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SPECIAL AUDIT REPORT OF THE AUDITOR-GENERAL
ON
PROCUREMENT OF FOODSTUFFS
BY
THE MINISTRY OF DEFENCE
FINANCIAL YEARS 2014-2015 TO 2017-2018

PARLIAMENT OF KENYA
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NOVEMBER 2021

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Table 1: List of Abbreviation

Abbreviation	Full Name
CFO	Chief Finance Officer
DHQ	Defense Headquarters
DOD	Department of Defense
FF	Forces Form
HQs	Headquarters
KA	Kenya Army
KAF	Kenya Air force
KDF	Kenya Defense Forces
KN	Kenya Navy
LPO	Local Purchase Order
MoD	Ministry of Defense
PAC	Principal Accounts Controller
PFM	Public Finance Management
PPAD	Public Procurement and Assets Disposal Act
PPDA	Public Procurement and Disposal Act
PVs	Payment Vouchers
RVs	Receipt Vouchers
SO	Supplies Officer

1 EXECUTIVE SUMMARY

1.1 Introduction

- 1.1.1 The Office of the Auditor-General received a letter referenced NA/DCS/PAC/2018/150 dated 2 October, 2018 from the Clerk of the National Assembly requesting for an investigation on the procurement of foodstuffs, other consumables, and direct and restricted procured items by the Ministry of Defence for all barracks covering financial years 2014/2015 to 2017/2018.
- 1.1.2 Consequently, on 04 December, 2018, an entry meeting was held with the Management of the Ministry of Defence to agree on the modalities of executing the special audit.
- 1.1.3 During the meeting, it was noted that the scope of work was complex and wide. It was subsequently agreed that the audit would be carried out in two phases.
- 1.1.4 This special audit report is therefore restricted to procurement of foods stuffs by the Ministry of Defence covering financial years 2014/2015 to 2017/2018 as Phase I. A special audit report focusing on direct and restricted procured items by the Ministry of Defence for all barracks covering financial years 2014/2015 to 2017/2018 will therefore be covered under Phase II.

1.2 Terms of Reference

- 1.2.1 The special audit was guided by the following Terms of Reference:
- Review of budgeting and budgetary controls for foods stuffs at Ministry of Defence;
 - Review of procurement process for foods stuffs at the Ministry of Defence; and
 - Review of expenditures and utilization of funds for food stuffs at the Ministry of Defence.

1.3 Scope of Work and Limitations

- 1.3.1 The special audit reviewed procurement process for foodstuffs at the Ministry of Defence for financial years 2014/15 to 2017/18 in line with the aforementioned Terms of Reference.
- 1.3.2 The scope of work covered, Operations at the Ministry of Defence Head Quarters in Nairobi, the Kenya Army Headquarters at Kahawa Barracks, Kenya Air Force Headquarters at Eastleigh-Nairobi and Kenya Navy Headquarters at Mtongwe in Mombasa. The Audit Team also visited the following Kenya Defence Forces barracks/units: Isiolo, Garissa, Nanyuki, Mombasa, Gilgil, Nakuru and Eldoret.

These units/barracks were identified based on stratification so as to ensure the special audit covered a representation of Kenya Defence Forces barracks/ units.

1.3.3 The special audit encountered the following challenges that limited its ability to give assurance on whether or not procurement process for food stuffs, other consumables and all other direct procurements at the Ministry of Defence was conducted in compliance with the Public Procurement and Disposal Acts, 2005 and 2015 and the provisions of Article 227 (1) of the Constitution.

- The Phase I of this report covered only food stuffs rather than all direct procurements within the Ministry as requested by the National Assembly.
- The Management of the Ministry of Defence granted the special audit team access to review the original documents, however, no copies of these documents were provided due to confidentiality concerns. These are detailed in APPENDIX I.
- Due to distance, security, time and resource constraints, the special audit did not cover all units and/or barracks and had to sample. The units/ barracks not covered are detailed in APPENDIX II.
- Contract agreements for food stuffs between Ministry of Defence and suppliers only indicated the market price per unit supplied and not quantity supplied. The special audit could not therefore quantify the value of claims made.

1.4 Report Structure

1.4.1 This Special Audit Report is structured as follows: Executive summary, Introduction and Background, and Detailed findings. The report should be read in its entirety in order to comprehend fully the approach used and the findings. The report has reported on facts as understood, with the aim of informing the Public Accounts Committee on their deliberations and decision making, cognizant of any limitations raised.

1.5 Key findings

Procurement and other related issues

Procurement Process at Ministry of Defence Headquarters

1.5.1 A total of two hundred and twenty-six (226) contracts relating to supply of food stuffs at the Ministry of Defence were provided for the special audit review as indicated below:

Contracts origin	Number of contracts
Ministry of Defence Headquarters	97
Service Lines/Barracks	129
Total	226

1.5.2 For the ninety-seven (97) contracts for food stuffs reviewed at the Ministry of Defence they were classified as indicated in the table below:

Type	Number of contracts
Open Tender Method	60
Restricted Tender Method	36
Direct Procurement Method.	1
Total	97

1.5.3 The audit team reviewed these contracts with a view to establishing whether the procurements were done in compliance with the Public Procurement and Disposal Act, 2005, Public Procurement and Disposal Regulations, 2006 and Public Procurement and Asset Disposal Act, 2015.

1.5.4 Our findings were as follows:

PROCUREMENT PROCESS	IRREGULARITY NOTED	NO. OF CONTRACTS INFRACTIONS
1. Advertisement	Firms awarded contracts through Restricted Tender, but do not appear in the Prequalified List of Suppliers	18
	Use of restricted tendering without justification	36
2. Tender Opening, Evaluation and Award	Unsigned Opening tender opening Minutes	04
	Irregularities in Tender Evaluations	04
	Award of Tender to Supplier not evaluated	01
3. Notification of Award	Unstamped letter declining notification of award	01
	Failure to notify unsuccessful bidders	01
	Notification period less than 14 days	01

PROCUREMENT PROCESS	IRREGULARITY NOTED	NO. OF CONTRACTS INFRACTIONS
	Failure to comply with the decisions of the Public Procurement Review Board	01
4.Contract	Unsigned Contract	01
	Irregularities in price adjustment of Contracts	06

- 1.5.5 The special audit noted that the contracts availed for review only indicated the price charged per unit item. Under the circumstances, the special audit could not quantify the value of the procurement infractions noted above and therefore report on the frequency of the irregularities.

Award of Contracts to Firms Who Do Not Appear in List of Pre- Qualified Firms

- 1.5.6 The Ministry of Defence used restricted tendering method to procure food stuffs for thirty-six (36) contracts in financial years 2016/2017 and 2017/2018. Eighteen (18) of these firms did not appear in the list of the pre-qualified suppliers. The Ministry of Defence therefore engaged eighteen (18) suppliers with contracts for supply of food stuffs through restricted tendering method from suppliers who were not prequalified, contrary to Section 95(3) of the Public Procurement and Asset Disposal Act, 2015.
- 1.5.7 Section 95(3) of the Public Procurement and Asset Disposal Act, 2015 requires procuring entities to invite tenders from only the approved persons who have been pre-qualified.

Use of Restricted Tendering Method of Procurement

- 1.5.8 It was established that the Ministry of Defence used restricted tendering method as authorized by the Accounting Officer in thirty-six (36) contracts for procurement of food stuffs, however, no explanation and justification for the same was provided for audit verification.
- 1.5.9 Section 102(1) of the Public Procurement and Asset Disposal Act, 2015 allows the use of restricted tendering method as long as the following conditions are satisfied: Competition for contract, because of the complex or specialized nature of the goods/services is limited to prequalified contractors; the time and cost required to

examine and evaluate a large number of tenders will be disproportionate to the value of the goods/ services to be procured; there is evidence to the effect that there are only a few known suppliers of the whole market and an advertisement is placed, where applicable, on the procuring entity website regarding the intention to procure through limited tender.

Tender Opening and Evaluation

1.5.10 The audit reviewed the tender processing and identified the following irregularities:

- a. It was established that four (4) contracts for different foodstuffs did not have their Tender Opening Minutes and registers signed as per the provisions of Section 78(11) (a) and (b) of the Public Procurement and Asset Disposal Act, 2015 as follows:

FINAN CIAL YEAR	DOCUMENT	DESCRIPTION	DATE	REMARKS
2014- 2015	MOD/423 (0104) 2014/2015	Supply of meat (beef) on Bone to Wajir Military camp	06-11-14	Two Committee Members, did not sign the minutes
2015- 2016	MOD/423 (06011) 15/16	Supply of Canned Pineapples	16-12-15	Two Committee Members did not sign the opening minutes
2016- 2017	MOD/423 (0508) 16/17	Supply of unfertilized chicken eggs to Isiolo	20-09-16	One out of two pages in the Tender Opening Register were signed by those present for the exercise.
2017- 2018	MOD/423 (011092) 17/18	Supply of white and brown block (unsliced) to Hakati military camp.	06-03-18	The Tender Opening Minutes had not been signed by the Members of the Tender Opening Committee

Section 78(11) (a) and (b) of the Public Procurement and Asset Disposal Act of 2015 requires that to acknowledge that the Tender Opening Minutes are true reflection of the proceedings held, each member of the Tender Opening Committee should; initial each page of the minutes and append his or her

signature as well as initial the final page of the minutes indicating their full name and designation.

- b. A review of the Evaluation Committee Report for the award of Contract No. MOD/423(0208)14/15 revealed that financial evaluation was not done for this tender contrary to Section 16(7) of the of the Public Procurement and Disposal Regulations of 2006 and Section 2.27.2 of the tender document. This contract No. MOD/423(0208)14/15, was for supply of fresh vegetables, fruits and potatoes to Isiolo based units. In this tender, 11 firms had applied for the tender and 10 proceeded to the evaluation stage. On 8 December, 2014 technical evaluation was done and based on the technical evaluation report, M/s. Medabs Enterprises Ltd was recommended for award of the tender. Section 16 (7) of the Public Procurement and Disposal Regulations, 2006 requires financial evaluations of tenders to be done in accordance with set criteria. Failure to conduct financial evaluation of the tender also violated Section 2.27.2 of the tender document on award of contract, that required that the determination take into account the tenderers' financial, technical and production capabilities.
- c. Review of the Ministerial Tender Committee (MTC) report established that, the MTC awarded Tender No. MOD/423(0208)14/15 for the supply of fresh vegetables, fruits and potatoes to Isiolo based units to M/s. Shamz Enterprises instead of M/s. Medabs Enterprises Ltd as recommended by the Evaluation Committee, thereby, overriding the Evaluation Committee Report without justification. The MTC did not give any reason for rejecting the Evaluation Committee's recommendation contrary to Section 11(1) (b) the Public Procurement and Disposal Regulations, 2006. Section 11 of the Public Procurement and Disposal Regulations, 2006 requires the Tender Committee to award or reject with reasons, recommendation for Tender Award by the Evaluation Committee
- d. In a review of Contract No. MOD/423(02014) 16/17- Supply of fresh vegetable, fruits and potatoes to Wajir Military Camp, it was noted that the Evaluation Committee did not carry out a financial evaluation of the firms before recommending M/s. Wajir Vegetable Supplies for the Tender Award, contrary to the provisions in Section 16 (7) of the Public Procurement and Disposal Regulations, 2006 and Section 2.27.2 of the tender document both of which required financial evaluation of tenders to be done before awarding of tenders.
- e. The special audit also noted that the following four (4) tenders had proceeded to either technical evaluation, financial evaluation and/or award of the tender, despite the firms having not met the requirements. This was contrary to section 66(1) of the Public Procurement and Disposal Act of 2005 and Section 79(1) the

Public Procurement and Asset Disposal Act of 2015, which describe a responsive firm as one that has passed preliminary /mandatory evaluation:

CONTRACT NO.	TENDER DESCRIPTION	BIDDER AWARDED	REMARKS
MOD/423 (0110146) 2017/2018	Supply of Unfertilized Chicken Eggs to Nanyuki Barracks	M/s. Jambo Grocers	According to the Tender Evaluation Report, M/s. Pemwas Enterprises was recommended for the Tender Award, However, M/s. Jambo Grocers was awarded the Tender.
MOD/423 (0110119) 17/18	Supply of fresh Cow Milk, pasteurized, and UHT Milk to Gilgil Barracks	M/s. New KCC Ltd	New KCC was non-responsive as it did not attach a copy of the public health certificate, a document that was considered mandatory.
MOD/423 (0110130) 2017/2018	Supply of fresh Cow Milk, pasteurized and UHT Milk to Nanyuki Barracks	M/s. Mountain slopes K Ltd	The Evaluation Committee did not recommend M/s. Mountain Slopes Ltd, who scored 26 points. M/s. Northern Wing General Supplies Ltd scored 37 points and Habibani Enterprises got 49 points. However, M/s. Mountain Slopes Ltd was recommended for the Tender Award.
MOD/423 (0608) 14/15	Supply of beans in tomatoes Sauce	M/s. Truefoods Ltd	M/s. Truefoods was not recommended by the Kenya Bureau of Standards, because it did not satisfy one of the eight parameters used.

Tender Award and Notifications

- 1.5.11 The special audit established the following irregularities in tender award:
- a. The successful bidder for the Tender No. MOD/423(03022)14/15 for supply of white and brown bread block unsliced to Nairobi based units, Kenya Ordnance Factory was notified via a letter dated 06 October 2015, but there was no evidence that other unsuccessful bidders were notified. According to Section 67(1) and (2) of the Public Procurement and Disposal Act 2005, the person submitting the successful tender should be notified that his or her tender has been accepted, at the same time with the persons submitting the unsuccessful tenders. It was established that there was a contravention of the above provisions, for Contract No. MOD/423(03022)14/15 for supply of white and brown bread block unsliced to Nairobi based units.
 - b. Section 68(2) of the Public Procurement and Disposal Act, 2005 requires that a written Contract should be entered into within the period specified in the notification, but not until at least fourteen days have elapsed following the giving of that notification. It was noted that notifications to successful and unsuccessful bidders for Contract No. MOD/423(0605)2014/2015, Supply of milled rice to Kenya Defence Forces, was dated 03 November, 2014. However, the Contract for the same between the Ministry of Defence and the successful bidder, M/s. Akamai Creative Limited, was dated 13 November, 2014. The period between notification of award and Contract signing was 11 days, contrary to Section 68(2) of the PPDA, 2005.
 - c. M/s. Jackwright lodged a review request application number 50/2015 dated 28 September, 2015 to the Public Procurement Administrative Review Board (PPARB) challenging award of tender for supply of fresh meat (beef) on bone to Nanyuki based units. The main issue for the request was that the Ministry of Defence did not apply preference of 15% to all tenderers based in Nanyuki and its environs as set out in the clause 2.25.1 of the tender document. The Secretary to the PPARB vide a letter reference PPOA/ARB/7/50/2015 (3) wrote to the Principal Secretary (PS) Ministry of Defence (MOD) on 28 September, 2015, informing him of the request for review and inviting the MOD to submit its response within 5 days from the date of the letter. The Ministry of Defence did not file its response with the Review Board and proceeded to make a contractual agreement with M/s. Habibani Enterprises Ltd on 07 October, 2015 contrary to Section 94 of the Public Procurement and Disposal Act of 2005 read together with Section 74 (1) of the Public Procurement and Disposal Regulations of 2006, that requires procuring entities to suspend procurement proceedings pending the outcome of the review.

Expenditure incurred in regard to Vendors Claims for food stuffs

1.5.12 The practice at the Ministry of Defence is that Vendors Claims are prepared by various Services, The Kenya Army, The Kenya Air Force and The Kenya Navy and then forwarded to the Ministry of Defence for verification and payment. The special audit established the following irregularities with this practice:

	Particulars	Kenya Army (Kshs)	Kenya Air force (Kshs)	Kenya Navy (Kshs)	Total (Kshs)
1	Inconsistencies noted in supporting documents	34,415,680	1,275,940	0	35,691,620
2	Claims for suppliers using wrong contract number	0	0	5,259,655	5,259,655
3	Failure to deduct VAT	300,300	0	0	300,300
4	Differing payee names in payment voucher and Vote Book	0	2,201,040	0	2,201,040
	Total	34,715,980	3,476,980	5,259,655	43,452,615

1.6 Internal Control Weaknesses and Risk Identified

Based on the information provided and reviewed, the special audit identified the following Internal Control weaknesses and risks

	Internal Control Weakness	Risk /Law Violated
1	Violation of the procurement laws on invitation of tenders from only prequalified firms	Section 95 (3) of the Public Procurement and Asset Disposal Act 2015.
2	Continuous use of restricted tendering method	Section 102(1), of the Public Procurement and Asset Disposal Act of 2015
3	Violation of the public procurement laws on tender opening and evaluation with some procedures taking longer than the stipulated period of 30 days	Sections 46(4C) of the Public Procurement and Asset Disposal Act 2015 and Section 16 (7) of the Public Procurement and Disposal Regulations, 2006
4	There exists a Procurement Advisory Board (PAB) which is not provided for in law and they have the powers to change the tender evaluation committee recommendations. Also, there was failure to comply with decisions of the Public Procurement Administrative Review Board	Section 94 of the Public Procurement and Disposal Act of 2005 read together with Section 74 (1) of the Public Procurement and Disposal Regulations of 2006; Section 84 (1-3) of the PPADA, 2015
5	Vendors Claims with anomalies / irregularities	Risk of loss of public funds and failure to realize Value for Money
6	Records for procurement are maintained by the user departments and not the procurement unit. User department also undertake closure of contracts and inventory control where applicable.	Section 68 (1) of the PPADA, 2015 on safe custody of all procurement proceedings for 6 years; Section 154 (a) of the PPADA, 2015 on closure procedures; Section 8 (3) aa and 8 (3) dd of Regulations 2006.

1.7 Conclusion and Recommendations

- 1.7.1 The special audit was triggered by a request from the Public Accounts Committee that required the scope of work to include food stuffs, other consumables and all direct procurements and restricted tenders within the Ministry of Defence. However, this audit has only reported on the findings based on information provided relating to procurement of food stuff as Phase I. The special audit identified some instances of infractions to the public procurement laws ranging from absence of approved procurement plans, failure to comply with the law on use of restricted tendering and direct procuring and failure to comply with decisions of the Public Procurement Administrative Review Board.
- 1.7.2 It is recommended that the Management of the Ministry of Defence should review its procurement procedures to ensure they comply with the public procurement laws and regulations. This calls for involvement of procurement professionals in all procurement decisions as stipulated in the Public Procurement and Asset Disposal Act, 2015.


CPA Nancy Gathungu, CBS
AUDITOR- GENERAL

2 December, 2021

2 INTRODUCTION AND BACKGROUND

2.1 Background

2.1.1 The Ministry of Defence (MoD) derives its mandate from Chapter 14, Section 241 of the Constitution of Kenya 2010 which establishes the Kenya Defence Forces (KDF) consisting of the Kenya Army, the Kenya Air Force and the Kenya Navy. The roles of the Defence Forces as defined in the Constitution are as follows:

- Defence and protection of the sovereignty and territorial integrity of the Republic.
- Assist and cooperate with other authorities in situations of emergency or disaster, and report to the National Assembly whenever deployed in such circumstances; and
- May be deployed to restore peace in any part of Kenya affected by unrest instability only with the approval of the National Assembly

2.1.2 The organizational structure of MoD HQs is as shown in its organization structure. **(Annexure 1: Organization of Ministry of Defence HQs)**

2.2 Introduction

2.2.1 The Office of the Auditor -General received a letter referenced NA/DCS/PAC/2018/150 dated 2 October, 2018 from the Clerk of the National Assembly requesting for an investigation on the procurement of foodstuffs, other consumables, direct and restricted procured items by the Ministry of Defence for all barracks covering financial years 2014/2015 to 2017/2018.

(Annexure 2: Letter referenced NA/DCS/PAC/2018/150 dated 2 October, 2018 from the Clerk of the National Assembly).

2.2.2 Consequently, on 04 December 2018, the special audit team held an entry meeting with the management of the Ministry of Defence to agree on the modalities of executing the special audit. During the meeting, the management of the Ministry of Defence raised concern on the scope of work. Specifically, the management was of the view that the scope of work should be limited to food stuffs only and not all other direct procurements by the Ministry. It was agreed that the Office of the Auditor-General seeks clarification from the National Assembly as to whether the scope of work should include all other direct procurements other than foods stuffs. **(Annexure 3: Letter from Office of Auditor-General to the Principal Secretary Ministry of Defence)**

2.2.3 In this regard, on 06 January 2019, the Office of the Auditor-General wrote to the Clerk to the National Assembly vide a letter reference C.868 /P2 (12) to seek clarity on the scope of work. The Clerk to the National Assembly in a letter to the Auditor-General

dated 06 January, 2019 referenced C.868 /P2 (12) confirmed the scope of work should include “Food Stuffs, Other Consumables and All direct procurements and restricted tendering within the Ministry of Defence”. (Annexure 4: Letter referenced C.868/ P2 (12) dated 06 January, 2019)

- 2.2.4 Upon receipt of the response from the Clerk to the National Assembly, the special audit team held a meeting with Management of the Ministry of Defence on 25 March, 2019 where the team communicated the clarification from the National Assembly on the scope of work. The special audit team commenced the work by reviewing the procurement of foodstuff as Phase I.
- 2.2.5 This special audit report is therefore restricted on procurement of foods stuffs by the Ministry of Defence covering financial years 2014/2015 to 2017/2018. Audit of direct procurement and restricted procured items will be done under Phase II.

2.3 Terms of Reference

- 2.3.1 The special audit reviewed the procurement process for food stuffs by the Ministry of Defence and was guided by the following Terms of Reference:
- Review of budgeting and budgetary controls for foods stuffs at Ministry of Defence;
 - Review of procurement process for foods stuffs at the Ministry of Defence; and
 - Review utilization of funds for food stuffs at the Ministry of Defence.

2.4 Scope of Work and Limitations

- 2.4.1 The special audit reviewed procurement process for foodstuffs at the Ministry of Defence for financial years 2014/15 to 2017/18 in line with aforementioned Terms of Reference.
- 2.4.2 The scope of work covered, Operations at the Ministry of Defence Head Quarters in Nairobi, the Kenya Army Headquarters at Kahawa Barracks, Kenya Air Force Headquarters at Eastleigh- Nairobi and Kenya Navy Headquarters at Mtongwe in Mombasa. The special audit team also visited the following Kenya Defence Forces barracks and units: Isiolo, Garissa, Nanyuki, Mombasa, Gilgil, Nakuru and Eldoret. These barracks and units were identified based on stratification sampling so as to ensure the special audit covered a representation of the Kenya Defence Forces barracks and units.
- 2.4.3 The special audit encountered the following challenges that limited our ability to give assurance on whether or not procurement process for food stuffs at the Ministry of Defence was conducted in compliance with the Public Procurement and Disposal Act, 2005 and Public Procurement and Asset Disposal Act, 2015 and the provisions of Article 227 (1) of the Constitution.

- The Management of the Ministry of Defence granted the special audit team access to review the original documents, however, no copies of these documents were provided due to confidentiality concerns. These are detailed APPENDIX I.
- Due to distance, security, time and resource constraints, the special audit did not cover all units and/or barracks. The units/ barracks not covered are as detailed in **APPENDIX II.**
- Contract agreements for food stuffs between Ministry of Defence and suppliers only indicated the market price per unit supplied and not quantity supplied.

2.5 Audit Approach and Methodology

2.5.1 The special audit planned and undertook a reconnaissance visit at the Ministry of Defence (MOD) Headquarters for preliminary information gathering. We also held various planning meetings between 16 October, 2018 and 02 November, 2018. During these meetings, we discussed the activities and tasks to be undertaken to meet the Terms of Reference. Finally, a detailed work plan was developed and applied in the execution of the assignment.

2.5.2 The special audit adopted the following methodologies;

- **Document review:** We reviewed the Public Finance Management Act 2012, the Public Procurement and Disposal Acts, 2005 and and Public Procurement and Asset Disposal Act, 2015 and the provisions of Article 227 (1) of the Constitution.
- **Field visits:** We visited the following areas; Mombasa, Nanyuki, Garrissa, Isiolo, Nakuru, Gilgil and Eldoret.
- **Interviews:** We interviewed officers from the Ministry of Defence who clarified various issues that assisted in making an informed report. Due to sensitivity of the special audit, we have not included the details of persons interviewed as part of this special audit report. The information was analyzed, authenticated and corroborated before using it as evidence in our report.

2.6 Report Structure

2.6.1 This special audit report is structured as follows:

- i. Executive summary
- ii. Introduction and Background
- iii. Detailed Findings
- iv. Appendices

2.6.2 The special audit report should be read in its entirety cognizant of limitations raised. The report has covered analysis and facts as understood in order to comprehend fully the approach to and findings of our work, with the aim of informing the Public Accounts Committee for deliberation and decision making.

3 DETAILED FINDINGS

3.1 Budget and Budget Controls

Budget process

- 3.1.1 Section 241(7) (a) of the Constitution of Kenya outlines the responsibility of the Defence Council to be that of overall policy, control, and supervision of the Kenya Defence Forces (KDF). Further, Section 20 (1) (c) of the KDF Act (Chapter 446 Laws of Kenya) on functions of the Defence Council states that the Council shall “*receive and act on reports submitted to it by the Cabinet Secretary, the Chief of the Defence Forces and Service Commanders*”. These reports may include the Kenya Defence Forces Budget Estimates. In addition, Section 12 (2) (d) of the Public Finance Management, Act 2012 requires the National Treasury to co-ordinate the budget preparation process of the National Government.
- 3.1.2 The special audit reviewed the budget making process at the Kenya Defence Forces to confirm whether it complies with section 241 (7) (a) of the Constitution of Kenya and Section 12 (2) (d) of the Public Finance Management Act, 2012.

Budgetary allocation for Foodstuffs

- 3.1.3 The special audit reviewed the Budget Estimates for the period under review and noted that the Ministry of Defence budgeted an amount of Kshs.9,274,146,906. for foodstuffs for the three service levels: The Kenya Army, The Kenya Navy and The Kenya Air Force as detailed below:

Table 2: Budget Allocation for foodstuffs

Financial year	Kenya Army (Kshs)	Kenya Airforce (Kshs)	Kenya Navy (Kshs)	Total (Kshs)
2014-2015	1,670,530,230	150,000,000	135,814,348	1,956,344,578
2015-2016	1,837,583,253	180,000,000	140,958,957	2,158,542,210
2016-2017	2,021,341,578	216,226,780	155,000,000	2,392,568,358
2017-2018	2,329,272,212	262,419,548	175,000,000	2,766,691,760
TOTAL	7,858,727,273	808,646,328	606,773,305	9,274,146,906

Budgetary Allocation at the Service Level

- 3.1.4 Section 16 (f) of the Kenya Defence Forces Act on functions of the Service Commanders requires that, a Service Commander shall “prepare budgetary estimates and develop the Service plan for the next financial year before the end of each financial year, setting out the priorities and objectives of the Service and the justification thereof”.
- 3.1.5 The special audit was provided with service procurement plans for the period under review, duly prepared by the Service Commanders. We confirmed that the budget making process at the Ministry of Defence complied with Section 16 (f) of the Kenya Defence Forces Act.

Kenya Army (KA)

- 3.1.6 The special audit noted that Kshs.7,858,727,273 had been planned for purchase of food stuffs, but Kshs.7,541,854,436 was allocated as detailed in **APPENDIX III**, thus resulting in a variance of Kshs.316,872,837 between the planned and actual budget as detailed below. However, in financial year 2015/2016 the amount allocated was more than the amount indicated in the purchase plan by Kshs.189,271,183 which was not be supported with authority for re-allocation or AIEs.

Table 3: Budget Allocation for foodstuffs – Kenya Army

No.	Financial year	Purchase Plan (Kshs)	Amount allocated (Kshs)	Variance (Kshs)
1.	2014-2015	1,670,530,230	1,415,000,000	255,530,230
2.	2015-2016	1,837,583,253	2,026,854,436	(189,271,183)
3.	2016-2017	2,021,341,578	2,000,000,000	21,341,578
4.	2017-2018	2,329,272,212	2,100,000,000	229,272,212
TOTAL		7,858,727,273	7,541,854,436	

Kenya Air Force (KAF)

3.1.7 It was established that though an amount of Kshs.330,000,000 had been budgeted for in the financial years 2014/2015 and 2015/2016, an amount of Kshs.381,358,546 was allocated for the two years, thus resulting in over allocation of Kshs.51,358,546 for food stuffs for the Kenya Air Force Service line as detailed below without justification.

Table 4: Budget Allocation for foodstuffs – Kenya Air force

No.	Financial Year (Kshs)	Purchase plans (Kshs)	Amount Allocated (Kshs)	Variance (Kshs)
1.	2014-2015	150,000,000	171,500,000	(21,500,000)
2.	2015-2016	180,000,000	209,858,546	(29,858,546)
		330,000,000	381,358,546	
3.	2016-2017	216,226,780	202,708,601	13,518,179
4.	2017-2018	262,419,488	252,419,501	9,999,987
		478,646,368	455,128,102	23,518,166
TOTALS		808.646,268	836,486,648	

Kenya Navy (KN)

3.1.8 The special audit noted that Kshs.606,773,305 had been planned for purchase of food stuffs, but Kshs.852,773,205 was allocated as detailed in **APPENDIX III**, thus resulting in a variance of Kshs.245,999,900 between planned and actual budget as detailed below:

Table 5: Budget Allocation for foodstuffs – Kenya Navy.

Financial year	Purchase plan (Kshs)	Amount allocated (Kshs)	Variance (Kshs)
2014-2015	135,814,348	198,814,248	(62,999,900)
2015-2016	140,958,957	185,958,957	(45,000,000)
2016-2017	155,000,000	210,000,000	(55,000,000)
2017-2018	175,000,000	258,000,000	(83,000,000)
TOTAL	606,773,305	852,773,205	(245,999,900)

3.1.9 The planned expenditure for food stuffs for the Kenya Navy was therefore understated necessitating a request for additional funds through various AIEs of Kshs.245,999,900 for the period under review.

3.2 Procurement and other related issues

Procurement process at the Ministry of Defence Headquarters

- 3.2.1 The procurement processes in the public sector are governed by the Public Procurement and Disposal Act of 2005, Public Procurement and Asset Disposal Act of 2015 and the Public Procurement and Disposal Regulations of 2006.
- 3.2.2 The special audit was provided with the two hundred and twenty-six contracts (226) for supply of food stuffs at the Ministry of Defence, as detailed in **APPENDIX IV** out of which ninety-seven (97) contracts were availed at the Ministry of Defence Headquarters while copies of one hundred and twenty-nine (129) contract extracts, were availed at the Service Lines and Barracks visited.
- 3.2.3 For the ninety seven (97) contracts for food stuffs reviewed at the Ministry of Defence Headquarters, it was noted that, sixty (60) contracts were procured using the open tender method, thirty six (36) contracts were procured through restricted tendering method while one (1) contract was procured through direct procurement method.
- 3.2.4 The special audit reviewed the contracts with a view to establishing whether or not the procurements were done in compliance with the Public Procurement and Disposal Act of 2005, Public Procurement and Asset Disposal Act of 2015 and the Public Procurement and Disposal Regulations of 2006. The contracts provided for review only indicated the price charged per unit item, and we could not therefore quantify the value of irregularities noted. Our findings are as follows:

Table 6: Procurement Irregularities at Ministry of Defence Headquarters

PROCUREMENT PROCESS	IRREGULARITY NOTED	NO. OF CONTRACTS INFRACTIONS
1. Advertisement	Firms awarded contracts through Restricted Tender, but do not appear in the Prequalified List of Suppliers	18
	Use of restricted tendering without justification	36

PROCUREMENT PROCESS	IRREGULARITY NOTED	NO. OF CONTRACTS INFRACTIONS
2. Tender Opening, Evaluation and Award	Unsigned Opening tender opening Minutes	04
	Irregularities in Tender Evaluations	04
	Award of Tender to Supplier not evaluated	01
3. Notification of Award	Unstamped letter declining notification of award	01
	Failure to notify unsuccessful bidders	01
	Notification period less than 14 days	01
	Failure to comply with the decisions of the Public Procurement Review Board	01
4. Contract	Unsigned Contract	01
	Irregularities in price adjustment of Contracts	06

Procurement Planning

Award of Contracts to Firms that do not Appear in the Pre- Qualified List of Suppliers

- 3.2.5 Section 95(3) of the Public Procurement and Asset Disposal Act, 2015 requires procuring entities to invite tenders from only the approved persons who have been pre-qualified.
- 3.2.6 The special audit noted that the Ministry of Defence used restricted tendering method to procure food stuffs for thirty-six (36) contracts in financial years 2016/2017 and 2017/2018, as detailed in **APPENDIX IV**. The special audit requested for the pre-qualified list of suppliers and noted that out of the thirty-six (36) contracts, eighteen (18) of the firms that were awarded the contracts appeared in the list. This meant that the balance of eighteen (18) contracts, were contracts awarded to firms that were not in the list of prequalified firms, thus contravening Section 95(3) of the Public Procurement and Asset Disposal Act 2015. There is therefore a likelihood that the companies awarded the 18 contracts did not meet the criteria prescribed in the Act, during prequalification.

Advertisement / Invitation to bid

Use of restricted tendering method without justification

- 3.2.7 Section 102(1) of the Public Procurement and Asset Disposal Act, 2015 and Section 73 (2) of the Public Procurement and Disposal Act, 2005 allows the use of restricted tendering method as long as the following conditions are satisfied: Competition for contract , because of the complex or specialized nature of the goods/services is limited to prequalified contractors; the time and cost required to examine and evaluate a large number of tenders will be disproportionate to the value of the goods/ services to be procured; there is evidence to the effect that there are only a few known suppliers of the whole market and an advertisement is placed , where applicable, on the procuring entity website regarding the intention to procure through limited tender.
- 3.2.8 The special audit noted that the Ministry of Defence used restricted tendering method to procure food stuffs for thirty-six (36) contracts in financial years 2016/2017 and 2017/2018, as detailed in **APPENDIX IV**. Upon review of the evaluation documents for the thirty-six (36) contracts, it was noted that there were professional opinions citing the relevant law on instances when an entity may use restricted tendering as a method. No explanation and justification on why MoD used the method was indicated, contrary to the aforementioned provisions of the Public Procurement Laws.

Tender Opening, Evaluation and Award

Failure to sign Tender Opening Minutes and Registers

- 3.2.9 Section 78(11) (a) and (b) of the Public Procurement and Asset Disposal Act, 2015 requires that to acknowledge that the Tender Opening Minutes are true reflection of the proceedings held, each member of the Tender Opening Committee should;
- (a) Initialize each page of the minutes; and
 - (b) Append his or her signature as well as initial to the final page of the Minutes indicating their full name and designation”.

3.2.10 It was established that four (4) contracts for different foodstuffs did not have their Tender Opening Minutes and registers signed as per the provisions of the aforementioned Act as detailed below:

Table 7: Un-signed tender opening documents

FY	DOCUMENT	DESCRIPTION	DATE	REMARKS
2014-2015	MOD/423 (0104) 2014/2015	Supply of meat(beef) on Bone to Wajir Military camp	06-11-14	Two Committee Members- S E Akili Mali and K. O Ongweng did not sign the minutes
2015-2016	MOD/423 (06011) 15/16	Supply of Canned Pineapples	16-12-15	Two Committee Members did not sign the opening minutes
2016-2017	MOD/423 (0508) 16/17	Supply of unfertilized chicken eggs to Isiolo	20-09-16	One out of two pages in the tender opening register were signed by those present for the exercise.
2017-2018	MOD/423 (011092) 17/18	Supply of white and brown block (unsliced) to Hakati military camp.	06-03-18	The Minutes were not signed by the Tender Opening Committee

Irregularities in Tender Evaluations

3.2.11 The special audit established the following irregularities in Tender Evaluations at the Ministry of Defence Headquarters:

MOD/ 423 (0208) 14/15- Supply of fresh vegetables, fruits and potatoes to the Isiolo based Unit

3.2.12 In the Contract No. MOD/423(0208)14/15, Supply of fresh vegetables, fruits and potatoes to Isiolo based units, 11 firms applied for the tender and 10 proceeded to the evaluation stage. On 8 December, 2014, Technical Evaluation was done and based on the Technical Evaluation Report, M/s. Medabs Enterprises Ltd was recommended for

award. Section 16 (7) of the Public Procurement and Disposal Regulations, 2006 requires that financial evaluations of tenders be done in accordance with set criteria. Review of the Evaluation Committee Report revealed that financial evaluation was not done for this tender contrary to Section 16(7) of the of the Public Procurement and Disposal Regulations, 2006. Failure to conduct financial evaluation of the tender also violated Section 2.27.2 of the tender document on award of contract, that required that the determination would take into account the tenderers' financial, technical and production capabilities.

- 3.2.13 Section 11 of the Public Procurement and Disposal Regulations, 2006 requires the Tender Committee to award or reject with reasons recommendation for tender award by the Evaluation Committee. A review of the Ministerial Tender Committee (MTC) report established that the MTC awarded Tender No. MOD/423(0208)14/15 for Supply of fresh vegetables, fruits and potatoes to Isiolo based units to M/S Shamz Enterprises Ltd instead of M/S Medabs Enterprises Ltd recommended by the Evaluation Committee, thereby, overriding the Evaluation Committee Report without justification. The MTC did not give any reason for rejecting the Evaluation Committee's recommendation contrary to Section 11(1) (b) the Public Procurement and Disposal Regulations, 2006.

MOD/ 423 (02014) 16/17 Supply of fresh vegetables, fruits and potatoes to the Wajir Military Camp

- 3.2.14 In the review of Contract No. MOD/423(02014) 16/17 for Supply of fresh vegetable, fruits and potatoes to Wajir Military Camp, it was noted that the Evaluation Committee did not carry out a financial evaluation of the firms before recommending M/S Wajir Vegetable Supplies, contrary to the provisions in Section 16 (7) of the Public Procurement and Disposal Regulations, 2006 and Section 2.27.2 of the tender document both of which required financial evaluation of tenders to be done before awarding of tenders.

Table 8: Irregularities in Evaluation of Tenders at Ministry of Defence

	Contract No.	Description	Irregularity
1	MOD/ 423 (0208) 14/15	Supply of fresh vegetables, fruits and potatoes to the Isiolo based Unit	<p>a. There was no evidence that financial evaluations were conducted contrary to section 16 (7) of the Public Procurement and Disposal Regulations, 2006.</p> <p>b. The Tender Committee awarded the Tender to M/s. Shamz Enterprises Ltd instead of M/S Medabs Enterprises Ltd recommended by the Evaluation Committee without Justification contrary to section 11 (1)(b) of the Public Procurement and Disposal Regulations,2006</p>
2	MOD/ 423 (02014) 16/17	Supply of fresh vegetables, fruits and potatoes to the Wajir Military Camp	There was no evidence that financial evaluations were conducted before recommending the Tender to be awarded to M/S Wajir Vegetable Supplies contrary to section 16 (7) of the Public Procurement and Disposal Regulations, 2006.

Award of Tenders to Non-Responsive Suppliers

3.2.15 The special audit also noted that the following four (4) tenders had proceeded to either technical evaluation, financial evaluation and/or award of the tender, despite these firms having not been responsive. This was contrary to Section 66(1) of the Public Procurement and Disposal Act, 2005 and Section 79(1) the Public Procurement and Asset Disposal Act, 2015 which describe a responsive firm as one that has passed preliminary /mandatory evaluation:

Table 9: Non-Responsive Tenders Awarded Contracts

CONTRACT NO.	TENDER DESCRIPTION	NO. OF BIDS RETURNED	BIDDER AWARDED	REMARKS
MOD/423 (0110146) 2017/2018	Supply of Unfertilized Chicken Eggs to Nanyuki Barracks	2	M/s. Jambo Grocers	According to the Evaluation Report, M/s. Pemwas Enterprises was recommended for award, However, M/s. Jambo Grocers Ltd was awarded the Tender as per the Professional Opinion issued to the Accounting Officer.
MOD/423 (0110119) 17/18	Supply of fresh Cow Milk pasteurized , and UHT Milk to Gilgil Barracks	8	M/s. New KCC Ltd	New KCC was non-responsive as it did not attach a copy of the Public Health Certificate, a document that was considered mandatory.
MOD/423 (0110130) 2017/2018	Supply of fresh Cow and Pasteurized UHT Milk to Nanyuki Barracks	4	Mountain slopes K Ltd	The Evaluation Committee did not recommend M/s. Mountain Slopes Ltd, who scored 26 out of 50 points. M/s. Northern Wing General Supplies scored 37 out of 50 points while M/S Habibani Enterprises Ltd got 49 points. However, Mountain Slopes was recommended for award of the Tender.
MOD/423 (0608) 14/15	Supply of beans and tomatoes Sauce	18	M/s. Truefoods Ltd	M/s. Truefoods Ltd was not recommended by the Kenya Bureau of Standards because it did not satisfy one of the eight parameters used.

3.2.16 Section 85 of the Public Procurement and Asset Disposal Act, 2015 requires, subject to prescribed thresholds, all tenders to be evaluated by the Evaluation Committee of the procuring entity for the purpose of making recommendations to the Accounting Officer through the Head of Procurement to inform the decision of the award of contract to the successful tenderers. It was noted that the Evaluation Committee that

evaluated Contract No. MOD/423(0110146)2017/2018, Supply of Unfertilized Chicken Eggs to Nanyuki Barracks gave a recommendation awarding M/s. Pemwas Enterprises. However, M/s Jambo Grocers was the bidder who was awarded the tender based on the Professional Opinion issued by Head of Procurement Contrary to section 85 of the Public Procurement and Disposal Act, 2015.

3.2.17 In the Contract No. MOD/423(0110130)2017/2018, Supply of fresh Cow Milk, pasteurized homogenized Milk and UHT Milk to M/s. Nanyuki based units, M/s Mountain Slopes was irregularly awarded the Contract. This was despite the supplier not having been recommended by the Evaluation Committee but was still allowed to proceed into the Financial Evaluation Stage. In the Financial Evaluation, it was noted that M/s. Mountain Slopes was ranked higher than the other two bidders. This contravened Section 85 of the PPADA, 2015 that required tenders to be evaluated and recommended for award by the Evaluation Committee.

Unstamped letter declining Notification of Award

3.2.18 In the Contract No. MOD/423(0507)2014/2015 for supply of unfertilized chicken eggs to Thika based units, M/s. Attrance Ltd was notified of being the successful bidder on 10 February, 2015. The firm declined the offer to supply the eggs at Kshs.310 per tray, the price at which the firm had bid and won via a letter dated 23 February, 2015. The firm requested for a change of price from Kshs.310 to Kshs.370. It was observed that there was a likelihood the decline letter was not from M/s. Attrance, due to the following reasons;

- i. The signature on the decline letter differed with the one in M/s. Attrance's tender document; and
- ii. The decline letter did not have M/s. Attrance's stamp, unlike in the tender document

3.2.19 The tender was re-awarded to M/s Genesis Office Solutions Ltd at Kshs.326 and a contract signed on 12 May, 2015.

Absence of evidence of notification of unsuccessful bidders

- 3.2.20 According to Section 67(1) and (2) of the Public Procurement and Disposal Act, 2005, the person submitting the successful tender should be notified that his/her tender has been accepted, at the same time with the persons submitting the unsuccessful tender.
- 3.2.21 It was established that there was contravention of the above provisions, for Contract No. MOD/423(03022)14/15 for Supply of unsliced white and brown bread block to Nairobi based units. The successful bidder, Kenya Ordnance Factory was notified via a letter dated 06 October, 2015, but there was no evidence that other unsuccessful bidders were notified.

Notification period less than 14 days

- 3.2.22 Section 68(2) of the Public Procurement and Disposal Act, 2005 requires that a written contract should be entered into within the period specified in the notification, but not until at least fourteen days have elapsed following the giving of that notification. It was noted that notifications to successful and unsuccessful bidders for Contract No. MOD/423(0605)2014/2015 for the supply of milled rice to Kenya Defence Forces, were dated 03 November, 2014. However, the Contract between the Ministry of Defence and the successful bidder, M/S Akamai Creative Limited, was dated 13 November 2014. The period between notification of award and contract signing was 11 days, contrary to Section 68(2) of the PPDA, 2005.

Failure to comply with decisions of the Public Procurement Administrative Review Board

- 3.2.23 In the Contract No. MOD/423(01020)2014/2015 for Supply of fresh meat (beef) on bone to Nanyuki based units, the Evaluation Committee in a report dated 05/06/2015 recommended M/S Jackwright (1982) Ltd for award of the tender. However, according to the Ministerial Tender Committee (MTC) Minutes Number 16/01/15/16 of 17 July, 2015, the tender was awarded to M/S Quality Meat Packers Ltd at a price of Kshs.328 per Kg of meat delivered. The reason for the award as per MTC Minutes were; The supplier

was ranked second by the Evaluation Committee and that the supplier was reliable as he had not requested for price adjustment in the past.

3.2.24 Based on the decision of the Ministerial Tender Committee, M/s Jackwright (1982) Ltd lodged a request for review application number 42/2015 of 12 August, 2015 to the Public Procurement Administrative Review Board (PPARB) and after hearings, the Board's decision was communicated on 25 August, 2015 and its final orders were as follows;

- a) The Procuring Entity's (PE) notification letters dated 6 August, 2015 to the applicant and to the other bidders including the "successful bidder" were annulled;
- b) The Procuring Entity's Tender Evaluation Committee was to partially repeat the Financial Evaluation of the Tender in order to ensure: -

- That it applies the preference set out in the clause 2.25.1 of the tender document by giving a preference of 15% to all tenderers based in Nanyuki and its environs
- That the Procuring Entity thereafter would proceed to award the tender to the lowest evaluated price as provided for under section 66(4) of the Act. The prices to be considered were those that had been quoted by bidders as set out in the evaluation report and in the bidders' respective tender documents

- c) The Procuring Entity should re-evaluate and award the tender within 14 days from 25 August, 2015 and should supply the Public Procurement Administrative Review Board with evidence of compliance with the above orders within 15 days from 25 August, 2015.

3.2.25 Documents provided for audit on compliance of the Public Procurement Administrative Review Board directive revealed the following;

- a) The Evaluation Committee in its report dated 07 September, 2015 recommended M/S Jackwright (1982) Ltd for award of the tender but the Evaluation Committee repeated technical evaluation and not financial evaluation of the tender as directed by the Public Procurement Administrative Review Board.

- b) The Minutes of the Ministerial Tender Committee (MTC) Number MA/A/07/15/16 held on 11 September, 2015 awarded the tender to M/s. Habibani Enterprises Ltd, at a price of Kshs.260 per kg delivered reasons given for the award being;
- i. Lowest responsive bidder
 - ii. Reliable supplier who had not requested for price adjustment in the past.

The MTC therefore, did not give any reason for rejecting the Evaluation Committee's recommendation.

- c) All the six bidders were sent notification letters on 21 September, 2015 informing them that notification of award letters issued on 6 August, 2015 were nullified and a new award made to M/s. Habibani Enterprises Ltd.

3.2.26 The above decision necessitated a second request for review of application number 50/2015 of 28 September, 2015 by M/s Jackwright (1982) Ltd lodged to the Public Procurement Administrative Review Board. The main issue for the request was that the Ministry of Defence did not act as directed by the Public Procurement Administrative Review Board on applying the preference of 15% to all tenderers based in Nanyuki and its environs as set out in set out in the clause 2.25.1 of the tender document.

3.2.27 The Secretary to the Public Procurement Administrative Review Board vide a letter reference PPOA/ARB/7/50/2015 (3) wrote to the Principal Secretary (PS) Ministry of Defence (MOD) on 28 September, 2015, informing him of the request for review and inviting the Ministry of Defence to submit its response within five (5) days from the date of the letter.

3.2.28 The Ministry of Defence did not file its response with the Review Board and proceeded to effect a Contractual Agreement with M/s. Habibani Enterprises Ltd on 07 October, 2015 contrary to Section 94 of the Public Procurement and Disposal Act, 2005 read together with Section 74 (1) of the Public Procurement and Disposal Regulations, 2006

that requires procuring entities to suspend procurement proceedings pending the outcome of the review.

Irregularities in contracts management

Unsigned Contract

- 3.2.29 It was noted that the Contract for Tender No. MOD/423(0408) 16/17 for supply of Cow Milk Pasteurized and Homogenized and UHT was not duly filled and signed by contracting parties as at the time of the audit. This contravenes Section 135 (4) which states that, “No contract is formed between the person submitting the successful tender and the accounting officer of a procuring entity until the written contract is signed by the parties”.

Irregularities in price adjustment of Contracts

- 3.2.30 It was noted that six (6) contracts had their original contract prices varied upwards. This price variation/ adjustment was contrary to the instruction to tenderers under the tender prices Section 2.10.3 of the tender document, which required that prices quoted by the tenderer should be fixed during the tender performance of the contract and not subject to variation on any account. Details of these contracts are in **APPENDIX V**.

Procurement process at the Ministry of Defence Service level

- 3.2.31 The process description for receipt of foodstuffs in the Kenya Army stores is detailed in **APPENDIX VI**. Receipt and recording of foodstuffs for Kenya Army is handled at the Defense Forces Ordnance Depot (DFOD), Kahawa Barracks.
- 3.2.32 The special audit reviewed the procurement process for foods stuffs and noted procurement related irregularities as detailed below:

Use of the same contract numbers in different regions

- 3.2.33 Review of contract extracts provided for audit at the Kenya Navy showed same Contract Number allocated to more than one supplier for supply of food rations.

Information gathered in the course of the audit revealed that, a contract number cannot be shared by more than one supplier in a given financial year. The table below highlights instances where same contract number was allocated to more than one supplier.

Table 10: Use of same contractor number in different region

SHARED CONTRACT NO.	SUPPLIER	ITEM	REGION	CONTRACT DURATION
MOD/423 (029) 13/14	KORBASH TRADERS LTD	COOKING FAT	MOMBASA REGION	Duration not indicated
	ELGON KENYA LTD	COOKING FAT	KMA/RTS AND NAIROBI REGION	Duration not indicated
MOD/423 (0302) 13/14	KENBLEST LTD	WHITE/BROWN BREAD	NANYUKI BASED UNITS	06/3/14-06/2/15
	ABDI MAALIM HASSAN SUPPLIERS	WHITE/BROWN BREAD	MANDA BASED UNITS	23/09/13-22/9/14
MOD/423 (0507) 14/15	GENESIS OFFICE SOLUTION LTD	UNFERTILIZED CHICKEN EGGS	THIKA BASED UNITS	20/3/15-19/3/16
	ATRANCE ENTERPRISES	UNFERTILIZED CHICKEN EGGS	THIKA BASED UNITS	31/1/15-30/1/16
MOD/423 (0602) 14/15	BALLOT JA LIMITED	MARGARINE SALTED 17KGS	NAIROBI, MOMBASA, KMA/RTS	29/11/14-28/11/15
	GEMTHI GENERAL MERCHANTS	MARGARINE SALTED 500GMS	NAIROBI, MOMBASA, KMA/RTS	29/11/14-28/11/15
MOD/423 (0603) 16/17	SAYARI KENYA COMPANY LTD	COFFEE BLEND	NAIROBI, MOMBASA/ KMA/RTS	1 YEAR
	FINTON LOGISTICS LTD	FRESH COW MILK PASTEURIZED	DEFENCE FORCES	29/11/15-28/11/16
MOD/423 (0609) 16/17	COTTS HOLDING LTD	MARGARINE SALTED 500GMS	NAIROBI, MOMBASA, KMA/RTS	26/1/17-25/1/18
	GTREND CONCEPTS LTD	SALTED MARGARINE 17KGS	NAIROBI, MOMBASA, KMA/RTS	26/1/17-25/1/18

3.3 Expenditure items, amounts and irregular expenditures

Expenditure at the Ministry of Defence Head Quarters

3.3.1 The special audit reviewed Vote Book records for the Ministry of Defence and established that the total expenditures for food stuffs for the period under review was Kshs.8,964,858,643 as detailed below:

Table 11: Expenditures for the Ministry of Defence as per vote book

FINANCIAL YEAR	KENYA ARMY (KSHS)	KENYA AIRFORCE (KSHS)	KENYA NAVY (KSHS)	TOTAL (KSHS)
2014-2015	1,296,997,689	171,494,845	210,814,254	1,679,306,789
2015-2016	2,011,851,753	209,856,454	185,958,517	2,407,306,725
2016-2017	1,871,708,250	202,701,249	216,304,756	2,290,714,256
2017-2018	2,076,373,052	252,415,329	258,742,490	2,587,530,872
TOTALS	7,256,930,746	836,467,878	871,460,018	8,964,858,643

3.3-2 The special audit compared the Vote Book and expenditure returns records for the Ministry of Defence as detailed below:

	2014/2015			2015/2016			2016/2017			2017/2018		
	V.Book	E>Returns	Variance	V.Book	E>Returns	Var	V.Book	E>Returns	Var	V.Book	E>Returns	Var
KA	1,296,997,689	1,415,000,000	118,002,311	2,011,851,753	2,026,851,740	14,999,987	1,871,708,250	1,999,997,659	128,289,409	2,076,373,052	2,099,997,135	23,624,083
KAF	171,494,845	171,494,845	0	209,856,454	209,856,454	0	202,701,249	202,701,249	0	252,415,328	252,415,665	337
KN	210,814,254	210,814,254	0	185,958,517	185,958,517	0	216,304,756	209,999,991	(6,304,765)	258,742,490	257,840,720	(901,770)
Total	1,679,306,788	253,809,099		2,407,666,724	2,422,666,711		2,290,714,255	2,412,698,899		2,587,530,870	2,610,253,520	

3.3.3 It was noted that there were variances between the amounts in the vote book and expenditure returns and therefore, for purposes of this audit, the amounts as per vote books were used.

Expenditure at the Services

3.3.4 It was established that the practice at the Ministry of Defence was that Vendors Claims were prepared by various Service units, the Kenya Army, the Kenya Air Force and the Kenya Navy and then forwarded to the Ministry of Defence for verification and payment.

3.3.5 The special audit was provided with merchant schedules, which are reports indicating the payments made to the suppliers who delivered foodstuffs to the Ministry of Defence. The special audit was able to trace a total of Kshs.399,737,963 payment voucher amounts from the availed merchant schedules and cashbooks for payments of foodstuffs in the period under review. This amount was for the Services' vouchers, as summarized below;

Table 12: Payments as per Merchant Schedules and Cashbooks

FINANCIAL YEAR	KENYA ARMY (KSHS)	KENYA AIRFORCE (KSHS)	KENYA NAVY (KSHS)
2014-2015	72,663,875.00	20,842,700.00	81,306,721.50
2015-2016	22,233,250.00	16,060,080.00	29,617,259.00
2016-2017	35,707,200.00	29,213,645.00	24,599,085.00
2017-2018	55,774,148.00	2,420,000.00	9,300,000.00
TOTALS	186,378,473.00	68,536,425.00	144,823,065.50
GRAND TOTAL			399,737,963.50

3.3.6 The special audit team visited various Service Units and reviewed copies of Vendors Claims forwarded by the Services to the Ministry of Defence Headquarters for payment. The following were the expenditure issues noted in each of the Service Units.

Kenya Army Expenditure

3.3.7 According to the Kenya Army Authority to Incur Expenditures (AIE's) and Vote Books provided for audit review, the amounts allocated and total commitments respectively for each year was as summarized in the table below;

Table 13: Expenditures for the Kenya Army

	Financial year	Amount allocated (Kshs)	Total Expenditure (Kshs)	Variance (Kshs)
1.	2014-2015	1,415,000,000	1,296,997,689.90	118,002,311
2.	2015-2016	2,026,854,436	2,011,851,754.00	15,002,682
3.	2016-2017	2,000,000,000	1,871,708,250.00	128,291,750
4.	2017-2018	2,100,000,000	2,076,373,053.40	23,626,947
TOTAL		7,541,854,436	7,256,930,747.30	284,923,689

3.3.8 The special audit noted that for all financial years the cumulative total expenditure was less than the cumulative amounts allocated by Kshs.284,923,689

3.3.9 Out of the total commitment of Kshs.7,256,930,747 for the period under review, the special audit reviewed Vendors Claims Vouchers amounting to Kshs.327,040,721, as detailed in **APPENDIX VII**. These expenditures were only for dry ration food stuffs for the period under review.

3.3.10 Out of the Kshs.327,040,721 reviewed, it was noted that a total of Kshs.34,715,980 were irregularly processed as detailed in **APPENDIX VIII**.

- Inconsistencies in procurement records 34,415,680
- Failure to deduct VAT on Claims 300,300

Total Irregularly Paid Vouchers 34,715,980

(i) **Delayed deliveries and Inconsistencies in supporting documents-
Kshs.34,415,680**

3.3.11 It was established that Vendors Claims amounting to Kshs.34,415,680 related to foodstuffs that had either not been delivered within the stipulated time as per the conditions in the LPO or had inconsistencies with the dates in the supporting documents. These procurements are summarized in the table below;

Table 14: Inconsistencies in procurement documents- for the Kenya Army

	Financial year	Payee	Voucher no.	Amount (kshs)
1.	2015/2016	Ballot (JA) Ltd	2652	3,868,560
2.	2015/2016	Ballot (JA) Ltd	2231	7,737,120
3.	2015/2016	Datrix Ltd	011	7,805,200
4.	2016/2017	Offlimit Brands	1392	15,004,800
TOTALS				34,415,680

(ii) **Failure to deduct VAT on Claims: Kshs.300,300**

3.3.12 It was established that various Vendors Claims were processed without deducting Value Added Tax of Kshs.300,300 contrary to Section 42A (4C) (a) of the Tax Procedures Act, 2015. Details of these claims are as summarized in the table below.

Table 15: Overpayments for the Kenya Army

	Payee	Voucher No.	Amount inclusive of VAT(Kshs)	Undeducted VAT (Kshs)
1.	M/s Game Changer	1633	834,400	43,158
2.	M/s Game Changer	1631	1,433,600	74,151
3.	M/s Game Changer	1163	438,200	22,665
4.	M/s Game Changer	1071	3,099,600	160,324
TOTALS			5,805,800	300,300

3.3.13 The non-deducted VAT amount was as a result of the 6% with-holding tax that the Ministry of Defence ought to have with-held from payment vouchers totaling Kshs.5,805,800.

Kenya Air Force Expenditure

3.3.14 It was established that the total expenditure for the Kenya Air Force according to the Vote Book records amounted to Kshs.836,467,878 for financial years 2014/2015 to 2017/2018. The special audit compared these expenditure amounts with the allocated amounts as per the copies of expenditure returns.

Table 16: Expenditure Amounts

	Financial Year	Allocations (Kshs)	Expenditure (Kshs)	Variance (Kshs)
1.	2014/2015	171,500,000	171,494,845	5,155
2.	2015/2016	209,858,546	209,856,454	2,092
3.	2016/2017	202,708,601	202,701,249	7,352
4.	2017/2018	252,419,501	252,415,329	4,172
TOTALS		836,486,648	836,467,877	

3.3.15 The special audit reviewed expenditures amounting to Kshs.224,730,922 out of the total expenditures of Kshs.836,467,878. It was established that out of the Kshs.224,730,922 verified in the vote books, a total of Kshs.3,476,980 were irregular expenditures as follows;

- Inconsistent supporting documents 1,275,940
 - Differing payee names 2,201,040
- Total Irregular Expenditures 3,476,980**

(i) Inconsistent supporting documents- Kshs.1,275,940

3.3.16 The special audit established that payment voucher number KAFLOGS/0141 of Kshs.1,275,940 in favor of M/S Kijani Orchards had LPO number 2768831, however a review of the Vote Book for the same financial year indicated that the said payment voucher was for LPO number 2206184 in favor of Quality Meat Packers. There was no explanation for the inconsistencies.

(ii) Differing payee names- Kshs.2,201,040

3.3.17 The special audit noted differences in the payees' names in the availed payment vouchers and vote books as follows:

Table 17: Differing Payee names

	Financial Year	Payment Voucher No.	LPO No.	Payee as per voucher	Payee as per Vote Book	Amount (Kshs)
1.	2016/2017	KAFLOGS /0583	2824000	M/s. Kenya Ordnance Factories Corporation	Kijani Orchards	1,623,540
2.	2017/2018	KAFLOGS /0402	2882218	Cotts Holding	Jarkim Merchants	307,500
3.	2017/2018	KAFLOGS /3563	3190411	Jambo	Game Changer	270,000
TOTALS						2,201,040

(iii) Other Control Weaknesses- Missing LPOs in Vote book

3.3.18 The special audit noted instances where, items were procured and delivered, but the committed LPOs issued for these deliveries could not be traced in the Vote Book. It was therefore difficult to ascertain the specific amounts of these LPOs. The table below summarizes the LPOs and their receipt voucher numbers.

Table 18: Missing Vendor claims in vote book

	Financial year	Payee	Receipt Voucher No.	LPO No.
1.	2015/2016	M/s. Sayari Kenya Co. Ltd	417	2823978
2.	2015/2016	Bimel	099	2858748
3.	2017/2018	Game Changer	2494	2911362
4.	2017/2018	Game Changer	1961	2882216
5.	2017/2018	M/s. Korbash	113	3882211

Kenya Navy Expenditure

3.3.19 It was established that the total expenditure for the Kenya Navy amounted to Kshs.871,460,018 for financial years 2014/2015 to 2017/2018. The special audit compared these expenditure amounts with the allocated amounts and noted cumulative variances of Kshs. 18,686,813 being over expenditure as summarized in the table below.

Table 19: Expenditures for Kenya Navy

	Financial Year	Amount allocated (Kshs)	Total commitment (Kshs)	Variance (Kshs)
1.	2014-2015	198,814,248	210,814,254	12,000,006
2.	2015-2016	185,958,957	185,598,517	(360,440)
3.	2016-2017	210,000,000	216,304,756	6,304,756
4.	2017-2018	258,000,000	258,742,490	742,490
TOTALS		852,773,205	871,460,018	

Unaccounted for Expenditure: Kshs.37,904,593.25

3.3.20 Out of the total expenditure recorded in the Vote Book amounting to Kshs.871,460,018.25, the management of the Ministry of Defence provided payment vouchers amounting to Kshs.833,555,425 for audit while payment vouchers amounting to Kshs.37,904,593 were not availed yet expenditures had been recorded as having been paid as detailed below:

Table 20: Un-accounted expenditure-Kenya Navy

Financial Year	Total Commitment (Kshs)	Payment Vouchers availed (Kshs)	Unaccounted for Expenditure (Kshs)
2014-2015	210,814,254	190,962,202	(19,852,052)
2015-2016	185,598,517	184,886,027	(712,490)
2016-2017	216,304,756	213,869,106	(2,435,650)
2017-2018	258,742,490	243,838,089	(14,904,400)
TOTALS	871,460,018	833,555,425	(37,904,593)

4 APPENDICES

APPENDIX I: DOCUMENTS SUPPORTING REPORT

No.	CONTRACT No.	DESCRIPTION	DOCUMENTS REQUIRED
1.	MOD/423(06014) 14/15	Supply of coffee blend	Contract agreement, MTC minutes, Evaluation Committee Report, KEBS laboratory test report
2.	MOD/423(01020) 14/15	Supply of fresh meat (beef) on bone to Nanyuki based units	Evaluation committee report dated 05/06/2015, MTC minutes dated 17 th July, 2015, Tender invitation notice, Tender opening minutes, Request for review letter dated 12/08/15 number 42/2015, Letter reference PPOA/ARB/7/42/2015 from PPARB dated 13/08/15, Communication from the PPARB dated 25/08/15, Evaluation committee report dated 07/09/15, MTC minutes dated 11/09/15, Contract agreement, Request for review letter dated 28/09/15 number 50/2015, Letter reference PPOA/ARB/7/50/2015 (3) from PPARB dated 28/09/15, Letter reference PPOA/ARB/7/50/215(13) from PPARB dated 07/10/15, Procuring Entity response to PPARB dated 09/10/15 and Communication from the PPARB on the outcome of the second review
3.	MOD/423(04017) 14/15	Supply of fresh and ultra-heat treated (UHT) cow milk to Hakati military camp	Evaluation committee report
4.	MOD/423(011092) 16/17	Supply of fresh vegetables, fruits and potatoes to Nairobi based units	Evaluation committee report
5.	MOD/423(03012) 16/17	Supply of white/brown bread block (unsliced) to Gilgil based units	Evaluation committee report
6.	MOD/423(011094) 17/18	Supply of white/brown bread block (unsliced) to Garissa Military camp	Evaluation committee report
7.	MOD/423(0110103) 17/18	Supply of unfertilized chicken eggs to Garissa Military camp	Evaluation committee report
8.	MOD/423(011044) 17/18	Supply of fresh vegetables, fruits and potatoes to Mombasa Based Units	Evaluation committee report, Notification of award letter
9.	MOD/423(011012) 16/17	Supply of cooking oil to defence forces	Evaluation committee report
10.	MOD/423(0601) 14/15	Supply of tea leaves to defence forces	Price variation request by trade circles and approval by MOD

11.	MOD/423(02014) 16/17	Supply of fresh vegetable, fruits and potatoes to wajir military camp	Evaluation committee report
12.	MOD/423(0208) 14/15	Supply of fresh vegetables, fruits and potatoes to Isiolo based unit	Tender opening Minutes, Evaluation report, Tender Ministerial committee Report
13.	MOD/423(0609) 15/16	Supply of rice to defence forces	Advertisement
14.	MOD/423(02016) 14/15	Supply of fresh vegetables, fruits & potatoes to Nairobi based units	Evaluation Report
15.	MOD/423(2018) 14/15	Supply of fresh vegetables, fruits & potatoes to Gilgil based units	Evaluation Report
16.	MOD/423(0406) 15/16	Supply of fresh cow milk to Archers Post	Evaluation Report
17.	MOD/423(0501) 15/16	Supply of unfertilized chicken eggs to Isiolo Based Units	Evaluation Report
18.	MOD/423(04014) 14/15	Supply of fresh cow milk and ultra-treated (UHT) to Gilgil based Units	Evaluation Report
19.	MOD/423(05011) 14/15	Supply of unfertilized chicken eggs to Manda Base	Evaluation Report
20.	MOD/423(0208) 15/16	Supply of fresh vegetables, fruits & potatoes to Thika based units	Evaluation Report
21.	MOD/423(04015) 15/16	Supply of fresh cow milk pasteurized & homogenized and ultra-heat treated (UHT) to Wajir Military Camp	Evaluation Report
22.	MOD/423(0104) 15/16	Supply of meat (beef) on bone to Manda Base	Evaluation Report
23.	MOD/423(01024) 15/16	Supply of meat (beef) on bone to Wajir Military Camp	Evaluation Report
24.	MOD/423(011089) 17/18	Supply of vegetables, fruits and potatoes to Wajir Military Camp	Evaluation Report
25.	MOD/423(0110107) 17/18	Supply of Head Meat to Nairobi Based Units	Evaluation Report
26.	MOD/423(012044) 17/18	Supply of fresh cow milk pasteurized & homogenized and ultra-	Evaluation Report

		heat treated (UHT) to Thika based units	
27.	MOD/423(0110140) 17/18	Supply of unfertilized chicken eggs to Isiolo Based Units	Evaluation Report
28.	MOD/423(0110150) 17/18	Supply of unfertilized chicken eggs to Gilgil Based Units	Evaluation Report
29.	MOD/423(0509) 15/16	Supply of unfertilized chicken eggs to Thika Units	Evaluation Report
30.	MOD/423(011067) 16/17	Supply of coffee blend to defense forces	Evaluation Report
31.	MOD/423(011093) 16/17	Supply of canned beans in tomato sauce to Kenya Defense Forces	Evaluation Report
32.	MOD/423(03022) 14/15	Supply of white/brown bread block unsliced to Nairobi based units	Evaluation report, Notification letters
33.	MOD/423(0605) 14/15	Supply of Milled Rice	Contract agreement, Notification letters
34.	MOD/423(011080) 17/18	Supply of fresh vegetables, fruits and potatoes to Eldoret based units	Contract agreement, Notification letters, Evaluation report MTC Minutes, Tender Opening Minutes, Recruits Training School letters dated 25th April, 9th July, 13th July and 18th July 2018
35.	MOD/423(0110130) 17/18	Supply of fresh cow milk pasteurized homogenized and Ultra Heat Treated (UHT) to Nanyuki based units	Bid document, Tender opening minutes dated 14 March 2018, Evaluation report (physical evaluation report), Evaluation committee minutes signed on 23 April 2018 (Evaluation Memo), Notification letters, Inter-office memo dated 23 April 2018 to the accounting officer through the ADSCMS from DHQ LOGS referenced MOD/423(0110130)2017/2018, Mountain slopes K Ltd Acceptance letter, Contract, Minutes of meeting number 39/17/18 item number 1172/39/2017/2018 dated 16/5/2018, Letter Ref MOD/001/OPS/PAB to DHQ LOGS through ACDF P&L signed by Head of procurement
36.	MOD/423(06011) 15/16	Supply of Canned Pineapples to Defense Forces	Opening Committee Minutes and Evaluation Report
37.	MOD/423(0607)14/15	Supply of Dry Beans to NBI, Lanet & Eldoret	Bid document for the Supplier who was awarded the contract

38.	MOD/423(0408) 16/17	Supply of Cow Milk Pasteurized & Homogenized & Ultra Heat Treated	Bid document for the Supplier who was awarded the contract Ministerial Tender Committee Minutes Contract Agreement
39.	MOD/423(0110146) 2017/2018	Supply of Unfertilized Chicken Eggs to Nanyuki Based Units	Approval for restricted tendering by Accounting Officer, Evaluation Report, Branch Recommendation, Internal Memo from DHQ LOGS to Accounting officer dated 13-06-18, Notifications to Successful and unsuccessful bidders, Contract Agreement
40.	MOD/423(011056) 2017/2018	Supply of Margarine Salted to the KDF	Approval for restricted tendering by Accounting Officer
41.	MOD/423(011077) 2017/2018	Supply of Fresh Cow Milk Pasteurized Homogenized & UHT to Wajir Military Camp	Approval for restricted tendering by Accounting Officer, Procurement Advisory Board recommendation, Accounting officer memo appointing opening committee, Tender opening Minutes, Branch Recommendation, Notification of Award, Letter of Acceptance, SCMS letter to DHQ LOGS dated 25-01-18, Award approval by Accounting Officer
42.	MOD/423(0601) 14/15	Supply of tea leaves	Bid Document for Supplier Awarded
43.	MOD/423(01104)2016-17	Supply of sugar milled	Award approval by Accounting Officer Contract Agreement
44.	MOD/423(01104)2017-18	Supply of sugar milled	Award approval by Accounting Officer Contract Agreement
45.	MOD/423(0507)2014/2015	Supply of unfertilized chicken eggs to Thika Based units	Advertisement for tender, Bid documents for M/S Attrance Ltd, Tender evaluation report, Notification of award to Attrance Ltd, Decline letter for Attrance Ltd, MTC extract on award of tender
46.	MOD/423(0110119)17/18	Supply of fresh cow milk pasteurized, homogenized and Ultra heated (UHT) to Gilgil based units	Bid documents for all suppliers, Tender opening register, Price schedule sheet as filled at tender opening, Tender opening minutes, Tender evaluation minutes, Notifications to successful and unsuccessful bidders, letter referenced DHQ/318/sup/contracts, report referenced HQ KA/3212/LOGS dated 15th Nov 2016, technical evaluation report, Tender award ministerial committee extract
47.	MOD/423(04014) 14/15	Supply of fresh cow milk & ultra-heat Treated (UHT) Gilgil based units	Opening minutes and opening register

48.	MOD/423(0104) 2014/2015	Supply of meat(beef) on Bone to Wajir Military camp	Opening minutes and opening register
49.	MOD/423(0508) 16/17	Supply of unfertilized chicken eggs to Isiolo	Opening minutes and opening register
50.	MOD/423(011092) 17/18-	Supply of white and brown block (unsliced to Hakati military camp	Opening minutes and opening register
51.	MOD/423(04012) 14/15	Supply of fresh cow milk pasteurized and homogenized and ultra-heat treated(UHT) to Mombasa based units	Advertisement, bid documents for NEW KCC, opening register, opening minutes, evaluation minutes and extract of the MTC minutes
52.	MOD/423(0608) 14/15.	Supply of beans in tomatoes Sauce	Advertisement, opening minutes, evaluation minutes, extract of the MTC minutes, notification to successful and unsuccessful bidders, contract agreement
53.	MOD/423(0609) 15/16	Supplied milled rice to KAF	Payment Voucher number KAF LOGS/0236
54.	MOD/423(0110121) 17/18	Supply of fresh eggs to KAF	Payment Voucher KAF LOGS/3731
55.	MOD/423(0201) 16/17	Supply of vegetables to KAF	Payment voucher number KAF LOGS/0855, LPO number 3057447 of Kshs 1,694,340, 2 Receipt vouchers number 1-16 dated 11 October 2017, Invoice number 658, Delivery note number 4483 dated 11/9/2017, Delivery note number 4484 dated 13/9/2017, Delivery note number 4267 dated 15/9/2017, Delivery note number 4485 dated 18/9/2017, Delivery note number 4486 dated 20/9/2017, Delivery note number 4489 dated 22/9/2017, Delivery note number 4487 dated 25/9/201, Delivery note number 4490 dated 27/9/2017, Delivery note number 4491 dated 29/9/2017
56.	MOD/423(0605)2014/2015	Being payment in respect of items (milled rice) supplied to KAF	Payment voucher KAF/LOGS/027
57.	MOD/423(011012)2016/2017	Being payment in respect of cooking oil golden supplied to KAF	Payment voucher KAF/LOGS/3619
58.	MOD/423(011012)2016/2017	Being payment in respect of cooking oil golden supplied to KAF	Payment voucher KAF/LOGS/3619
59.	MOD/423(011093)2016-17	Being payment in respect of beans supplied to KAF	Payment voucher KA/LOGS/3515

60.	MOD/423(06012)2015-16	Being payment in respect of spaghetti brand Santa Lucia supplied to KAF	Payment voucher KAF/LOGS/0235
61.	MOD/423(06011)2015-16	Being payment in respect of canned pineapples supplied to KAF	Payment voucher KAF/LOGS/1160
62.	MOD/423(060117)2016-17	Being payment in respect of coffee blend supplied to KAF	Payment voucher KAF/LOGS/2301
63.	MOD/423(011012)2016/2017	Being payment in respect of cooking oil golden fry supplied to KAF	Payment voucher KAF/LOGS/3249
64.	MOD/423(060117)2016-17	Being payment in respect of coffee blend supplied to KAF	Payment voucher KAF/LOGS/3706
65.	MOD/423(0605)2014/2015	Being payment in respect of items (milled rice) supplied to KAF	Payment voucher KAF/LOGS/0614
66.	MOD/423(06010) 2015/16	Being payment in respect of biscuits brand Jambo supplied to KAF	Payment voucher KAF/LOGS/3053
67.	MOD/423(06011) 2014/2015	Being payment in respect of canned pineapples supplied	Payment voucher KAF/LOGS/0836
68.	MOD/423(06012) 2014/15	Being payment in respect of items (spaghetti) supplied to KAF	Payment voucher KAF/LOGS/0682
69.	MOD/423(0601)2014/2015	Being payment in respect of items (tea leaves) supplied to KAF	KAF/LOGS/0688, Approval of Price adjustment by Accounting Officer
70.	MOD/423(01104)2016-17	Being payment in respect of sugar milled supplied to KAF	KAF/LOGS/3250, Award approval by Accounting Officer, Approval of Price adjustment by Accounting Officer
71.	KAF/QL/R&F/01/16-17	Being payment in respect of white sugar supplied to KAF	KAF/LOGS/0107 Evaluation Report
72.	KAF/QL/R&F/02/16-17	Being payment in respect of white sugar supplied to KAF	KAF/LOGS/0238 Evaluation Report
73.	KAF/QL/R&F/004/16-17	Being payment in respect of white sugar supplied to KAF	KAF/LOGS/0744 Evaluation Report
74.	KAF/QL/R&F/005/16-17	Being payment in respect of white sugar supplied to KAF	KAF/LOGS/1268 Evaluation Report
75.	MOD/423/06012/14/15	Being Payment for Spaghetti Supplied	KA/DFOD/RATS/011, Delivery Note, Invoice
76.	MOD/423/06011/14/15	Being Payment of Canned Pineapples Supplied	KA/DFOD/RATS/2652, LPO, Delivery Note, Approval of Price adjustment
77.	MOD/423/06011/14/15	Being Payment for Pineapples Supplied	KA/DFOD/RATS/2231, LPO, Delivery Note, Approval of Price adjustment

78.	MOD/423/06011/14/15	Being Payment for Pineapples Supplied	KA/DFOD/RATS/2231, LPO, Delivery Note, Approval of Price adjustment
79.	MOD/423/06011/14/15	Being payment for pineapples supplied	KA/DFOD/RATS/2231
80.	MOD/423(011012)16/17	Being payment for supply of cooking oil	KA/DFOD/RATS/1392-2018/2019
81.	MOD/423(06012)2014/2015	Supply of spaghetti to Defence forces	KA/DFOD/RATS/1392-2018/2019
82.	MOD/423(06012)2015/2016	Payment for supplying spaghetti	KA/DFOD/RATS/1392-2018/2019
83.	MOD/423(06011)2014/2015		KAF LOGS 578
84.	MOD/423(0201)2016/17		KAF LOGS 0612
85.	MOD/423(06011)2015/16		KAF LOGS 0718
86.	MOD/423(06011)2014/2015		KAF LOGS 0836
87.	MOD/423(06010)2015/16		KAF LOGS 3053
88.	KMA	Meat Fresh Potatoes Fresh	RV 9 of 22-04-17 RV 11 of 14-02-17
89.	78 TK BN	Potatoes Fresh	RV 7 of 10-10-17
90.	KAF/QL/R&F/01/16-17, KAF/QL/R&F/02/16-17, KAF/QL/R&F/004/16-17, KAF/QL/R&F/005/16-17, KAF/QL/F&R/003/16-17, KAF/QL/F&R/10/16-17, KAF/QL/F&R/12/16-17, KAF/QL/F&R/07/16-17, KAF/QL/F&R/06/16-17, KAF/QL/F&R/06/16-17, KAF/QL/F&R/07/16-17	Milled Sugar	Quotation documents and contract agreements
91.		Ministry of Defence	Organizational structure
92.		Kenya Army, Kenya Airforce and Kenya Navy	Approved Budgets/Allocation/ Expenditure Returns
93.		Kenya Army, Kenya Airforce and Kenya Navy	Approved Purchase Plans
94.		Ministry of Defence	Merchant Schedules
95.		Ministry of Defence	Bank Statements
96.		Ministry of Defence	Cashbooks
97.		Ministry of Defence	Consolidated list of Prequalified suppliers
98.		Ministry of Defence	Appeals correspondence files
99.		Milled Sugar 2016/2017	Approvals for use of Direct Procurement for Milled Sugar

APPENDIX III FOOD AND RATIONS ALLOCATION

KENYA AIRFORCE						
FINANCIAL YEAR	ALLOCATION	DATE	AMOUNT	REFERENCE NO.AIE	WARRANT NO	REMARKS
2014/2015	1st Half Allocation	11/08/2014	75,000,000	DHQ/P&L/BDGT/310		
	2nd Half Allocation	04/01/2016	75,000,000	DHQ/P&L/BDGT/310	A747776	
	Additional funding	09/12/2014	10,000,000	DHQ/P&L/BDGT/310	A747759	
	Additional funding	24/04/2015	14,000,000	MOD/R104/239/14/15		
	Reduction	02/04/2015	-500,000	MOD/R104/195/14/15	A747860	
	Reduction	08/05/2015	-2,000,000	MOD/R104/263/14/15	A747931	
	Total Allocation			171,500,000		
2015/2016	1st Half Allocation	20/07/2015	85,000,000	DHQ/P&L/BDGT/310		
	2nd Half Allocation	04/01/2016	95,000,000	DHQ/P&L/BDGT/310		
	Additional funding	21/03/2016	35,000,000	DHQ/P&L/BDGT/310		
	Reduction	09/05/2016	-5,141,454		A807444	
	Total Allocation			209,858,546		
2016/2017	1st Half Allocation	26/07/2016	104,967,801	MOD/R104/039/16/17	A747996	
	2nd Half Allocation	21/12/2016	104,967,800	MOD/R104/132/16/17	A841828	
	Reduction	22/03/2017	-7,227,000	MOD/R104/225/16/17	A841946	
	Total Allocation			202,708,601		
2017/2018	1st Half Allocation	17/07/2017	131,209,751	MOD/R1041/033/16/18	A884672	
	2nd Half Allocation	22/12/2017	131,209,751	MOD/R1041/125/17/18	A884747	
	Reduction	11/01/2018	-10,000,000	MOD/R1041/155/17/18	A884828	
	Total Allocation			252,419,501		
KENYA NAVY						
FINANCIAL YEAR	ALLOCATION	DATE	AMOUNT	REFERENCE NO.AIE	WARRANT NO	REMARKS
2014/2015	1st Half Allocation	08/08/2014	60,907,074	MOD/R104/024/14/15	KN/CDR/777/2	
	2nd Half Allocation(advance allocation)	11/07/2014	74,907,174	MOD/R104/075/14/15	A747737	Advance 2nd half REF NO. DHQ/P&L/BGDT/310 OF 22/10/14
	2nd Half Allocation	23/12/2014	15,000,000	MOD/R104/113/14/15	A747777	
	Additional funding	21/04/2015	12,024,922	MOD/R104/240/14/15	A747907	REALLOCATION REF NO. DHQ/P&L/BGDT/310 OF 15/04/15
	Additional funding	28/5/2015	32,000,000	MOD/R104/295/14/15	A866164	REALLOCATION REF NO. DHQ/P&L/BGDT/310 OF 27/05/15
	Additional funding	23/4/2015	3,975,078	MOD/R104/254/14/15	A747922	Reallocation REF. NO. DHQ/P&L/BGDT/310 of 15/4/2015
	Total Allocation			198,814,248		
2015/2016	1st Half Allocation	14/7/2015	70,479,478	MOD/R104/024/15/16	A806196	
	2nd Half Allocation	29/12/2015	70,479,479	MOD/R104/155/15/16	A807289	
	Additional	22/04/2016	45,000,000	MOD/R104/283/15/16	A807439	
	Total Allocation			185,958,957		
2016/2017	1st Half Allocation	22/07/2016	77,500,000	MOD/R104/040/16/17	A747998	
	2nd Half Allocation	19/12/2016	77,500,000	MOD/R104/133/16/17	A841829	
	Additional	23/03/2017	10,000,000	MOD/R1041/231/16/17	A841953	Issue for funds on allocation REF.No.DHQ/P&L/BDGT/310 OF 16/03/2017
	Additional	23/03/2017	25,000,000	MOD/R1041/235/16/17	A841957	Issue for funds on allocation REF.No.DHQ/P&L/BDGT/310 OF 16/03/2017
	Additional	24/05/2017	10,000,000	MOD/R1041/282/16/17	A884512	Issue for funds on allocation REF.No.DHQ/P&L/BDGT/310 OF23/05/2017

2017/2018	Additional		02/08/2017	10,000,000	MOD/R1041/178/16/17	A841877	Reallocation REF.No. DHQ/P&L/BDGT/310 OF 31/01/2017
	Total Allocation			210,000,000			
	1st Half Allocation		07/11/2017	87,500,000	MOD/R104/034/17/18	A884621	
	2nd Half Allocation		22/12/2017	87,500,000	MOD/R1041/126/17/18	A884718	
	Additional Funds		12/08/2017	10,000,000	MOD/R1041/091/17/18	A884712	Issue for funds on allocation REF.No.DHQ/P&L/BDGT/310 OF 01/12/2017
	Additional Funds		02/08/2018	10,000,000	MOD/R1041/165/17/18	A884839	Additional funds on allocation REF.No.DHQ/P&L/BDGT/310 OF 06/02/2018
	Additional Funds		31/5/2018	63,000,000	MOD/R104/241/17/18	A884582	Reallocation Ref.No. DHQ/P&L/BDGT/310 of 31/05/2018
	Total Allocation			258,000,000			

APPENDIX IV - AWAILED CONTRACTS

No.	Year	Transter No.	Tender Description	Region	Bidder Awarded	Days Contract Signed	Remarks (Is Firm In Prequalified List)
1	2014/2015	M00/43/0102/2014/2015	Supply of head meat to Nairobi	Nairobi	M/S Quality Meat Packers	07/02/2014	Open
2	2014/2015	M00/43/0102/2014/2015	Supply of fresh meat (beef) on bone to Nairobi based units	Nairobi	M/S Habiani Enterprises Ltd	No contract attached	Open
3	2014/2015	M00/43/0102/2014/2015	Supply of fresh meat (beef) on bone to Nairobi military camp	Nairobi	M/S Habiani Enterprises Ltd	21/02/2015	Open
4	2014/2015	M00/43/0102/2014/2015	Supply of fresh meat (beef) on bone to Nairobi military camp	Wajir	M/S Habiani Enterprises Ltd	21/02/2015	Open
5	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Nairobi	Nairobi	No contract attached	No contract attached	Open
6	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Nairobi based units	Nairobi	Kijani Orchards Ltd	31/08/2015	Open
7	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Archers Post	Isiolo	M/S Medbas Enterprises Ltd	01/09/2015	Open
8	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Garissa Military Camp	Garissa	M/S Abdullahi, Sahab Abdi	09/07/2015	Open
9	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Thika Units	Thika	M/S KIJANI ORCHARDS LTD	03/02/2015	Open
10	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Isiolo based units	Isiolo	M/S Medbas Enterprises Ltd	19/02/2015	Open
11	2014/2015	M00/43/0102/2014/2015	Supply of white-brown bread block (Unlicef) to Garissa military camp	Garissa	M/S Guban Contractors	06/03/2015	Open
12	2014/2015	M00/43/0102/2014/2015	Supply of white-brown bread (Unlicef) to mombasa based unit camp	Mombasa	No contract attached	No contract attached	Open
13	2014/2015	M00/43/0102/2014/2015	Supply of white-brown bread (Unlicef) to Isiolo military camp	Nairobi	M/S Elgon Premier Supplies	23/02/2015	Open
14	2014/2015	M00/43/0102/2014/2015	Supply of white-brown bread (Unlicef) to Nairobi military camp	Nairobi	M/S Elgon Premier Supplies	23/02/2015	Open
15	2014/2015	M00/43/0102/2014/2015	Supply of white-brown bread (Unlicef) to Nairobi military camp	Nairobi	M/S Elgon Premier Supplies	23/02/2015	Open
16	2014/2015	M00/43/0102/2014/2015	Supply of white-brown bread block (Unlicef) to Gijigi based units	Gijigi	M/S Kenya Ordnance Factories Corporation	07/02/2015	Open
17	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk and ultra heat treated (UHT) to Mandla Base	Mandla	M/S New Kenya Co-operative Creameries Ltd	27/04/2015	Open
18	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to mombasa	Mombasa	M/S New Kenya Co-operative Creameries Ltd	No contract attached	Open
19	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk and ultra heat treated (UHT) to Alombasa based units	Mombasa	M/S New Kenya Co-operative Creameries Ltd	27/04/2015	Open
20	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk and ultra heat treated (UHT) Gijigi based units	Gijigi	M/S New Kenya Co-operative Creameries Ltd	No contract attached	Open
21	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk and ultra heat treated (UHT) to Eldoret Based Units	Eldoret	M/S New Kenya Co-operative Creameries Ltd	27/04/2015	Open
22	2014/2015	M00/43/0102/2014/2015	Supply of fresh and ultra heat treated (UHT) cow milk to hakiati military camp	Hakiati	M/S New KCC Ltd	27/04/2014	Open
23	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Mandla Base	Mandla	Abdi Maalim Hassan Suppliers	24/02/2015	Open
24	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to mombasa based units	Mombasa	Abdi Maalim Hassan Suppliers	24/02/2015	Open
25	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Nairobi based units	Nairobi	M/S POC Kenya Trading Company Ltd	20/02/2015	Open
26	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to wair military camp	Wajir	M/S Waigir Vegetables Supplies Ltd	No contract attached	Open
27	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to thika based units (reawarded)	Thika	M/S genesis office solutions Ltd.	12/02/2015	Open
28	2014/2015	M00/43/0102/2014/2015	Supply of tea leaves	Defense Forces	M/S FERJAL GENERAL SUPPLIES	27/02/2015	Open
29	2014/2015	M00/43/0102/2014/2015	Supply of cooking fat	Defense Forces	M/S Trade Circles Ltd	27/02/2015	Open
30	2014/2015	M00/43/0102/2014/2015	Supply of canned Pineapples to Defense Forces	Defense Forces	M/S Circle Logistics Ltd	23/02/2015	Open
31	2014/2015	M00/43/0102/2014/2015	Supply of coffee blend	Defense Forces	M/S Sayari (K) Ltd	12/02/2015	Open
32	2014/2015	M00/43/0102/2014/2015	Supply of Milled Rice	Defense Forces	M/S Sayari Kenya Company Ltd	31/08/2015	Open
33	2014/2015	M00/43/0102/2014/2015	Supply of dry beans to Nbi, Lanet & Eldoret	Nairobi, Lanet, Eldoret	M/S Amakal Creative Ltd	13/12/2014	Open
34	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits & potatoes to Gijigi based units	Gijigi	M/S Turfords Ltd	No contract attached	Open
35	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits & potatoes to Gijigi based units	Gijigi	M/S Turfords Ltd	No contract attached	Open
36	2014/2015	M00/43/0102/2014/2015	Supply of meat (beef) on bone to Wajir Military Camp	Wajir	M/S Trade Circles Ltd	18/08/2016	Open
37	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to Mandla Base	Mandla	Zemah Abd Ali Butchery	07/02/2015	Open
38	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to Wajir military camp	Wajir	M/S Waigir Vegetables Supplies	07/02/2015	Open
39	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to Thika based units	Thika	M/S Waigir Vegetables Supplies	07/02/2015	Open
40	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to Wajir Military Camp	Wajir	Kijani Orchards Ltd	02/06/2016	Open
41	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk to Archers Post	Isiolo	Waigir Vegetables Supplies Ltd	02/06/2016	Open
42	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Isiolo based units	Isiolo	New Kenya Co-operatives Creameries Ltd	No contract attached	Open
43	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Thika based units	Thika	New Kenya Co-operatives Creameries Ltd	No contract attached	Open
44	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Nairobi based units	Nairobi	M/S SUPPLY VEST HOLDINGS	08/02/2016	Open
45	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Nairobi based units	Thika	Pro-Meat Ltd	27/02/2016	Restricted
46	2014/2015	M00/43/0102/2014/2015	Supply of biscuits to Nairobi, Mombasa and RISKAMA	Nairobi, Mombasa, Defense Forces	M/S Ambo Biscuits (K) Ltd	07/02/2016	Restricted
47	2014/2015	M00/43/0102/2014/2015	Supply of Spaggetti to Mombasa	Mandla	New Seen	No contract attached	Open
48	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to Mandla Base	Mandla	M/S New Kenya Co-operative Creameries Ltd	27/06/2016	Open
49	2014/2015	M00/43/0102/2014/2015	Supply of chicken, fish mutton & Bacon to Isiolo	Isiolo	M/S GWELLS LTD	09/12/2016	Open
50	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Thika based units	Thika	M/S KijaniOrchards	20/02/2018	Restricted
51	2014/2015	M00/43/0102/2014/2015	Supply of cooking oil to defense forces	Defense Forces	M/S Offprint Brands	04/10/2017	Open
52	2014/2015	M00/43/0102/2014/2015	Supply of coffee blend to defense forces	Defense Forces	Sayari Kenya Company Limited	06/11/2017	Restricted
53	2014/2015	M00/43/0102/2014/2015	Supply of fresh meat (beef) on bone to Isiolo based units	Isiolo	M/S Habiani Enterprises Ltd	27/02/2017	Restricted
54	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Nairobi based units	Nairobi	M/S Habiani Enterprises Ltd	27/02/2017	Restricted
55	2014/2015	M00/43/0102/2014/2015	Supply of white-brown bread block (Unlicef) to Gijigi based units	Gijigi	M/S Habiani Enterprises Ltd	27/02/2017	Restricted
56	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Isiolo based units	Isiolo	M/S Kenya Ordnance Factories Corporation	19/02/2016	Open
57	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Isiolo	Isiolo	M/S medbas enterprises	No contract attached	Open
58	2014/2015	M00/43/0102/2014/2015	Supply of beans dry to Mombasa Units	Mombasa	Tender Terminated	No contract attached	Open
59	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow Milk Pasteurized, Homogenized and Ultra Heat Treated (UHT)	Mombasa	M/S ABDI MAALIM HASSAN SUPPLIES	09/02/2017	Open
60	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow Milk Pasteurized, Homogenized and Ultra Heat Treated (UHT)	Garissa	M/S Shari Enterprises Ltd	11/06/2018	Open
61	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Garissa Military Camp	Habari	M/S Abdullahi Sahab Abdi	22/02/2018	Open
62	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to hakiati Military Camp	Isiolo	M/S FERJAL GENERAL SUPPLIES	22/02/2018	Open
63	2014/2015	M00/43/0102/2014/2015	Supply of fresh meat (beef) on bone to Isiolo based units	Isiolo	M/S Habiani Enterprises Ltd	22/02/2018	Open
64	2014/2015	M00/43/0102/2014/2015	Supply of fresh meat (beef) on bone to Nairobi based units	Nairobi	M/S Habiani Enterprises Ltd	22/02/2018	Open
65	2014/2015	M00/43/0102/2014/2015	Supply of service biscuit to defense forces	Gijigi	M/S Keshish Traders LTD	11/02/2018	Restricted
66	2014/2015	M00/43/0102/2014/2015	Supply of Chicken, Fish, Mutton and Bacon to KMA and Lanet based units	Nairobi and Mombasa	M/S Bursaphes Enterprises	25/08/2018	Open
67	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized, homogenized and ultra heat treated (UHT) to Gijigi based units	Gijigi	M/S new kcc ltd	17/02/2018	Restricted
68	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Isiolo based units	Isiolo	M/S parshie enterprises	11/06/2018	Open
69	2014/2015	M00/43/0102/2014/2015	Supply of fresh meat (beef) on bone to Thika based units	Thika	Pemwas Ent. Ltd	20/06/2018	Restricted
70	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to Nairobi based units	Nairobi	M/S Kwaka General Merchants Ltd	12/06/2018	Restricted
71	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to Nairobi based units	Mombasa	Mountain slopes K Ltd	19/02/2018	Restricted
72	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Isiolo based units	Isiolo	M/S Habiana Cure Enterprises	28/02/2018	Restricted
73	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Mombasa based units	Mombasa	M/S Habiana Cure Enterprises	28/02/2018	Restricted
74	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Nairobi based units	Nairobi	M/S Habiana Cure Enterprises	28/02/2018	Restricted
75	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Gijigi based units	Gijigi	M/S Habiana Cure Enterprises	28/02/2018	Restricted
76	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Mombasa based units	Mombasa	M/S Portline Enterprises Limited	13/02/2018	Restricted
77	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Eldoret based units	Eldoret	M/S Anytime Inv Ltd	03/09/2018	Open
78	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to Lanet based units	Nairobi	M/S Anytime Investment Ltd	09/07/2018	Restricted
79	2014/2015	M00/43/0102/2014/2015	Supply of fresh meat (beef) on bone to Gijigi based units	Gijigi	M/S Lagure supplies	06/09/2018	Restricted
80	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized, homogenized and ultra heat treated (UHT) to Garissa Military Camp	Garissa	M/S Lagure supplies	06/09/2018	Restricted
81	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized, homogenized and ultra heat treated (UHT) to Nairobi military camp	Nairobi	M/S New Kenya Co-operative Creameries Ltd	19/02/2018	Restricted
82	2014/2015	M00/43/0102/2014/2015	Supply of white-brown bread block (Unlicef) to Isiolo Military Camp	Isiolo	M/S New Kenya Co-operative Creameries Ltd	19/02/2018	Restricted
83	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Nairobi based units	Nairobi	M/S Medbas Enterprises Ltd	03/02/2018	Open
84	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Nairobi based units	Nairobi	M/S Medbas Enterprises Ltd	03/02/2018	Open
85	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Nairobi based units	Nairobi	M/S Medbas Enterprises Ltd	03/02/2018	Open
86	2014/2015	M00/43/0102/2014/2015	Supply of fresh vegetables, fruits and potatoes to Nairobi based units	Nairobi	M/S Medbas Enterprises Ltd	03/02/2018	Open
87	2014/2015	M00/43/0102/2014/2015	Supply of Marjamine salted to the KDF	Defense Forces	M/S Portline Enterprises Ltd	04/02/2017	Restricted
88	2014/2015	M00/43/0102/2014/2015	Supply of unfertilized chicken eggs to wair military camp	Wajir	FMCS - Fintom Logistics	25/04/2018	Restricted
89	2014/2015	M00/43/0102/2014/2015	Supply of Fresh Cow Milk Pasteurized Homogenized & UHT to Wajir Military Camp	Wajir	500gms - SHFF Enterprises	28-05-2018	Restricted
90	2014/2015	M00/43/0102/2014/2015	Supply of fresh cow milk pasteurized and homogenized and ultra heat treated (UHT) to Nairobi based units	Nairobi	M/S Waigir Vegetables Supplies Ltd	27/02/2018	Restricted

APPENDIX V: IRREGULARITIES IN PRICE ADJUSTMENTS

No	TENDER No.	SUPPLIER	CONTRACT PERIOD	PRICE ADJUSTMENT DATE	ORIGINAL PRICE (KSHS)	ADJUSTED PRICE (KSHS)
1.	MOD/423(01101113) 2017/2018	Korbash Traders Ltd	06-04/18 to 05-04-19	05-10-18	Nairobi-5200 MSA- 5100	Nairobi- 6375 MSA- 6500
2.	MOD/423(0201) 16/17	Kijani Orchards Ltd	CONTRACT NOT SEEN	17-05-17	Cabbages-15 Carrots-20 Tomatoes- 50 Onion-65 Pineapples-35 Oranges-50 Mangoes-25 Potatoes-2250	Cabbages-18.75 Carrots-25 Tomatoes-62.5 Onion-81.25 Pineapples-43.75 Oranges-62.5 Mangoes-31.25 Potatoes-2812.5
3.	MOD/423(02016) 14/15	Kijani Orchards Ltd	17-07-15 to 16-07-16	04-12-15	Cabbages-15 Carrots-20 Tomatoes-49.5 Onion-65 Pineapples-35 Oranges-49.5 Mangoes-25 Potatoes-2250	Cabbages-25 Carrots- 35 Tomatoes-65 Onion- 90 Pineapples-50 Oranges-65 Mangoes-45 Potatoes-3000
4.	MOD/423(06010) 2014/2015	Circle Logistics Ltd	21-10-14 to 20-10-15	15-04-15	Nairobi-1950 MSA-1950 KMA/RTS-1950	Nairobi-2650 MSA-2650 KMA/RTS-2650
5.	MOD/423(0601) 14/15	Trade Circles	22-10-14 to 21-10-15	04-09-15	Nairobi-125 KMA/RTS-140 MSA-126.5	Nairobi-156.25 KMA/RTS-175 MSA-158.13
6.	MOD/423(0208)14/15	Shamz Enterprises Ltd	09-01-15 to 08-01-16	19-06-15	Cabbages-14 Tomatoes-39.45 Onions-37.40 Fruits- 55 Potatoes- 2,940	Cabbages-17.50 Tomatoes-49.30 Onions-46.75 Fruits- 68.75 Potatoes- 3,675

APPENDIX VI: PROCUREMENT PROCESS

1. The Kenya Defense Forces has its procurement process centralized.
2. Suppliers are identified from the headquarters using open, direct or restricted tendering.
3. The method the Department of Defense uses for procurement has always been open tender but from the financial year 2015/2016, procurements on foodstuffs has been done through restricted tendering.
4. Direct Procurements are done for specialized purposes and signed by higher authorities, which is after a procurement advisory board has sat down and seen it necessary to procure through direct procurement.
5. For Restricted procurements, the chief of logistics seeks approval from the Accounting officer, giving reasons/ justification as to why the restricted procurement method needs to be used, and the reasons thereof
6. Preparation of the bid document, tender advert and evaluation is handled at the Defense Headquarters
7. Awarding of contracts to supply foodstuffs (both fresh and dry ration) to the Department of Defense is done at the Defense Headquarters.
8. Once a supplier is awarded the tender, the contract is signed by both the Ministry representative and the supplier. A copy of the signed contract is then delivered to the three services across the country.
9. The purchase plans (procurement plans for foodstuff) are then prepared by the Supplies Officer in charge of food ration. Parameters used to prepare purchase plans include feeding strength, days of supply, unit cost, principles of supply and demand and the lead duration. Feeding strengths are classified into 13 scales, with each scale being approved, after recommendation from a nutritionist. The nutritionist makes recommendations before supply of dry rations, and for fresh rations, nutritionists in the unit of demand makes recommendations before issue of a Unit LPO.
10. The overall and individual Service purchase plans become valid after approval is done at the DHQ.
11. The issue of Service or Unit LPO for dry and fresh ration respectively, is done after considering the purchase plans prepared and consolidated by the service commanders, and allocations done in lieu with the actual approved budget.

12. The supplier is requested to deliver specific quantities of goods as per the contractual terms at a specific location by use of a Service LPO if the goods are dry rations, or a unit LPO, if it's for fresh rations. The unit LPO is part of the documents needed to prepare a Service LPO, for purposes of processing of Payments. The Supplier is supposed to make deliveries, then invoices, based on the LPO that he was issued with.
13. There is an inspection and acceptance committee formed who have the authority to reject some supplies if they do not meet the quality and quantity required. Inspection reports on the same is generated and delivered to the HQs. The supply, delivery and inspection for the delivered goods for dry rations is done at the service HQ. The supply and delivery of fresh rations is done at the point of use, or barrack/ unit of use.
14. For dry ration, the service HQ distributes the foodstuff to barracks/ units within the Service, based on the scales within those units. Fresh ration is requested for, on need basis by the unit.
15. After delivery by the supplier, a receipt voucher is raised on a daily basis, indicating all foodstuff received on that particular day.
16. The RV is then used to record the foodstuff in the stores ledger. The stores ledger has folio numbers, each folio indicating a specific food item delivered in a particular food ration store.
17. Payments for successful deliveries are initiated at the point of reception.
18. Payments for fresh rations once the foodstuff has been delivered by the supplier to the unit. The unit prepares a claim voucher- FF7104, based on the Unit LPOs raised to a particular supplier and the supplier's invoice. These documents are forwarded to the service headquarters, together with a covering letter and the service headquarters use the documents to generate a Service LPO.
19. Payments for dry rations begins once the foodstuff has been delivered by the supplier to the Service HQ. A Service LPO is raised then together with the supplier's invoice and FF7104, these are forwarded to the DHQ with a covering letter for payment.

APPENDIX VIII: KENYA ARMY IRREGULAR SUPPLIERS' CLAIMS

YEAR	PAVTEE NAME	DESCRIPTION	PV No.	CONTRACT N	LPO No.	LPO DATE	INVOICE No.	INVOICE DATE	RV NO (FF)	RV DATE	ACTUAL QTY	UNIT PRICE	AMOUNT PER LPO	TOTAL AMOUNT PAID
2015/2016	M/S BALLOT (JA) LTD	BEING PAYMENT OF	KAUFODIRALSI2652	MOD/43/06	2658835	18/07/2016	1848	26/05/2016	269	17/05/2016	1791	2,160.00	3,868,560.00	
2015/2016	M/S BALLOT (JA) LTD	BEING PAYMENT FOR PINEAPPLES	KAUFODIRALSI2231	MOD/43/06	2658836	18/07/2016	1693	04/05/2016	251	09/05/2016	1791	2,160.00	3,868,560.00	
2016/2017	M/S BALLOT (JA) LTD	BEING PAYMENT	KAUFODIRALSI2231	MOD/43/06	2658837	18/07/2016	1692	04/05/2016	250	09/05/2016	1791	2,160.00	3,868,560.00	
2016/2017	M/S OFFLIMIT BRANDS	SUPPLY OF COOKING OIL TO DEFOD KAHAWA	KAUFODIRALSI392-2018/2019	MOD/43/01	3338051	07/07/2019	151	11/02/2018	193	13/02/2019	522	4,800.00	2,505,600.00	
2016/2017	M/S OFFLIMIT BRANDS	BEING PAYMENT	KAUFODIRALSI392-2018/2019	MOD/43/01	3338054	07/07/2019	156	11/02/2018	206	22/02/2019	1041	4,800.00	4,996,800.00	
2016/2017	M/S DATABX LTD	BEING PAYMENT FOR SPAGHETTI SUPPLIED	KAUFODIRALSI011	MOD/43/06	2589917	07/07/2019	154	13/08/2015	017	13/08/2015	1279	1,300.00	1,662,700.00	
2016/2017	M/S DATABX LTD	BEING PAYMENT	KAUFODIRALSI011	MOD/43/06	2589918	07/07/2019	157	13/08/2015	016	13/08/2015	1275	1,300.00	1,662,700.00	
2016/2017	M/S DATABX LTD	BEING PAYMENT	KAUFODIRALSI011	MOD/43/06	2589919	07/07/2019	154	13/08/2015	019	13/08/2015	1275	1,300.00	1,662,700.00	
2016/2017	M/S GAME CHANGER VENTURES LTD	PAYMENT FOR SUPPLIES	KAUFODIRALSI1633	MOD/43/08	2965973	23/3/2017	44	29/3/2017	121	04/06/2017	586	1,400.00	834,800.00	
2016/2017	M/S GAME CHANGER VENTURES LTD	PAYMENT FOR SUPPLIES	KAUFODIRALSI1631	MOD/43/08	2965967	14/3/2017	43	29/3/2017	122	04/06/2017	117	1,400.00	163,800.00	
2016/2017	M/S GAME CHANGER VENTURES LTD	PAYMENT FOR SUPPLIES	KAUFODIRALSI1631	MOD/43/08	2965980	22/03/2017	45	29/3/2017	120	30/4/2017	307	1,400.00	429,800.00	
2016/2017	M/S GAME CHANGER VENTURES LTD	PAYMENT FOR SUPPLIES	KAUFODIRALSI1631	MOD/43/08	2965988	23/3/2017	37	22/06/2017	094	02/10/2017	337	1,400.00	471,800.00	
2016/2017	M/S GAME CHANGER VENTURES LTD	PAYMENT FOR SUPPLIES	KAUFODIRALSI1671	MOD/43/08	2923353	17/12/2017	34	20/12/2017	090	27/12/2017	1214	1,400.00	1,700,000.00	
TOTALS													34,715,800.00	