prevent water from draining off any pavement(1103)   2. **Shoulder Gravelling**      + Confirm that the works are done according to the engineer’s   instructions or BoQ(Contractual Agreement, BoQ)   * + - Confirm that the materials used is as per the Drawings or as instructed by the Engineer(1102)   **viii. Natural Material Base and Subbase**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Natural Material Base and Subbase Works. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Pavement Removal**      + Confirm that the pavement is scarified as instructed by the engineer to form a subbase/base(1204)   2. **Subbase/Base Rebuilding** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the materials used is as instructed by the Engineer for the subbase and the base(1201 and 1202) * Confirm that the material is graded and trimmed to final line and level(1204) * Confirm that after compaction, the surface is well closed free from movement under compaction plant and free from planes, ridges, cracks, loose or segregated material(1204) * Confirm that the material is deposited in such a quantity, spread to the full width required and compacted to the level of thickness in the Drawings or as instructed by the engineer (1204) * Confirm that the completed layer is proof rolled with a steel three wheeled roller applying a load of not less than 5 tonnes per meter width or roll (1205) * Confirm that the bases are kept continuously drained and any damage caused by water accumulation is repaired at the contractor’s expense(1207)   **ix. Graded Crushed Stone Base and Subbase**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Graded Crushed Stone Base and Subbase Works. Check if any of the following items is provided for in this BoQ, multiplied by the applicable rate and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Graded Crushed Stone**      + Confirm that the material consists of crushed stone, free from clay, organic or other deleterious matter and is of physical requirement and grading as instructed by the engineer or specified in the Special Specifications(1303)      + Confirm that the material is crushed, screened, proportioned and   mixing in accordance with the engineer’s instructions(1304) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the graded crushed stone is moistened when being handled so as to avoid segregation and is not stockpiled in heaps higher than 5 meters(1304) * Confirm that the graded crushed stones are transported damp and in such other way that segregation does not occur(1305) * Confirm that during dumping and spreading operations, measures are taken to prevent segregation(1306)   **x. Cement and Lime Treated Subgrade, Subbase and Base**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Cement and Lime Treated Subgrade, Subbase and Base Works. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Cement/Lime Stabilization**      + Confirm that all lime is kept under cover and protected from moisture(1403)      + Confirm that consignments are used in the same sequence as they were delivered(1403)      + Confirm that damaged stock or stock stored on site for more than three months are not used, but are replaced at the expense of the contractor(1403)      + Confirm that the operators and laborers are provided with protective clothing, masks and goggles(1403)      + Confirm that the amount of cement or lime to be added is as per the instructions of the engineer(1404)      + Confirm that mixing by grader is not done, but by a purpose-built   equipment(1405) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that mixed material that becomes segregated during transportation or is affected by weather is removed and replaced at the contractor’s expense(1406) * Confirm that the spreading is done to the required width and such thickness as instructed by the engineer(1406) * Confirm that compaction is done within 2 hours(for cement) and within 4 hours(for lime) after the cement or lime come into contact with the material to be treated(1407)   **xi. Bituminous Surface Treatment and Surface Dressing**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Bituminous Surface Treatment and Surface Dressing Works. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Prime Coat**      + Confirm that the surface to be sprayed is thoroughly cleaned by sweeping with mechanical brooms/washing or other approved means(1503B)      + Confirm that the surface is lightly sprayed with water to give complete coverage of the layer before applying the coat(1503B)      + Confirm that the coat is applied within 12 hours after the surface has been prepared(1504B)      + Confirm that all kerbs, road furniture, culvert headwalls, tree boles among other that are likely to be disfigured during the spraying of the coat are protected(1504B)   2. **Tack Coat** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the surface to be sprayed is thoroughly cleaned by sweeping with mechanical brooms/washing or other approved means(1503B) * Confirm that the coat is applied within 12 hours after the surface has been prepared(1504B) * Confirm that all kerbs, road furniture, culvert headwalls, tree boles among other that are likely to be disfigured during the spraying of the coat are protected(1504B)  1. **Surface Dressing**    * Confirm that the material used for surface dressing physical requirement and grading as instructed by the engineer or specified in the Special Specifications(1502C)    * Confirm that the surface to be sprayed is thoroughly cleaned by brushing with mechanical brooms/washing or other approved means before spraying. Hardened mud or other foreign matter shall be loosened by scrapping before sweeping(1507C)    * Confirm that the spraying width is one lane width so that construction traffic may run over the other lane(1508C)    * Confirm that rolling begins immediately after chippings have been spread and not later than two minutes after the application of the binder(1508C)    * Confirm that each point has at least 6 passes of the pneumatic tyre roller(1508C)    * Confirm that the road is not opened to the public until the binder has attained sufficient viscosity to prevent the stones being   whipped off(1509C) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that temporary signs, barriers and removable bumps as instructed by the engineer are erected to control vehicle speeds to not more than 30km/h(1509C) * Confirm that after two weeks all lose chippings are removed and taken away(1509C)   **xii. Bituminous Mixes**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Bituminous Mixes. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Pavement Repairing**      + Confirm that the bituminous mixing plant is located at the site(1603A)      + Confirm that the bituminous mixing plant is equipped with at least three bins for the storage of heated aggregates and a spate bin for filler. Confirm that all bins are covered to prevent the ingress of moisture(1603A)      + Confirm that all loose materials and foreign matter is cleaned with a mechanical broom or by other approved method(1604A)      + In case of any defect on the surface, confirm that no bituminous mix is laid before the defect is made good(1604A)      + During transportation of bituminous mix, confirm that each load is covered with canvas or similar covering to protect it from weather and dust(1608A)      + Confirm that the mixture is spread to level and line by laying the   plant without segregation or dragging(1609A) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the mixture is placed in width of one traffic lane at a time(1609A) * Confirm that the compacted thickness is at least 2.5 times the maximum size of the aggregate for wearing course and at least 2 times for the binder course(1609A) * Confirm that any mixture that becomes loose and broken, mixed with dirt or foreign matter or is in any way defective, is removed and replaced with fresh hot mixture(1611A)   **xiii. Concrete Works**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Concrete Works. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Concrete Work**      + Confirm that the cement is used in the order in which it is delivered(1703)      + Confirm that all cement for one structure is of the same source(1703)      + Confirm that cement from broken bags is not used in the works(1703)      + Confirm that cement stored on site for more than one month is retested in the laboratory of the Materials Branch of the Ministry of Transport, Infrastructure, Housing, Urban Development and   Public Works or KEBS Offices(1703) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the concrete is transported from the mixer to the Works by means which prevents adulteration, segregation or loss of ingredients(1707) * Confirm that the contractor obtains the engineer’s approval in   writing before placing the concrete on the Works(1708)   * Confirm that before the concrete is applied on the Works, prior coating or mortar is applied (1708) * Confirm that the compaction is done using the mechanical immersion vibrators operating at a frequency of 7,000 and 10,000 cycles per minute(1709) * Confirm that fresh concrete is protected from rainfall and running water until it is sufficiently hard to resist damage from these causes(1711) * Confirm that no traffic is allowed on any concrete surface until it is hard enough to resist damage by such traffic(1711)  1. **Formwork**    * Confirm that damaged formwork is not re-used after it has suffered damage which is sufficient to impair the finished surfaces of the concrete(1722)    * Confirm that before any reinforcement is placed within formwork, it is cleaned and dressed with a release agent(1723)    * Confirm that before placing concrete, all dirt, construction debris and other foreign matter is removed completely from within the   placing area(1723) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * When formwork is removed, confirm that it is carefully removed without shock or disturbance to the concrete or the support(1724)  1. **Reinforcement**    * Confirm that all the reinforcements are from an approved manufacturer(1728)    * Confirm that no reinforcements are accepted in long length which have been transported bent over double(1729)    * Confirm that a reinforcement left exposed in the works is not left to suffer distortion, displacement or other damage(1731)    * Confirm that before concrete is placed on the reinforcement, the reinforcement is completely clean and free from all contamination including concrete deposited from previous operations(1731)   **xiv. Road Furniture Repair and Maintenance**   * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Road Furniture Repair and Maintenance. Check if any of the following items is provided for in this BoQ and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following;   1. **Boundary Posts**      + Confirm that the posts are erected at the commencement of the contract(2001)      + Confirm that the posts are erected on the boundary of the road   reserve at intervals of shown in the drawings or as instructed by the engineer(2001) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the posts are constructed of concrete and reinforced with 10mm high yield deformed bars as shown in the Drawings(2001) * Confirm that the post is embedded in concrete all round and under the butt and the remaining excavation backfilled as shown in the Drawings(2001) * Confirm that the post are maintained in a position and kept clean until a Certificate of Completion is issued(2001)  1. **Road Marking**    * Confirm that the prior to application of paints, the road surface is thoroughly cleaned of all loose materials and is completely dry(2005)    * Confirm that warning signs are erected when painting is in progress and traffic is not allowed to Passover the wet paint(2005) 2. **Road Sign Erection**    * Confirm that the road sign is obtained from a manufacturer approved by the engineer(2004)    * Confirm that all colors, except black and grey, are reflectorized(2004)    * Confirm that bolts and nuts are spot welded after erection to prevent theft and a grey epoxy applied to all treated areas(2004)    * Confirm that the sign is embedded in concrete all round and under   the butt and the remaining excavation backfilled as shown in the Drawings(2004) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that all trees and vegetation are cut to permit visibility of the sign and materials are not permitted to be dumped so as to obscure the sign(2004)  1. **Kerb installation**    * Confirm that precast concrete kerbs are laid in accordance with the Drawings(2007)    * Confirm that any 1.0m length of kerb, edging or quadrant deviating more than 3 mm from the line and level at either end is made good by lifting and re-laying it at the contractor’s expense(2007) 2. **Kilometer Marker post installation**    * Confirm that the marker post is embedded in concrete all round and under the butt and the remaining excavation backfilled as shown in the Drawings and any surplus material removed to spoil(2008) 3. **Guardrail Repair**    * Confirm that the rails are erected in accordance with the   manufacturer’s instructions and the Drawings(2006)   * + Confirm that all surplus materials around the posts are removed to spoil(2006)   + Confirm that bolts and nuts are spot welded to the guardrail after erection to prevent theft or removal(2006) |
| * Contract termination due to non-   performance | Review by the County Attorney | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on contract termination |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file(terminated contract) * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Create a list of all terminated contracts (road projects). Select a reasonable number road contracts using an approved sampling criteria. * Confirm that the contract document specifies the grounds on which the contract may be terminated and specify the procedures applicable on termination Sec. 153(2) of PPADA, 2015 * Confirm that the request for termination originates from the procurement management unit and is approved by the accounting officer Sec. 153(1) of PPADA, 2015 * Confirm that the request for contract termination specifies the ground under which the contract may be terminated and provides for the procedures applicable on termination Sec. 153(2) of PPADA, 2015 * Confirm that the request for approval for termination clearly states the reasons for termination, the contractual grounds for termination and the cost of terminating the contract Reg. 141(3) of PPADR, 2020 * Confirm that the accounting officer terminates the contract within a reasonable time when the contract implementation team reports that(Reg. 141(4) of PPADR, 2020);   + The contractor is has not meet contractual obligations, and;   + Makes recommendation for termination * Confirm that a legal advice or clearance is obtained from the County Attorney in writing before terminating the contract Reg. 141(5) of PPADR, 2020 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that all terminated contracts are reported to PPRA on a quarterly basis Reg.141(6) of PPADR, 2020 * Confirm that the decision to terminate is seen to be expeditious, efficient, lawful, reasonable and procedurally fair. Check whether the contractor was given any warnings for non-performance. Sec. 4(1) of The Fair Administrative Action Act,20l5 * Confirm that the contractor is given reasons for the decision to terminate   Sec. 4(1) of The Fair Administrative Action Act,2015   * Confirm that when the contract is terminated, the outstanding advance payment(if any) is paid for by the contractor Reg. 136(3) of PPADR, 2020 * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Pollution | Pollution Control | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on pollution control during road construction/maintenance * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file. Review the Drawings to confirm that it provides for Pollution Control * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Create a list of all road projects. Select a reasonable number road contracts using an approved sampling criteria. Review the Drawings and undertake field visitation to; |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the contractor minimizes pollution of and disturbance to lands, roads and other places on or around the site (Clause 115(c) of SSRBC, 1986) * Confirm that no trees or other vegetation are removed except to the extent that it is necessary (Clause 115(c) of SSRBC, 1986) * Confirm that reasonable precautions in connections with surface water sources is taken to prevent silting, flooding, erosion of beds and banks and pollution of the water as to adversely affect the quality or appearance thereof, cause injury or death to human, animal or plant life (Clause 115(f(i)) of SSRBC, 1986) * Confirm that reasonable precautions in connections with underground water sources is taken to prevent any interference with supply to or abstraction from such sources and to prevent pollution of water as to adversely affect the quality thereof(Clause 115(f(ii)) of SSRBC, 1986) * Confirm that, where necessary, the contractor provides, maintains and removes on completion of the works, settling lagoons and other facilities to minimize pollution due to the works Confirm that reasonable precautions in connections with water sources is taken to prevent silting, flooding, erosion of beds and banks and pollution of the water as to adversely affect the quality or appearance thereof, cause injury or death to human, animal or plant life (Clause 115(g) of SSRBC, 1986) * In regard to the use of the explosives;   + Confirm that the contractor only uses explosives at such times, places and in a manner approved by the engineer but the contractor remains liable should any accident occur (Clause 119 of SSRBC, 1986)   + Confirm that the contractor complies with the   Government’s regulations with regard to transport, storage  and use of explosives and radioactive materials (Clause 115(e) of SSRBC, 1986); |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that explosives are only used for the purpose for which they were licensed Rule No. 4(1) of Explosives (Blasting Explosives) Rules, 1962(Rev. 2017); * Confirm that during transportation Rule No. 33(1) of Explosives (Blasting Explosives) Rules, 1962(Rev. 2017);   + A red flag at least 45 centimeters square is affixed to the front and rear of the vehicle during loading and transit;   + That cases or barrels of explosives are securely roped or otherwise secured, and fixed and wedged to prevent movement;   + That no vehicle conveying explosives delays or stops unnecessarily at any place where it might cause public danger, nor passes through any residential or built-up housing area unnecessarily;   + That all the vehicles carrying explosives are kept as far as possible from traction, railway and other engines that may emit sparks;   + That, on arrival at destination, explosives are transferred without delay from the vehicle to the place of storage;   + That in no circumstances are explosives left unattended. * Confirm that quarries where explosives and machinery used are located in designated areas and not less than two kilometers away from human settlements Reg.14(2) of the Environmental Management And Coordination (Noise and   Excessive Vibration Pollution) (Control) Regulations, 2009 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Traffic congestion | Traffic Control | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on traffic control during road construction/maintenance * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file. Review the Drawings to confirm that it provides for Traffic Control * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Create a list of all road projects. Select a reasonable number road contracts using an approved sampling criteria. Review the Drawings and undertake field visitation to;   + Confirm that access is provided to all properties adjacent to the site for the duration of the contract(Clause 115(d) of SSRBC, 1986)   + Confirm that the adjacent works and public roads are protected from the effects of the construction(Clause 901 of SSRBC, 1986)   + Confirm that when shown in the Drawings or instructed by the engineer, the contractor carries out improvement to any adjacent existing road(Clause 902 of SSRBC, 1986)   + Confirm that when shown in the Drawings or instructed by the engineer, the contractor maintains any adjacent existing road to   the same standard as existed at the commencement of the contract(Clause 903 of SSRBC, 1986) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that when shown in the Drawings or instructed by the engineer, the contractor constructs and maintains the deviations and that such deviations are reinstated to the condition similar to the condition prevailing prior to the commencement of the deviation(Clauses 904 and 905 of SSRBC, 1986) * Where the Drawings or instructions by the engineer indicate that passage of traffic is to be made through the works, confirm that(Clause 906 of SSRBC, 1986);   + Work is ordered in half widths or short lengths so as to pass traffic over or across the works   + All excavations and other hazards are properly protected with barriers and are illuminated at night * Confirm that the number, type and sitting of the temporary signs is in accordance with the Drawings or as directed by the engineer(Clause 907 of SSRBC, 1986) * Confirm that the temporary signs on diversion of access on to a new construction are properly labelled as instructed by the engineer(Clause 908 of SSRBC, 1986) * Confirm that where the distance between the edge of the road or deviation and permanent works is less than 10 meters, continuous fences and barriers are erected(Clause 907 of SSRBC, 1986) * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Disputes | Approved dispute resolution mechanism | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on dispute resolution * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file(with registered dispute(s)) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Create a list of all road contracts with disputes. Select a reasonable number of road contracts with disputes using an approved sampling criteria * Examine the Contract carefully to be aware of all contract conditions relating to the Resolution of Disputes * Confirm that any formal written complaints received from a Contractor is fully investigated and referred to the Head of the Procuring Entity to authorize correspondence or formal negotiations with the Contractor Sec.   7.7 of the Public Procurement Manual for Works, 2009   * Confirm if the procuring entity is at fault, partly at fault or not at fault Sec.   7.7 of the Public Procurement Manual for Works, 2009   * Confirm that meetings between the contractor and the procuring entity on dispute resolution are minuted, including agreed actions Sec. 7.7 of the Public Procurement Manual for Works, 2009 * Where the dispute results into a loss to the procuring entity, confirm that an investigation done, confirm that an investigation is done by the Accounting Officer Reg. 139(1) of CGPFMR, 2015;   + To ascertain the extent and amount of the loss;   + To determine whether control or operational arrangements need to be improved in order to prevent the occurrence of similar losses in the county government entity; or   + To determine whether any offence or other fault of a public officer has been revealed by the loss |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Where it is established that the resultant loss is as a result of an offence or other fault of a public officer, confirm that the value of the loss is recovered from the Officer Reg. 145(1) of CGPFMR, 2020 * Confirm that agreed actions that require changes any of the conditions of the Contract are reviewed by(Reg. 132(2) of PPADR, 2020);   + The Evaluation Committee for contracts without a contract implementation team or   + Contract implementation team for specialized and complex contracts * Confirm that the review report of the Evaluation Committee or Contract implementation team is forwarded through the head of procurement to the accounting officer for approval (Reg. 132(2) of PPADR, 2020) * Confirm that where no agreement is reached, the procuring entity considers employment of adjudication or arbitration services as specified in the contract Sec. 7.7 of the Public Procurement Manual for Works, 2009 * Confirm that where the terms and condition of the contract are amended, an addendum is prepared for signature Sec. 7.7 of the Public Procurement Manual for Works, 2009 * Confirm that all amended contracts are reported to PPRA on a quarterly basis Reg. 141(6) of PPADR, 2020 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Staff capacity constraints such as inadequate numbers of staff due to slow or incompetent recruitment practices | Approved Workflow | **TOD**   * **As tested under objective No. 2**   **TOI**   * **As tested under objective No. 2**   **TOE**   * Confirm that the process flow, at a minimum, contains the following Sec.   1. of the Public Procurement and Disposal General Manual, 2009;      + Contract Management/Implementation |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Certification of Works * Hand-Over and Usage. * Confirm that controls created as a result of the process flow are efficient and do not include unnecessary red-tapes so as to build robust business operations Reg. 158(1(b)) of CGPFMR, 2015 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Staff capacity constraints due to lack of adequate qualifications and training | Reviews(Rechecks) by the supervisor   * Civil works function | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on internal control(supervision) * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Select a reasonable number of road contracts using an approved sampling criteria * Confirm that, where possible, supervision is built in the internal control system Reg. 158(1(b)) of CGPFMR, 2015 * Confirm that ensure that all the supervised staff understand the objectives and performance targets of the department G.7 (1) of the Human   Resource Policies and Procedures Manual for the Public Service, 2016 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that all the supervised staff keep the supervisor(s) informed about progress and challenges Sec. 2.1.2.1 of the Competency Framework for the Public Service, 2017 * Confirm that the supervisor demonstrates ability to provide technical supervision of staff Sec. 2.2.2.3 of the Competency Framework for the Public Service, 2017 * Confirm that where delegation is done, accountability is retained by the supervisor Sec. 2.2.3.3 of the Competency Framework for the Public Service, 2017 * Confirm that the project manager and the supervising engineer is formally appointed in writing Cap. 7 of the Public Procurement Manual for Works, 2009 * Confirm that the Director of Roads or his/her representative checks the proceedings of work execution through the reports from the Resident Engineer(project manager) and makes occasional site visits, and progress meetings Sec. 2.1(2) of the Supervision and Contract Evaluation Manual for Road Works, 2012 * Confirm that the project supervision is undertaken by Project Manager or Supervising Engineer in consultation with the Procurement Unit and the Technical Department Sec 7.2 of the Public Procurement Manual for Works, 2009 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans |
| Approved Training Need Assessment Report | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on Training and Development |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  | * Procurement function * Civil works function | * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the Training Need Assessment Report and the Annual Training Plan * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm that all training is based on identified training needs Sec.1.1(4) of the County Public Service Human Resource Manual, 2013 * Confirm that the County Government allocates funds for financing of the training program Sec.1.1(3) of the County Public Service Human Resource Manual, 2013 * Confirm that through supervision, the supervisor identifies employee development needs and helps them to achieve optimal performance Sec.   2.3.2.1 of the Competency Framework for the Public Service, 2017   * Confirm that an evaluation and feedback system is undertaken to assess the impact of training on performance Sec.1.4(3) of the County Public Service Human Resource Manual, 2013 * Confirm that the Training Needs Assessment is done at least once in two years. Check when it was last done Sec.1.3(1) of the County Public Service Human Resource Manual, 2013 * Confirm that officers trained on long-term courses are bonded so as not to lose the skills (Sec.1.3 (1) of the County Public Service Human Resource Manual, 2013). Check that the Officers are bonded as follows;   + Training of six months up to one year – Bonding for one year |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Training of more than one year up to two years – Bonding for two years * Training of more than two years up to three years – Bonding for three years * Training of more than three years – Bonding as per the duration of the course but not exceeding five years * Confirm that a skill inventory of the available technical skills is maintained for future planning on training and recruitment Sec.1.11 of the County Public Service Human Resource Manual, 2013 * Confirm that officers attend one training at a time Sec.1.16(4) of the County Public Service Human Resource Manual, 2013 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Poor communication, this may lead to;   + Ambiguous project status   + Poor quality and cost control   + Delays on certifications and approvals   + Unwarranted variations | Effective Communication | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on Communication * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  | and cost overruns   * Disputes, conflicts and lack of trust |  | * Confirm any communication between the tenderer and the procuring entity is in writing Sec. 4.4.16 of the Public Procurement Manual for Works, 2009 * Confirm that the procuring entity uses Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.) issued by PPRA to communicate all the tender requirements. Confirm that any modification does not lead to significant changes that may render the communication ineffective Sec. 1.5 of the of the Public Procurement Manual for Works, 2009 * Confirm that any communication between the Contractor and the County Government shall be adequate so that it facilitates work progress in accordance with Works Execution Programme and adaptation to any changes in site conditions. Table 2.2(a); Supervision Checklist of the Supervision and Contract Evaluation Manual for Road Works, 2012. Confirm that the communication is;   + Written as it is dated and can be used as evidence.   + Proper   + Timely * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Contract variations or amendments | Review by the Evaluation Committee | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on contract variation or amendment * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file(with contract variation or amendment) * Confirm that the design documented under TOD is implemented as documented. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Create a list of all contracts with variation or amendment. Select a reasonable number of road contracts with variations or amendments using an approved sampling criteria * Confirm that the request for contract variation or amendment is reviewed and evaluated by an appointed;   1. Contract implementation team for complex and specialized contracts   Reg. 132(2(a)) of PPADR, 2020   * 1. Evaluation Committee Sec. 139(2) of PPADA, 2015 * Confirm that the Evaluation Report is submitted to the Accounting Officer through the Head of Procurement for a Professional Opinion Reg. 132(2) of PPADR, 2020 * Confirm that the variation or amendment has been approved by the Accounting Officer Sec. 139(1,2) of PPADA, 2015 * Confirm that the variation satisfies the following to (Reg. 139(4) of PPADA, 2015); * Variation is done after twelve months of contract signing * Quantity variation of works does not exceed twenty per cent of the original contract quantity * Variation is to be executed within the period of the contract * Cumulative value of all contract variations do not result in an increment of the total contract price by more than twenty five per cent of the original contract price * Price variation is reasonable and is based on;   + Prevailing consumer price index obtained from Kenya National Bureau of Statistics, or;   + Monthly inflation rate issued by the Central Bank of Kenya; |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that a quarterly report of the varied or amended procurement contracts to PPRA Sec. 139(5) of PPADA, 2015 * Where the variation is more than twenty-five percent, confirm that the works are re-tendered Sec. 139(6) of PPADA, 2015 * Where additional funding is required, confirm that the variation is done after the additional funding has been secured and committed prior to the variation Reg. 132(4) of PPADR, 2020 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Poor sub- contracting arrangements. | Approval of the Accounting Officer | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on sub-contracting * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file(with contract sub-contracting) * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Create a list of all sub-contracted contracts. Select a reasonable number of sub-contracted road contracts using an approved sampling criteria * Where sub-contracting is done, confirm that the tender documents did not prohibit sub-contracting Sec. 149(1) of PPADA, 2015 * Confirm that the sub-contracted firm has not been debarred from procurement proceedings by Public Procurement Administrative Review Board Sec. 149(1) of PPADA, 2015 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the successful tenderer retains responsibility towards the procuring entity for the obligations of the subcontractor Sec. 149(2) of PPADA, 2015 * Review the sub-contracting agreement provides that the successful tenderer Sec. 7.12 of the Public Procurement Manual for Works, 2009;   + Maintains active supervision.   + Accepts responsibility for the sub-contractor’s work. * Confirm that the successful tenderer does not sub-contract the whole work and that the sub-contracted work does not exceed thirty-percent Sec. 7.12 of the Public Procurement Manual for Works, 2009 * Confirm that the sub-contracting arrangements receive prior approval of the procuring entity(accounting officer) Sec. 7.12 of the Public Procurement Manual for Works, 2009 * Confirm that the Contractor gives the Procuring entity not less than 14 days' notice of the intended date of the commencement of each Subcontractor's work, and of the commencement of such work on the Site Art. 4.4.2 (c) of the Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.) * Confirm that the subcontract includes provisions which would entitle the Procuring Entity to require the subcontract to be assigned to the Procuring Entity (Assignment of Beneﬁt of Subcontract) (if or when applicable) or in the event of termination (Termination by Procuring Entity) Art. 4.4.2(c) of the Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.) * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Delayed payment, | Approved Payment Plan | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on Prompt Payments |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  | affecting progress of work |  | * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the contracts register. Select a reasonable number of ongoing/complete roads using an approved sampling criteria * Confirm that the contractor is not paid prior to satisfactorily performing its contractual obligations Reg. 139(1) of PPADR, 2020 * Confirm that procuring entity makes prompt and timely payments to a contractor that meets its contractual obligations so as to avoid unnecessary interest and penalties on overdue amounts Reg. 139(2,4) of PPADR, 2020 * Confirm that appropriate plans for procurement, cash flow and fund flow are in place to ensure that ensure that contractors are paid promptly as per the terms of contract. Review the requirements of the contract in regard to payments. Reg. 139(6) of PPADR, 2020 * Confirm that on receipt of an invoice or a fee note, a procuring entity makes payment on first come first paid basis Reg. 139(7) of PPADR, 2020 * Confirm that arrangements are made to make payment within sixty days from the date of receipt of the invoice Reg. 150(1) of PPADR, 2020 * Confirm that where payment is likely to happen, a procuring entity may facilitate invoice discounting arrangements with a financial institution for the purpose of advancing credit to the affected contractor Reg. 150(2) of PPADR, 2020 * Confirm that quarterly payment performance statistics are submitted to the National Treasury and PPRA demonstrating compliance with the |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | obligation to pay invoices within sixty days for publication Reg. 150(4) of PPADR, 2020   * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Political interference | Approved Stakeholder Engagement Framework | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on Stakeholder Engagement * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project * Establish that the certification for work done is in line with the regulatory requirements identified in TOD. Note any deficiencies in implementation * Document the process of certification for work done   **TOE**   * Obtain the contracts register. Select a reasonable number of contracted roads using an approved sampling criteria * Confirm the involvement of citizenry, other stakeholders and interest groups in planning Sec. 102(i) of the CGA (2012) * Confirm citizen participation in the approval of development proposals, projects and budgets Sec. 87(b) of the CGA (2012) * Confirm that, in liaison with the National Treasury and PPRA, the County Treasury coordinates consultations with county stakeholders of the public procurement and asset disposal system Sec. 33(2(c)) of PPADA, 2015 * Confirm that transparency is fostered so as to create goodwill between the procuring entity and the stakeholders Art. 227(1) of the Const. of   Kenya, 2010 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that, where possible, the project is labor intensive so as to create employment opportunities and be politically acceptable Sec. 6.10.4 of the Public Procurement Manual for Works, 2009 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| 6. | To establish  that public funds are spent in a lawful, transparent, efficient and fair manner | * Payment for works not done | Certification of works before payment | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on certification of works done * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project * Establish that the certification for work done is in line with the regulatory requirements identified in TOD. Note any deficiencies in implementation * Document the process of certification for work done   **TOE**   * Obtain the IFMIS payment details and create a list of all payments for roads construction. Select a representative sample based on the approved sampling criteria * Confirm that certification of the works is done before payments are made   Reg. 150(1) of PPADR, 2020   * Confirm that reasonable notice is given to the contractor’s representative for any works to be measured Sec.. 12.12 of Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.) * Confirm that, when required, the contractor attends to examine and agree on the records Sec. 12.13 of Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that measurements are made on the basis of the Bill of Quantities Sec. 12.2(b) of the Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.). Re-perform the measurement/counting activity to confirm the accuracy of the measurements * Confirm that measurement is made of the net actual quantity of each item of the Permanent Works Sec. 12.2(a) of the Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.). * Confirm that the evaluation is done on the basis of the agreed measurements and the appropriate contracted unit price applied (Note any new rate). Sec. 12.3.1 of the Standard Tender Documents for Procurement of Works (Roads, water Bridges etc.) * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans.   1. **General Verifications** * Confirm that no payment is made for works not certified on the road project Reg. 150(1) of PPADR, 2020. Undertake general verification on the following;   + Existence of the road and when it was lasted constructed/maintained, whether the works to be audited relate to the works done and whether the road might have been done by a related state agency such as KeRRA   + Document the nature of the road before commencement and compare to the BoQ(For example, if the BoQ provided for the paving of a road that is already paved)     - Paved or unpaved |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Type of the road(Concrete road, Asphalt road, Gravel road, Earthen road, Murrum road or Bituminous road) and the nature of work to be done as per the BoQ * Establish the nature works to be done on the road. Review the BoQ, Measurement Sheets and Engineer’s Instructions then undertake general verification(without re-measurements) on whether a combination of any of the following among other(as included in the BoQ, Measurement Sheets and Engineer’s Instructions) was done;   + Site Clearance and Topsoil Stripping   + Culvert and Drainage Works   + Earthworks   + Excavation and Filling for Structure   + Grading and Gravelling Works   + Passage of Traffic   + Paved Roads - Shoulder Maintenance and Repairs   + Natural Material Base and Subbase   + Graded Crushed Stone Base and Subbase   + Cement and Lime Treated Subgrade, Subbase and Base   + Bituminous Surface Treatment & Surface Dressing   + Bituminous Mixes   + Concrete Works   + Road Furniture Repair and Maintenance etc.   **b) Specific Verifications**   * Confirm that measurements are made on basis of engineer’s instructions,   BoQ and Measurement Sheets SSRBC, 1986 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that all the payments for the specific works are at a minimum specifically supported by (Reg. 150(1) of PPADR, 2020 and Sec. 7.5 of the Public Procurement and Disposal General Manual, 2009);   + Measurement Sheet   + Engineer’s Instructions   + Technical Certification   + Original of any Interim or Final Inspection Report;   + Results of any analytical surveys;   + Calculation of any penalties liquidated damages if allowable under the contract; * Carry out other tests of operating effectiveness aligned to Contractual Agreement and BoQ   **NB;**   * 1. While these provisions are generic, the auditor is advised to ensure that he identifies the actual work to be done from the contract agreement and the BoQ   2. The engineer may issue instructions or the drawings may provide for works not covered in this programme, the auditor may develop additional tests for works not covered in this programme      1. **Verification of General Items** * Identify the work to be done from the BoQ, Engineer’s Instructions and the measurement sheets the works to be done in Bill One; General Items. Check if any of the following items is provided for in this BoQ, multiplied by the applicable rate and confirm that measurements for work done are accurate. Sample based on financial materiality of items and verify the following (Art. 141 of the SSRBC, 1986 and BoQ);  1. Vehicles for the engineer    * Confirm whether the vehicles supplied in number and type is in accordance with the Special Specifications(Clause 138 of SSRBC) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the provided vehicle is replaced with a similar new vehicle after it has completed 150,000 km (Clause 138 of SSRBC) * Confirm that the certified amount is properly casted;   + Provision of vehicles(Clause 141(g) of SSRBC) Certified amount = No. of vehicle months for each vehicle type multiplied by the applicable rate   + Kilometers travelled by the vehicle(Clause 141(h) of SSRBC)   Certified amount = No. of km for each type of vehicle multiplied by the applicable rate   1. Removal and alteration to existing services    * Confirm the certified amount does not include all costs incurred by the contractor as a result of programming and coordinating work to enable any alterations to the services being carried out and the cost of safety precautions deemed necessary due to proximity of the works to the power lines belonging to Kenya Power, but paid for at the contractor’s expense(Clause 120 of SSRBC) 2. Land acquisition    * Confirm that the cost of land acquisition or rent is paid for as valued by the Government Valuer(Clause 124 of SSRBC)    * Confirm that where the contractor requests for purchase of land for any purpose and the land is not used, contractor is held responsible for all costs associated with the compensation, purchase and disposal of such land(Clause 124 of SSRBC) 3. Miscellaneous accounts    * Confirm that the purchase and supply are made at the instruction of the Engineer(Clause 139 of SSRBC) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the purchases and supplies are supported by appropriate receipts(Clause 139 of SSRBC)  1. Overtime for engineer’s junior staff    * Confirm that the certified amount for overtime worked by the engineer’s junior staff, incurred owing to an earlier default by the contractor that results in the work being performed outside normal working hours is not included in the amount certified for payment, but paid for at the contractor’s expense(Clause 140) of SSRBC) 2. Progress photographs    * Confirm that 36 color negatives are taken every month by the contractor from positions selected by the Engineer(Clause 130 of SSRBC)    * Confirm that the contractor supplies proof prints from each negative for the engineer to select negatives to be used by the contractor in producing two sets of photographs(Clause 130 of SSRBC)    * Confirm that each set contains 10 number, 200mm by 150mm colour prints(Clause 130 of SSRBC)    * Confirm that the contractor supplies one album with each set of photographs(Clause 130 of SSRBC)    * Confirm the certified amount to be the No. of sets multiplied by the applicable rate(Clause 141(m) of SSRBC) 3. Signboards    * Confirm that the contractor erects and maintains the signboards in accordance with the layout, colours, dimensions and number as instructed by the engineer (Clause 130 of SSRBC)    * Confirm the certified amount to be the Number of each type multiplied by the applicable rate(Clause 141(n) of SSRBC) 4. Materials and testing of materials |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that material testing is supported by testing results(Clause 202 of SSRBC) * Other tests may be developed for other works paid for. The auditor may develop the tests based on the measured works and the Bill of Quantity   **ii. Verification of Works**   * Confirm that each of the work item in the measurement sheet is coded in accordance with the coding in the BoQ(BoQ) * Obtain the BoQ and the measurement sheets. Identify all the Work Items to be verified. Sample the work items based on financial materiality of items and verify the following; * Confirm that each work item is supported by engineer’s instructions Clause 3.3 of the Standard Tender Documents for Procurement of Works (Roads, water Bridges etc. * Undertake physical verification to confirm that each work item, certified for payment, is actually done Reg. 150(1) of PPADR, 2020;   + Review the measurement sheets and the BoQ   + Undertake re-measurements of the work items listed in the measurement sheets   + Undertake casting to confirm that the totals in the measurement sheets agree with the Payment Certificate * Confirm that the Work Items are measured using the units provided in the BoQ and the rates applied for the Work Items are the contracted rates (BoQ). Undertake casting to confirm that the applied rate multiplied with the No. of units of the Work Items in the measurement sheet are accurate   **iii. Verification of Daywork Schedule**   * Identify the works to be done in Daywork Schedule. Sample based on financial materiality of items and verify the following;   1. **Plant(Clause. 2202(a) of the SSRBC, 1986)** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that payment is only made for each item of plant for the time the item is actually working on the Dayworks as instructed by the engineer * Confirm that idle time due to nature of the Daywork or authorized method of procedure is paid for at half the tendered rate * Confirm that the rates for plant are the tendered rates and are only limited to;   + Supervision and transport of supervisory staff   + Transporting each item of plan to and from the pace of daywork   + Operators, drivers and turnboys, including overtime   + Electric power, water, fuel, oil, grease and other consumables and equipment   + Power cables, deliveries or suction pipes and fittings, steam or air hoses and tackle, and all other appurtenances required for the safe and efficient operation of the plant   + Maintenance, spare parts, drill bits and chisel points and all costs of repair   + Depreciation, insurance, overheads, profits and any other related costs or allowances   NB: These rates may be separately provided for in the BoQ or combined and specified as Daywork Schedule; Plant.  **b) Labor(Clause. 2202(b) of the SSRBC, 1986)**   * Confirm that payment is only made for the time each class of labour is actually working on Daywork as instructed by the Engineer(2202(b) * Confirm that the rates for labour are the tendered rates and are only limited to;   + Supervision and transport of supervisory staff   + Any special allowance to such labour in respect of subsistence, overtime, bonuses, feeding, housing, holidays, transport to and from the place of Daywork, overhead charges in case of recruitments, camp administration, welfare and insurances   + Supply, transport about the site, use, maintenance, renewal of small tools used on Daywork |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * All other costs incurred in relation to employment of labour including overheads, profit and any other costs or allowances   NB: These rates may be separately provided for in the BoQ or combined and specified as Day work Schedule; Labour.  **c) Materials(Clause. 2202(c) of the SSRBC, 1986)**   * Confirm that payment is only made for the materials instructed by the Engineer for use on Dayworks(2202(c) * Confirm that the rates for materials are the tendered rates and are only limited to;   + Cost of purchase or provision of materials   + Transport to site or place of Daywork   + Storage   + Insurance   + Handling   + Placing   + Supervision   + Overheads   + Profit and any other related cost or allowance   NB: These rates may be separately provided for in the BoQ or combined and specified as Daywork Schedule; Materials.  **iv. Certification for Payment**   * Confirm that no payment is made for works not certified on the road project Reg. 150(1) of PPADR, 2020. * Confirm that the summary of BoQ – actual measurements agrees with the Interim/Final Valuation/Payment Certificate Sec. 7.2.6 of Public Procurement Manual for Works, 2009 * Confirm that the initial/final certification is further provided by the Inspection and Acceptance Committee Sec. 7.3 of Public Procurement   Manual for Works, 2009 or the Contract Implementation Team in case of Complex and specialized contracts Sec. 151 of PPADA, 2015 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * On payment of the retention amount, confirm that the defects have been corrected Sec. 7.3 of Public Procurement Manual for Works, 2009 |
| * Deficiencies in accounting (expenditure not properly accounted for) | Verification of  documents before payment(Establishing an examination unit) | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on verification of documents before payment * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Sample one paid road project * Establish that the verification of documents before payment is in line with the regulatory requirements identified in TOD. Note any deficiencies in implementation * Walkthrough and document the process flow/ map. * Document the process of project handing over   **TOE**   * Obtain a listing of all paid road projects from IFMIS – IFMIS Payment Details. Select a representative sample based on the approved sampling criteria * Confirm that the Payment Vouchers are properly supported by appropriate documentations. Reg. 104 of CGPFMR, 2015 * Confirm that the verification of documents before payments is built in the internal control system Reg. 158(1(b)) of CGPFMR, 2015 * Confirm that the Payment Vouchers are supported by(Sec. 7.3 of Public Procurement Manual for Works, 2009);   + Approved Payment Certificate   + Original Claim from the contractor(tax invoice Sec. 6(2) of the VAT (Electronic Tax Invoice) Regulations, 2020)   + Original of any interim or final inspection report   + Results of any analytical surveys |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Calculation of any penalties liquidated damages if allowable under the contract; * Copies of relevant information from the contract document, records of approval and financial authorizations. * Confirm that payments are properly distributed as follows;   + 3% paid as Withholding Income Tax Third Schedule; Rates of Tax Art. 5 of the Income Tax Act, 2021   + 6% of 116% paid as Withholding VAT(Sec. 42A(1) of Tax Procedures Act, 2015   + Percentage specified in the specified in the Special Conditions of Contract held as retention(Standard tender document for procurement of works (buildings and associated civil engineering works)   + Balance paid as net amount to the contractor, less adjustments for advance payments as agreed(if any) * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Payment not authorized | Segregation of duties | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on payment authorization * If the control is not documented, enquire from process own er how it is meant to be executed.   **TOI**   * Select one road project * Establish that the payment authorization is in line with the regulatory requirements identified in TOD. Note any deficiencies in implementation * Walkthrough and document the process flow/ map. * Document the process of project handing over   **TOE** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Obtain a listing of all paid road projects from IFMIS – IFMIS Payment Details. Select a representative sample based on the approved sampling criteria * Confirm that the Payment Vouchers are properly supported by appropriate authority Reg. 104 of CGPFMR, 2015 * Confirm that payment is not made from funds earmarked for other activities Reg. 53 of the CGPFMR, 2015 * Confirm that payment is made by the Accounting Officer or an officer appointed in writing by the accounting officer Sec. 151 of the PFM Act, 2012 and Reg. 23(1) of the CGPFMR, 2015 * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |
| * Advance payment not well secured | Bank Guarantee | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on the administration of advance payment * If the control is not documented, enquire from process own how it is meant to be executed.   **TOI**   * Select one road project * Establish that the administration of advance payment is in line with the regulatory requirements identified in TOD. Note any deficiencies in implementation * Walkthrough and document the process flow/ map. * Document the process of project handing over   **TOE**   * Obtain a listing of all paid road projects from IFMIS – IFMIS Payment Details. Identify payments whose contracts provide for advance payment. Select a representative sample based on the approved sampling criteria * Confirm that no works are paid for in advance unless specified in the tender documents and contract agreement Sec. 146 of PPADA, 2015 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Confirm that the bid documents specify the amount of the advance payment allowed Reg. 136(1) of PPADR, 2020 * Confirm that the advance payment is not made before the contract is signed Sec. 146 of PPADA, 2015 * Confirm that the advance payment does not exceed 20% of the price of tender Sec. 147(1) of PPADA, 2015 * Confirm that the advance payment is made to a successful tenderer who provides advance payment security equivalent to the advance Sec. 147(1) of PPADA, 2015 * Confirm that the security is given by a reputable bank or any authorized financial institution issued by a corresponding bank in Kenya recognized by the Central Bank of Kenya, in case the successful tenderer is a foreigner Sec. 147(1) of PPADA, 2015 * Confirm that the bank guarantee (Reg. 136(2) of PPADR, 2020);   + has been authenticated by the issuing bank in writing to the accounting officer;   + shall be on demand;   + shall not be allowed to lapse unless the contractor has done a commensurate work or has supplied works of equivalent value to the guarantee * Confirm that the advance payment is progressively deducted from any payment to the contractor Reg. 136(2(d)) of PPADR, 2020 * Confirm that the contractor has affirmed in writing that the advance payment shall only be used for purposes of the contract Reg. 136(4) of PPDAR, 2020 * Confirm that when the contract is terminated, the outstanding advance payment is paid for by the contractor Reg. 136(3) of PPADR, 2020 * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
| 7. | To establish that the post- contract implementation stage is  consistent with the existing procurement laws and regulations | * Project not being put to use after completion | Proper arrangements for handing over | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on project handing over * If the control is not documented, enquire from process own how it is meant to be executed.   **TOI**   * Sample one completed road project * Establish that the project handing over is in line with the regulatory requirements identified in TOD. Note any deficiencies in implementation * Walkthrough and document the process flow/ map. * Document the process of project handing over   **TOE**   * Obtain a listing of all completed road projects. Select a representative sample based on the approved sampling criteria * Confirm the existence a team to manage the handover and acceptance procedures Sec. 151(2(f)) of PPADA, 2015, Sec. 7.3 of Public Procurement Manual for Works, 2009 * Confirm that handing-over and final acceptance is done Reg. 142(2(b)) of PPADR, 2020;   + within 60 days before the end of the last period of guarantee on which all defects, poor workmanship and any other snags pointed out in the minute of acceptance are corrected   + within the period or last period of guarantee for the provisional acceptance if there has been partial acceptances * Confirm that the handing-over and taking-over is supported by the necessary taking-over certificate Sec. 7.2.4 of Public Procurement Manual for Works, 2009 * Confirm that the Taking Over Certificate is in a format prescribed in Appendix H of the Supervision and Contract Evaluation Manual for Road Works, 2012 and signed by;   + Contractor |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Resident engineer/project manager * Authorized Officer of the procuring entity * Confirm that the road is put to immediate use after successful completion of the project so as to avoid wastage of public resources Sec. 232(1(d)) of the Constitution of Kenya, Sec. 160(1) of PPADA, 2015 * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |
| * Failure to hand over assets that should revert to the county government after completion of the   contract(Loss of assets) | Project Asset Register | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on maintenance of asset registers * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project file and identify assets acquired through Bill One * Review clauses that relate to the contract period * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the list of road projects (completed). Select a representative sample using the approved sampling criteria * Check for the fixed assets acquired through the utilization of provisions for Bill One * Confirm that a project asset register is maintained for each project and that all assets acquired are recorded in a register Reg. 136(1) of the CGPFMR, 2015 and Reg. 170 of the PPADR, 2020 * Confirm that the asset register, at minimum, contains the following   information (Sec. 7.2.2 of the County Financial Accounting and Reporting Manual, 2015); |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  |  |  | * Date of purchase * Acquisition cost of the asset * Location of the asset * Tag number * Condition of the asset * Supplier of the asset * Maintenance contract(if any) * Lifespan of the asset * Confirm that the register of land a buildings contains the following additional information(Reg. 170(2) of the PPADR, 2020);   + The terms on which it is held;   + Reference to the conveyance;   + Address;   + Disposal or major change in use;   + Any capital expenditure;   + Freehold or lease hold terms;   + Other pertinent details * Confirm that any land acquired is surrendered to the procuring entity after completion of the contract Sec. 125 SSRBC, 1986 * Confirm that all apparatus, machinery and vehicles made available by the procuring entity for use by the contractor is reverted back to the procuring entity at the completion of the contract Standard Tender Documents for Procurement of Works(Roads, water Bridges etc.) * Confirm that the ownership documents for the assets handed over are secured and that the assets are registered in the name of the procuring entity Sec. 4.9 of The National Treasury and Planning; Policy on Asset and Liability Management in the Public Sector * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  |  | * Accelerated deterioration of the road due to lack of a system of regular maintenance | Approved Annual Maintenance Plan | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on maintenance of asset * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one road project * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the list of road projects (completed). Select a representative sample using the approved sampling criteria * Confirm that a maintenance plan in respect of every non-financial asset is promptly prepared, enforced and included in the annual budgets of the entity for approval Sec. 4.11.2 of The National Treasury and Planning; Policy on Asset and Liability Management in the Public Sector and Art. 73(2) of the General Guidelines on Asset and Liability Management in the Public Sector,2020 * Confirm that the Accounting Officer prepares annual reports on the extent to which the approved maintenance plan has been complied with and the extent of deferred maintenance Art. 73(6) of the General Guidelines on Asset and Liability Management in the Public Sector,2020 * Confirm that the Accounting Officer prepares annual reports on the likely effects that maintenance budgetary constraints may have on the useful operating life of assets or asset classes Art. 74(3) of the General Guidelines on Asset and Liability Management in the Public Sector,2020 * Carry out other tests of operating effectiveness aligned to specific county   policies, procedures, service delivery standards, minutes of meetings and strategic plans. |

|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
| --- | --- | --- | --- | --- |
|  |  | * Contingent liabilities | Certificate of Contract Close Out | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on Contract Close Out * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Sample one completed road project * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Obtain the list of road projects (completed). Select a representative sample using the approved sampling criteria * Confirm that the completed contracts are closed out immediately after completion and a Certificate of Contract Close Out issued (Sec. 154 of PPADA, 2015). Confirm that the certificate is issued by;   + Head of Procurement Function for contract that is not complex and specialized   + Authorized Officer of the Technical Department where the contract that is complex and specialized * Identify and investigate any liability that accrues after the close out of the contract * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards, minutes of meetings and   strategic plans. |

* 1. **Sub Process: Street Lighting**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1. | To establish whether the streetlights are acquired and installed in conformity with existing laws and regulations | * Non compliance with existing laws. | Established and approved policy guidelines  Approved designs. | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on street lighting. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the approved policy guidelines. * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation.   **TOE**   * Confirm that the street lighting project was implemented in accordance with physical design and Bills of Quantity * Confirm the existence of environmental impact analysisreports (Energy Act, 2019 section 99 on environment liability). * Check whether the implementation of EIA recommendations. * Confirm that the project was well planned in accordance with PFM (Public Investment Management) regulations 2022. * Confirm compliance with project implementation team recommendations. * Carry out other tests of operating effectiveness aligned to specific county policies, procedures, service delivery standards. |
|  |  | Vandalism | Approved street light policy. | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on vandalism * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Sample one completed project * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Check the frequency, level of vandalism and location from the existing inventory vandalism reports/register. * Check community sensitization to enhance community policing in protection of security lights. * Ascertain whether there exists laws on vandalism and measures are taken on offenders in line with the existing laws. * Confirm the process undertaken to replace/repair vandalized street lights is in line with the existing law. * Confirm the period taken to replace vandalized street lights is minimized. |
|  |  | * Non existence of maintenance policy | Maintenance guidelines engraved in street lighting policy.  Approved budget and work plan. | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on maintenance * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain a maintenance policy * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**  Obtain street lighting policy and check the following:   * Check budgetary provision on maintenance. (PPADA Sec 44 (2a) * Confirm existence and operationalization of maintenance guidelines * Confirm the frequency of maintenance undertaken and establish the cost of maintenance. * Confirm whether there were maintenance warranty from the service provider. * Ascertain the competency of the technical team handling maintenance in the county. County Government Act 2012 Sec 65 (1b,C) * Check the availability of maintenance equipment and establish its effectiveness. |
|  |  | * Non payment of bills | Approved budget | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on payment of bills * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Select one street lighting project * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm existence of an approved budget and establish the availability of funds. (PPADA Sec 44 (2a) * Confirm the accuracy of bills and recalculate. (PFAR 104 (1) * Confirm whether the bills relate to the street light installed by the county. * Check whether there is timely payment of bills to avert disconnection, penalties and charges. (PPADAR 2020 139 (2) * Confirm the approved procurement plan and compare with the approved budget. (PFMR 114 (2). |
|  |  | * Supply of substandard products and installation works. | Approved Specifications and design  Inspection and acceptance certificate | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on payment of bills * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Sample one completed/supplied product * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm availability of technical specification from user dept and check whether work was done as per the specifications. (PPADA 2015 Sec 60 (3a). * Confirm reports from project implementation committee and review their recommendations. (PPADA 2015 33 sec 3(u), 137 & 138 * Check the inspection and acceptance certificate and confirm whether goods were received as per the specifications (PPADAR 2020 Sec 48 (3b) * Confirm from the inspection report whether the project was tested by the committee and it is working. (PPADAR 2020 48 (3a) |

* 1. **Sub Process: Traffic and Parking**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1. | To establish whether there exists rules and regulations governing traffic and parking | * Non compliance with rule and regulations | Traffic act 2015  County By laws. | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on traffic and parking * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm the existence of rules and regulations and check its operationalization. * Check whether there are designated areas for dropping and picking of passengers. * **Traffic act 2015 and Urban and Areas and Cities Act 2019** |
|  |  | * Traffic build up/congestion. | Approved spatial plans | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on traffic and parking * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation.   **TOE**   * Confirm the existence of the approved spatial plan and check its implementation. * Confirm existence of an integrated effective communication channels * Establish the existence of road signage and markings. * **Criteria Traffic act 2015** **and Urban and Areas and Cities Act 2019** |
|  |  | * Loss of revenue | Valid Finance act  Approved county budget. | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on finance act * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain approved finance act * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm the existence of the finance act and check the charges levied are as provided. * Establish whether there are adequate supervision of parking attendants. * Confirm whether the amount recorded in the revenue management system reconciles with actual cash received. * Confirm the clamping tools are accounted for by reviewing the clamps control registers. * Reconcile invoices raised for clamped vehicles against the clamps control register. * Review the set parking revenue targets vis a vis number of parking slots. * Assess the deviations of revenue collected from set targets. * **Traffic act 2015 and County by laws.** |

* 1. **Sub Process: Public Road transport.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | To establish whether there are existing laws and procedures governing public road transport in urban areas. | * Non compliance of the existing rules and regulation | Valid Finance act  County by laws | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on finance act * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain approved finance act and county by laws * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm the existence of the valid finance act and check whether charges charged are as per the act. * Confirm operationalization of the county by laws |
|  |  | * Picking of passenger at un designated areas | * Transport committee resolutions * County by laws. | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on transport committee. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Sample transactions in the finance act * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm conformity to transport committee resolutions. * Confirm the designated points of picking and dropping of passengers. * Confirm whether there are public sensitization on road safety (County government act 2012 Sec 137). |
|  | To ascertain whether there is efficient management of beach resources | * Mismanagement of offshore space | Approved relevant laws | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on management of beach resources. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm the existence of existing laws on the management of beach resources. * Confirm whether the beaches are duly registered/licenced. * Check the availability of trained beach staff and protective gears to avert accidents. * Check whether the public has been sensitized on public safety. |
|  | To establish whether there are adequate security along the beaches | * Insecurity | Continuous Patrol of security officers | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on security. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation   **TOE**   * Confirm the existence of patrol of security officers. * Confirm existence of emergency evacuation services * Establish the availability of budget to cater for various services within the beach. * **Check the compliance with NEMA on entitlement to a clean and health environment (NEMA act Part 2 Sec 3).** |
|  | Establish whether there are existing laws and procedures governing Storm water management systems | * Non compliance with existing laws | Approved policy | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on storm water management systems. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**  **Obtain the approved policy.**   * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation.   **TOE.**   * Check compliance with county planning and confirm its implementation (County Government Act 2012 Part xi, Urban areas and Cities act 2019 37 (1) * Confirm county plans are aligned with national government plans (County Government Act 2012 sec 106). * Confirm whether county assembly has approved plans for infrastructure (Kenya constitution 2010 Article 185 (4) * Confirm preparation of land use development plans as per provision of (Physical and land use act 2019 Sec 49 & 50) |
|  |  | * Inadequate planning | * CIDP * Approved annual budgets * Approved annual work plans * Public participation reports | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on approved CIDP, budgets and annual work plans. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Obtain the approved budgets, CIDP and annual work plans. * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation.   **TOE.**   * Confirm storm water drainage works are provided for in the CIDP (PFM 2012 Sec 125 (1a), 175 (1). * Ascertain existence of the approved budget for works (PFM 2012 175 (5). * Confirm whether there are reports from public participation exercise. (PFM 2012 Sec 175 (9a & b). * Confirm whether the plans are published and publicized within seven days (PFM 2012 Sec 175 (10a) * Confirm whether there is adherence to the physical planning act in approval for buildings (Physical and planning act 2019 Sec 37 & 38 (b) |
|  |  | * Poor drainage system | Certified works | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on poor drainage system. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Sample one completed projects * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation.   **TOE**   * Confirm availability of technical specification from user dept and check whether work was done as per the specifications. (PPADA 2015 Sec 60 (3a). * Confirm reports from project implementation committee and review their recommendations. (PPADA 2015 33 sec 3(u), 137 & 138 * Check the inspection and acceptance certificate and confirm whether works were undertaken as per the specifications (PPADAR 2020 Sec 48 (3b) * Confirm from the inspection report whether the project was tested by the committee and it is working. (PPADAR 2020 48 (3a) * Confirm whether there are routine maintenance is done (County government act 2012 Sec 50 (3) (d). * Check if the county to provide for disposal of liquids and rubbish in the drainage system. (Public Health act 2022 Sec 126 (d), 157 (2) (c). |
|  |  | * Destruction of properties and loss of life | * Disaster management plans. * County disaster management policy * Civic education programmes | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on destruction of properties and loss of life. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * Sample one completed projects * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation.   **TOE**   * Confirm the operationalization of the disaster management plans and county disaster management policy. * Confirm that the county has disaster management plan as per sec 1.2 of the National policy for disaster management in Kenya 2009 * Confirm whether is there are collaboration with other stakeholders on disaster management. (National policy for disaster management in Kenya 2009 (1.4)) * Confirm provision of budget on emergency fund (PFMR 2015 Sec 49, PFM 2012 Sec 110 (1&2) & 112 * Confirm that civic education programs in regard disaster management are carried out (County government act 2012 part 10) |

* 1. **Sub process: Water and sanitation Services.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Audit Objectives** | **Risks** | **Expected Internal Controls** | **Audit Test** |
|  | To ascertain whether there is provision of water. | * Non compliance with existing laws | Approved act | **TOD**   * Establish the key requirements of laws, regulations, policies and procedures on water management systems. * If the control is not documented, enquire from process owner how it is meant to be executed.   **TOI**   * **Obtain the approved policy.** * Confirm that the design documented under TOD is implemented as documented. * Walkthrough and document the process flow/ map. Note any gaps in implementation.   **TOE.**   * Confirm whether the county government has prepared a policy on water services (Gazette no. CXVIII No 32, 2016). * Confirm storm water drainage works are provided for in the CIDP (PFM 2012 Sec 125 (1a), 175 (1). * Ascertain existence of the approved budget for works (PFM 2012 175 (5). * Confirm whether there are reports from public participation exercise. (PFM 2012 Sec 175 (9a & b). * Confirm whether the plans are published and publicized within seven days (PFM 2012 Sec 175 (10a) * Confirm whether there is adherence to the NEMA regulations in approval for buildings (Water Act Revised 2022) Sec 85. * Confirm whether water from the bore holes are tested and are fit for human consumption. Water act revised 2022 Sec 4,5&6 |