



USAID | **KENYA**
FROM THE AMERICAN PEOPLE

FINAL REPORT

**CONSULTANCY TO ASSIST IN THE DESIGN OF MANAGEMENT
SYSTEMS FOR THE GOVERNMENT OF KENYA PUBLIC
PROCUREMENT OVERSIGHT AUTHORITY (PPOA)**

VOLUME 1

Overview

JULY 2007

This publication was produced for review by the United States Agency for International Development. It was prepared by Chemonics International.

FINAL REPORT

**CONSULTANCY TO ASSIST IN THE DESIGN OF MANAGEMENT
SYSTEMS FOR THE GOVERNMENT OF KENYA PUBLIC
PROCUREMENT OVERSIGHT AUTHORITY (PPOA)**

Contract No. AFP-I-00-04-00002-00

Order No. 08

CONTENTS

Executive Summary	1
Section 1	
Background	3
Work Completed	7
Work in Progress	8
Section 2 Management Structures Defined in the Public Procurement Act	11
Section 3 Proposed Organization Structure and Staffing for PPOA	
Introduction	16
Functional Divisions	16
The Grading Structure	23
Section 4 Institutional Linkages and Compliance with Relevant Laws	38
Section 5 General Financial Rules and Financing of Authority	41
Section 6 ICT Component	48
Annexes	
Annex 1 Comparison with Similar Oversight Institutions in the Region	53
Annex 2 Updated Work Plan	55
Annex 3 Work Plan Bar Chart: Six Weeks	58
Annex 4 Scope of Work	61
Annex 5 Persons and Organizations Contacted and Schedule of Main Meetings	63

EXECUTIVE SUMMARY

The purpose of this report is to summarize the work carried out under this assignment and to assemble the management documents produced in during 16 April – 23 May 2007 in a logical form for use of the Public Procurement Oversight Authority. USAID/Kenya, Program Development and Analysis required support with design of management systems for the government of Kenya PPOA as detailed in this report and the scope of work.

The primary objective of this consultancy was to obtain support in developing draft constituent documents to build optimum organizational and management structures and establish a comprehensive information and communication technology (ICT) management system for efficient internal management among PPOA, procuring entities, development partners, other stakeholders, and the public. The PPOA aims to be world class.

This report is presented in five volumes as listed below:

Volume	Document	Contains
1	Overview	Report Text Volume
2	Finance and Administration Manual	<ol style="list-style-type: none">1. Financial and Accounting Regulations and Procedures Manual2. Composition and Terms of Reference for Management Committees in the PPOA3. Organization of PPOA Internal Procurement Management Arrangements
3	ICT Component	Business Processes, Manuals, Technical Specifications, and Comprehensive Annexes
4	Human Resources Policy and Administration Manual	Human Resources Policy and Administration Manuals and Annexes
5	PPOA – Job Descriptions	PPOA Staff Job Descriptions

Because it is in a transitional state, the PPOA has not reached full operational capability since its establishment in December 2006. An Advisory Board is expected to be appointed soon. The PPOA operates similar to the previous Public Procurement Directorate (PPD). The staffing plan recommended in this report will be proposed for approval by the Ministry of Finance and the Advisory Board. The PPOA expects to be fully staffed by the end of June 2007. Meeting this objective presents a serious challenge: the increased demand for procurement professionals across the Kenyan public sector, combined with a lack of any straightforward means of increasing the supply, may frustrate efforts to recruit staff of appropriate caliber. The lack of qualified staff would clearly present a serious impediment to the PPOA fulfilling its wide range of statutory objectives and functions, outlined in the Act.

The current change in management has generated anxiety among staff, and staff vacancies also carry significant risk during the transition period; the procurement administrative framework may have a regulatory vacuum because, at the time of the assignment, the PPOA had yet to devise a methodology to satisfy its statutory obligations. However, the strategic plan was drafted in July.

The introduction of new legislation clearly represents an important step in the evolution of the public procurement system in Kenya and donors and government have attached, quite rightly, a great deal of importance to the legislation's implementation, and will monitor the ratification of the Act closely. Employing qualified staff and evaluating the effectiveness of the new legislation will be challenging. An important role is to monitor and evaluate the economy, efficiency, and effectiveness with which public funds are spent. With appropriate support, the PPOA should be capable of providing those interested in monitoring improvements in procurement with evidence that allows evaluation of performance. One of the PPOA's statutory functions is to monitor and report on the performance of the public procurement systems.

The statutory procurement framework has undergone significant changes, which addressed a number of defects in the pre-existing system. Decentralization of procurement responsibility and improvements of the regulatory framework constituted the main reform. Some of the most important aspects of the new legislation have yet to take practical effect. The PPOA has yet to exercise the full range of its statutory powers, and the Advisory Board and the Review Board have yet to perform detailed, comprehensive assurance work relating to procurement, including fulfilling its statutory obligation to report on compliance.

Therefore, it is recommended that PPOA staff be installed urgently, with the assistance and supervision of private sector professional recruiting or consultancy agencies, if needed. Installation of the ICT framework tools recommended will greatly assist PPOA's move toward modernizing and becoming world class.

SECTION I

Introduction

BACKGROUND

USAID/Kenya, Program Development and Analysis required support in the design of management systems for the Government of Kenya Public Procurement Oversight Authority as detailed in this interim report and the scope of work.

Chemonics' consultancy team was fully mobilized in Nairobi on 16 April and started work on this assignment. The team members are listed below:

- Lead Consultant: Manmohan Ruprai
- Organizational Development Specialist: Michael Wanyoike
- ICT Specialist: Regina Mutoko

An inception report with the work plan was prepared, completed, and submitted on 23 April. The work plan was updated on 2 May. An interim report, with an updated work plan was completed on 15 May.

This is the second interim progress report with the agreed benchmarks listed below:

- Updated first interim report, summarizing tasks completed and other findings, with the refinements of the following annexes:
 - draft financial rules and regulations, including internal procurement rules
 - draft staff rules and regulations, including refinement of employee handbook and human resources manual
 - draft terms of reference for PPOA management committees and Advisory Board committees
- Updated draft report on ICT specifications, based on further refinement of needs assessment, including:
 - software, hardware, and connectivity requirements
 - network capacity requirements
 - ICT procurement plan and implementation strategy, based on review of locally available products to ensure rapid deployment and local technical support
 - staff training plan and plan to keep technologies up-to-date and ensure sustainability
- The full team meets with the reference committee to present progress and seek feedback on management documents and reports produced.

Purposes and Activities

The GOK, with the support of cooperating partners, embarked on a public procurement reform program as early as 1997. As part of the reforms, new public procurement regulations were issued that came into effect on 1 March 2001, after which the GOK began drafting a procurement law.

Parliament enacted into law the Public Procurement and Disposal Act, 2005 (the Act), achieving the goal of establishing a proper legal and regulatory framework. One of the provisions of this Act is the establishment of the PPOA.

Establishment of the PPOA is significant in that a good procurement system requires a good policy oversight institution to set the government's procurement strategy and monitor performance and compliance with the law. The PPOA has been established as a first-class public institution in the way it is managed, its focus on results, and its use of modern information and communications technology.

The process of establishing the PPOA is well underway. A significant amount of preparatory work has been carried out. The Public Procurement Directorate (PPD) in the Ministry of Finance and the Directorate of Personnel Management (DPM) in the Office of the President have prepared interim and transitory drafts of the relevant constituent documents for the PPOA, which have been good reference material for this assignment. The PPOA also intends to put in place a modern ICT management system. The PPOA structure and organization will also be comparable with international institutions.

The Primary Objectives

The primary objectives of this consultancy are to:

- obtain support in developing the draft constituent documents to build an optimum organizational/management structure and other necessary institutional documents commensurate with modern management practices and in line with internationally accepted standards
- obtain advice in establishing a comprehensive ICT management system for efficient internal management (e-management of human resources and accounting functions, etc.); effective internal and external communications; and handling large volumes of information flows among PPOA, procuring entities, development partners, other stakeholders, and the public

The Client

The client is USAID/Kenya, represented by the Program Economist as the principal contact for the consultancy and the USAID/Washington Cognizant Technical Officer (as appropriate), from whom all necessary approvals will be obtained.

The Primary Beneficiaries

The GOK Director-General of PPOA will be the principal point of contact for the consultant with the GOK and the primary beneficiary of the technical assistance. A reference committee comprising representatives from GOK Treasury and the DPM was established for consultation purposes, to which the consultant made progress presentations. Other

stakeholders, such as comparable parastatals, consultants, and officials, were consulted for comments, suggestions, and views.

The consultants worked with the Reference Committee to ensure that there is a common understanding of deliverables at each key stage of the project. This has been done through consultations and presentations of draft reports and documents to incorporate the feedback of PPOA staff and reference committees.

Consultants Team

Chemonics maximized the use of local knowledge and expertise by partnering with AfriNet Commerce Ltd. (e-sokoni). It is a leader in procurement solutions and change management, and its skills, combined with the knowledge and expertise of the team leader, formed a project team with in-depth knowledge of the Kenyan environment and a deep understanding of international best practices. Chemonics developed a collaborative relationship through a participatory approach with the client and the GOK, which was critical to providing high-quality sustainable development solutions under this assignment. With its current experience in Kenya, Chemonics was positioned to mobilize rapidly and engage Kenyan public and private sector partners to carry out this consultancy.

The lead consultant, Manmohan Ruprai, worked with two proposed Kenyan consultants: organizational development specialist Michael Wanyoike and ICT Specialist Regina Mutoko. Both were instrumental in defining the organizational structure, supporting policies and procedures, and designing ICT management systems.

STRATEGIC DIRECTION

The establishment of the Public Procurement Oversight Authority will enhance the capacity for transparent and competitive procurement practices so that the public can realize value for money. The role of the PPOA in building an optimum organizational management structure and other necessary institutional documents that are commensurate with modern management practices and that are in line with internationally accepted standards is crucial to realization of the national ideal of an efficient, fair, and transparent procurement system in the country. The vision and mission of the PPOA provides the direction and motivation for enhanced performance and continuous self-improvement and operations.

VISION

“To be a world class Public Procurement Oversight Authority.”

MISSION

“To innovatively design and facilitate an effective supply-chain system that provides value for money by ensuring competition, fairness, transparency, and accountability while contributing to national socio-economic development.”

MOTTO

“Spearheading best procurement practices for a better nation.”

THE PPOA's CORE VALUES

The PPOA's operations and service delivery to the public are based on a value system whose core elements will be:

- Integrity
- Ethics and Professionalism
- Impartiality

These key elements are further underpinned by the following attributes:

- Promptness, Efficiency, and Effectiveness
- Creativity and Innovativeness
- Discipline
- Commitment and Team Work
- Customer Focus
- Social Responsibility
- Transparency and Accountability

Aims of the PPOA

WORK COMPLETED

Week 1

- inception report detailing weekly work plan for remainder of consultancy, as well as summary of research results during Week 1, completed 23 April
- initial meetings with USAID, PPOA, and Reference Committee (working group)
- meetings arranged with comparable institutions in Kenya with the assistance of PPOA
- draft documents developed by DPM/PPD team collected on 19 April from PPOA
- initial review of available documents begun

Weeks 2, 3, and 4

- ICT needs assessment and business process diagrams
- proposed organization chart, including description of management structure and draft job profiles
- detailed analysis and comprehensive review of available management documents begun
- first interim report, summarizing tasks completed and other findings, with the following annexes:
 - draft financial rules and regulations, including internal procurement rules
 - draft staff rules and regulations, including refinement of employee handbook and human resources manual
 - draft terms of reference for PPOA management committees and Advisory Board committees
- draft report on ICT specifications, based on further refinement of needs assessment, including:
 - software, hardware, and connectivity requirements
 - network capacity requirements
 - ICT procurement plan and implementation strategy, based on review of locally available products to ensure rapid deployment and local technical support
 - staff training plan and plan to keep technologies up-to-date and ensure sustainability
- Full team met with reference committee to present progress and seek feedback.

WORK IN PROGRESS

Week 5

Second interim report, with development and refinements to annexes and incorporating comments from USAID and PPOA

- draft financial rules and regulations, including internal procurement rules
- draft staff rules and regulations, including refinement to employee handbook and human resources manual
- draft terms of reference for PPOA management committees and Advisory Board committees
- human resources manual and development plan completed
- draft report on ICT specifications, based on final refinement of needs assessment, including:
 - software, hardware, and connectivity requirements
 - network capacity requirements
 - ICT procurement plan and implementation strategy, based on review of locally available products to ensure rapid deployment and local technical support
 - staff training plan and plan to keep technologies up-to-date and ensure sustainability
- Draft and complete business-flow diagrams

Week 6

- Completed draft final report, including final documentation for organizational structure and ICT framework.
- PPOA to review and comment on the draft final report. Consultants to include all comments and final documentation for organizational structure and ICT framework in the final report. The PPOA requires additional time to complete the internal consultation process.

The work plan, bar chart, and scope of work are included in Annexes 2, 3, and 4.

Existing Legal and Regulatory Framework

Up to March 2001, the procurement system consisted of the central government system, the local authorities system, the state corporations system, and the Procurement of Consultants Services for Civil Works. The systems were contained in the supplies manual of 1978, and supplemented by circulars from the Treasury. The Director of Government Supplies was responsible for ensuring observance of the provisions of the manual. The manual created various tender boards, including the Central Tender Board, Ministerial Tender Board, and District Tender Board.

A review of the country's public procurement system undertaken in 1999 revealed many shortcomings, including non-uniformity, absence of sanctions or penalties against violators (apart from internal disciplinary action), exclusion of directives on the procurement of works, and inadequate provision for the settlement of disputes. In addition, institutional weaknesses led to poor coordination and teamwork among ministries. Another review of the country's procurement system under donor-funded projects pointed to other weaknesses, such as lack of project procurement plans, poor capacity, and insufficient transparency in bid opening.

In view of the weaknesses, the government has instituted important reforms. One such reform was the Public Procurement Regulations (Legal Notice No. 51), which came into force in March 2001. That regulation created the PPD and the Public Procurement Appeals Board (PPAB). It also unified all circulars that had previously governed procurement. This was Kenya's first attempt to create a uniform, clear, consistent procurement system for the entire public sector.

In 2005, further procurement reforms were undertaken when the law came into effect in October. The Act established the PPOA with two bodies: the Advisory Board and the Review Board. The PPOA was established as a body corporate to guarantee its autonomy, as it is not directly under the Ministry of Finance. Despite the legal and administrative reforms in procurement, the PPOA will not be effective without appropriate support, management structures, and facilities.

The Minister of Finance, as mandated by the Act, passed supplement legislation, the Public Procurement and Disposal Regulations 2006, which came into effect on 1 January 2007.

Institutional Framework

The Act establishes the PPOA as a body corporate and provides that it shall have all the powers necessary or expedient for the performance of its functions. The PPOA shall have perpetual succession and a common seal and shall be capable of suing and being sued in its corporate name and holding and alienating movable and immovable property.

The PPOA is a permanent institution of the government, funded under the revenue budget. The PPOA will have no procurement or contracting functions at any level except for its own needs. The unit may provide technical or professional advice on generic procurement issues referred to it but shall not get involved or provide opinion in any specific procurement evaluation or contract award, thus preserving its pristine role as a policy, technical assistance, training, and oversight unit.

The PPOA Shall Have the Following Functions:

- ensure compliance with the procurement procedures established under the Act
- monitor the public procurement system and report on its overall functioning, and present to the minister of finance such other reports and recommendations for improvements as the Director-General considers advisable
- initiate public procurement policy and propose amendments to the Act or to the regulations
- assist in the implementation and operation of the public procurement system and in doing so:
 - prepare and distribute manuals and standard documents to be used in connection with procurement by public entities
 - provide advice and assistance on procurement matters to procuring entities
 - develop, promote, and support the training and professional development of persons involved in procurement
 - issue written directions to public entities with respect to procurement, including the conduct of procurement proceedings and the dissemination of information on procurements
 - ensure that procuring entities engage procurement professionals in their procurement units
- perform such other functions and duties as are provided for under the Act

SECTION 2

Management Structures Defined in the Public Procurement Act

This section provides a basic structure of the main procurement functions identified in the Public Procurement and Disposal Act, 2005 (the Act), including a classification of these functions in organizational terms. The classification of central functions, as provided below, is similar to the models for organizing public procurement structures in the region, and the uniformity of functions performed across public procurement structures is striking. See Annex 1 for a comparison of organizing public procurement structures in Uganda, Tanzania, and Malawi.

The main functions to be performed by central public procurement institutions can be generally categorized as follows:

- primary policy and legislative
- secondary policy and regulatory
- monitoring and control
- advisory and operations support
- publication and information
- professional qualifications and capacity-strengthening
- development and procurement coordination
- enforcement and remedies

Based on the functions defined in the Act and summarized below, the team, in consultation with the PPOA and other regulatory bodies, has drawn up and developed the draft constituent documents to build the organizational and management structures and other management documents appropriate for the functioning of a modern PPOA, with management practices in line with internationally accepted standards.

The team has provided advice and documentation for establishment of a comprehensive ICT management system for efficient internal management (e-management of human resources and accounting functions, etc.), effective internal and external communications, and business processes handling large volumes of information flows among PPOA, procuring entities, development partners, other stakeholders, and the public.

Major establishments and functions provided for PPOA under the Act are listed below for easy reference:

Office/Body	Establishments and Functions under the Public Procurement and Disposal Act, 2005
Public Procurement Oversight Authority	<p>The PPOA is established as a body corporate.</p> <ul style="list-style-type: none">• The PPOA shall have all the powers necessary or expedient for the performance of its functions.• The PPOA shall have perpetual succession and a common seal and shall be capable of suing and being sued in its corporate name and holding and alienating moveable and immovable property. <p>The PPOA shall have the following functions:</p> <ul style="list-style-type: none">• To ensure that the procurement procedures established under this Act are complied with• To monitor the public procurement system and report on the overall

Office/Body	Establishments and Functions under the Public Procurement and Disposal Act, 2005
	<p>functioning and present to the minister reports and recommendations for improvements as the Director-General considers advisable</p> <ul style="list-style-type: none"> • To assist in the implementation and operation of the public procurement system • To prepare and distribute manuals and standard documents to be used in connection with procurement by public entities • To provide advice and assistance to procuring entities • To develop, promote, and support the training and professional development of persons involved in procurement • To issue written directions to public entities with respect to procurement including the conduct of procurement proceedings and the dissemination of information on procurements • To ensure that procuring entities engage procurement professionals in their procurement units • To initiate public procurement policy and where appropriate propose amendments to the Act or to the regulations • To perform such other functions and duties as are provided for under this Act
Director-General of the PPOA	<ul style="list-style-type: none"> • The PPOA shall have a Director-General who shall be the Chief Executive Officer of the PPOA and who shall be responsible for its direction and management. • The Director-General shall be appointed by the Advisory Board with the approval of Parliament. • To be appointed as the Director-General, a person must: have a university degree in commerce business administration, economics, engineering, or a related field of study from a recognized university; a professional qualification in supply management from a reputable organization; experience in management; and be of outstanding honesty and integrity. <p>Term of office of Director-General</p> <ul style="list-style-type: none"> • The term of office of the Director-General shall be five years, and a person who has held office as Director-General may be reappointed for one further term of five years. <p>Restrictions on activities of Director-General</p> <ul style="list-style-type: none"> • During the period of his or her appointment, the Director-General shall not be employed in any other work or business or hold any other public office. <p>The terms and conditions of service of the Director-General shall be determined by the Advisory Board in accordance with the State Corporations Act.</p> <p>Resignation of Director-General</p> <ul style="list-style-type: none"> • The Director-General may resign by a written resignation addressed to the Advisory Board. A resignation is effective upon being received by the Advisory Board. <p>Removal of Director-General</p> <ul style="list-style-type: none"> • The appointment of the Director-General may be terminated only in accordance with this section. • The Advisory Board may terminate a person's appointment as the Director-General if the person is incompetent, unable to perform the functions of his or her office by reason of a mental or physical infirmity, convicted of an offence under the Penal Code or this Act or an offence involving dishonesty, or judged bankrupt, was involved in a corrupt transaction, or contravenes Section 12 of the Act.

Office/Body	Establishments and Functions under the Public Procurement and Disposal Act, 2005
Staff of the PPOA	<p>The PPOA may, upon such terms and conditions of service as it may determine, employ such staff or hire the services of such consultants, experts or independent investigators as may be necessary for the proper performance of its functions.</p> <p>Acting Director</p> <ul style="list-style-type: none"> • The Advisory Board may designate a member of the staff of the PPOA to act as Director-General during the illness or absence of the Director-General or during a vacancy in the office. <p>Financial arrangements</p> <ul style="list-style-type: none"> • The financial year of the PPOA shall be the period of 12 months ending on 30 June each year. • At least three months before the beginning of each financial year, the Director-General shall cause estimates of the revenue and expenditures of the PPOA for that year to be prepared and submitted to the Advisory Board for approval. • The estimates shall make provision for all the estimated expenditures of the PPOA for the financial year and, in particular, shall provide for expenditures for: <ul style="list-style-type: none"> — the payment of salaries, allowances and other charges in respect of the staff — the payment of pensions, gratuities and other charges in respect of former staff — the proper maintenance of buildings and grounds — the maintenance, repair, and replacement of the equipment and other property — the payment of allowances and expenses of the Advisory Board • The PPOA shall make provision for the renewal of depreciating assets and the payment of pensions and other retirement benefits by the establishment of sinking funds and for contributions to such reserve and stabilization funds as may be required. • The funds of the PPOA shall consist of : money appropriated by Parliament for the purpose of running the PPOA, loans or grants received by the PPOA for its activities, revenue or fees collected for services rendered by the PPOA, and capacity building levy of such amount of the contract price as may be prescribed. <p>Audit</p> <ul style="list-style-type: none"> • The PPOA shall be audited in accordance with the Public Audit Act, 2003. <p>Quarterly and annual reports</p> <ul style="list-style-type: none"> • For each financial year, the Director-General shall cause four quarterly reports and one annual report to be prepared. • The Director-General shall submit each report to the Advisory Board and to the minister: <ul style="list-style-type: none"> — in the case of a quarterly report, within one month after the end of the quarter to which the report relates — in the case of an annual report, within four months after the end of the year to which the report relates • Each report shall contain, in respect of the period to which it relates: <ul style="list-style-type: none"> — a description of the activities of the PPOA — a report on the overall functioning of the public procurement system — a list of each procurement for which a procurement procedure was permitted under Section 92 of the Act — a report on the extent of preferential bias to local participation pursuant to Section 39 • In addition to what is required under Subsection (3), each annual report shall include financial statements of the PPOA for the year to which the report relates. • The minister shall, within 30 days after receiving a report, transmit it to

Office/Body	Establishments and Functions under the Public Procurement and Disposal Act, 2005
	the National Assembly.
Public Procurement Oversight Advisory Board	<p>The Public Procurement Oversight Advisory Board is established as an unincorporated body.</p> <p>The Public Procurement Oversight Advisory Board shall consist of nine members appointed by the Minister and approved by Parliament from persons nominated by the prescribed organizations and the Director-General.</p> <p>The First Schedule of the Act shall apply in respect of the members of the Advisory Board.</p> <p>Functions of the Advisory Board</p> <ul style="list-style-type: none"> • to advise the PPOA generally on the exercise of its powers and the performance of its functions • to approve estimates of the revenue and expenditures of the PPOA • to recommend the appointment or termination of the Director-General in accordance with the Act • to perform such other functions and duties as are provided for under the Act <p>Procedures of the Advisory Board</p> <ul style="list-style-type: none"> • The business and affairs of the Advisory Board shall be conducted in accordance with the Second Schedule of the Act. • Except as provided in the Second Schedule, the Advisory Board may regulate its own procedure. • Five nominated members of the Advisory Board shall constitute a quorum for the transaction of any business of the Board. • The Advisory Board may invite any person to attend any of its meetings and to participate in its deliberations, but such an invitee shall not have a vote in any decision of the Board.
Public Procurement Administrative Review Board	<p>The Public Procurement Complaints, Review, and Appeal Board established under the Exchequer and Audit (Public Procurement) Regulations, 2001, is continued under this Act as the Public Procurement Administrative Review Board.</p> <p>The composition and membership of the Review Board shall be in accordance with the regulations.</p> <p>The PPOA shall provide administrative services to the Review Board.</p>
Internal Organization of Public Entities Relating to Procurement	<ul style="list-style-type: none"> • For the purpose of ensuring that its decisions are made in a systematic and structured way, a public entity shall establish procedures to provide for the making of decisions, on behalf of the public entity, relating to procurement. • The procedures required under Subsection (1) shall be consistent with this Act and the regulations. • All procurement shall be: within the approved budget of the procuring entity and shall be planned by the procuring entity concerned through an annual procurement plan; undertaken by a procuring entity as per the threshold matrix set out in the regulations; and handled by different officers in respect of procurement initiation, processing and receipt of goods, works, and services. <ul style="list-style-type: none"> — A public entity shall establish a Tender Committee, procurement unit and such other bodies as are required under the regulations for the purpose of making such decisions on behalf of the public entity as are specified in this Act and the regulations. — A committee or body established under Subsection (4) shall be established in accordance with the regulations and shall consist of not less than five members and have as its Secretary the

Office/Body	Establishments and Functions under the Public Procurement and Disposal Act, 2005
	<p>procurement professional in charge of the procurement unit.</p> <ul style="list-style-type: none"> — A procuring entity shall not begin any procurement procedure until it is satisfied that sufficient funds have been set aside in its budget to meet obligations of the resulting contract. — A procurement unit established under Subsection (4) shall be staffed with procurement professionals whose qualifications have been recognized by the PPOA. — For the purpose of this section, a procurement professional means a person who: has professional qualifications in procurement and supply management from a recognized institution, is engaged in a calling or occupation in which recourse to procurement is directly or indirectly involved and has experience in the practice of procurement, and is a member of a recognized institute of purchase and supply. — The level of qualification and experience required of procurement professionals under Subsection (8) shall be as prescribed. — The PPOA shall facilitate establishment of an examination body for procurement professionals and shall ensure support for their professional association. <p>Responsibility for complying with the Act</p> <ul style="list-style-type: none"> • A public entity shall ensure compliance with the Act, the regulations and any directions of the PPOA with respect to each of its procurements. • The accounting officer of a public entity shall be primarily responsible for ensuring that the public entity fulfils its obligations under Subsection (1). • Each employee of a public entity and each member of a board or committee of the public entity shall ensure, within the areas of responsibility of the employee or member, compliance with this Act, the regulations and any directions of the PPOA. • Contractors, suppliers, and consultants shall comply with all provisions of this Act and the regulations. • The accounting officer may use the procurement unit and Tender Committee of another procuring entity, which shall carry out the procurement in accordance with this Act and the regulations. • The PPOA shall have power to transfer the procuring responsibility of a procuring entity to another procuring entity or procuring agent in the event of delay or in such other instances as may be prescribed. <p>Procuring agents</p> <ul style="list-style-type: none"> • Subject to Subsection (2), a procuring entity may appoint a procurement agent, on competitive basis, to carry out such procurement proceedings on its behalf as may be prescribed. • The PPOA shall pre-qualify procuring agents to be engaged by a procuring entity pursuant to Subsection (1). • A procuring agent shall be registered with the PPOA, and where the procuring agent is undertaking procurement on behalf of a procurement entity, the procuring agent shall comply with the provisions of this Act and the regulations.

SECTION 3

Proposed Organization Structure and Staffing for PPOA

INTRODUCTION

The Public Procurement and Disposal Act, 2005 establishes the Public Procurement Oversight Authority as a body corporate and provides that the PPOA shall have all powers necessary or expedient for the performance of its functions. The PPOA shall have perpetual succession and a common seal and shall be capable of suing and being sued in its corporate name and holding and alienating movable and immovable property. The PPOA shall have the following functions:

- ensure compliance with the procurement procedures established under the Act
- monitor the public procurement system and report on the overall functioning of it and present to the Minister for Finance such other reports and recommendations for improvements as the Director-General considers advisable
- assist in the implementation and operation of the public procurement system and in doing so:
 - prepare and distribute manuals and standard documents to be used in connection with procurement by public entities
 - provide advice and assistance to procuring entities on procurement matters
 - develop, promote, and support the training and professional development of persons involved in procurement
 - issue written directions to public entities with respect to procurement, including the conduct of procurement proceedings and the dissemination of information on procurements
 - ensure that procuring entities engage procurement professionals in their procurement units
- initiate public procurement policy and propose amendments to the Act or to the regulations
- perform such other functions and duties as are provided for under the Act

FUNCTIONAL DIVISIONS

It is proposed that four divisions, each headed by a Director be created below the Director-General. The divisions will be responsible for the key functions of the PPOA as indicated below.

Director-General

The Office of the Director-General will have overall responsible for the PPOA as per the Act, namely to:

- ensure compliance with procurement procedures established under the Act
- monitor the public procurement system and report on the overall functioning of it and present to the Minister for Finance such other reports and recommendations for improvements as the Director-General considers advisable
- initiate public procurement policy and propose amendments to the Act or to the regulations
- perform such other functions and duties as are provided for under the Act
- assist in implementation and operation of the public procurement system and in doing so:
 - prepare and distribute manuals and standard documents to be used in connection with procurement by public entities
 - provide advice and assistance to procuring entities on procurement matters
 - develop, promote, and support the training and professional development of persons involved in procurement
 - issue written directions to public entities with respect to procurement, including the conduct of procurement proceedings and the dissemination of information on procurements
 - ensure that procuring entities engage procurement professionals in their procurement units

Review Board Secretariat

The functions of this division will be to:

- act as a Secretariat to the Review Board in accordance with the Act
- advise the PPOA and Review Board on legal matters of the complaints received by the PPOA
- prepare and document complaints received by the PPOA for resolution
- keep a register that indicates all procurement complaints received by the PPOA and procuring entities and decisions made on them

Compliance, Legal, and Policy Division

The functions of this division will be to:

- ensure full and correct application of the Act and its regulations by carrying out periodic inspections of records and proceedings of procuring entities
- monitor the award and implementation of public contracts with a view of ensuring that such contracts are awarded impartially and on merit

- ensure that the circumstance in which each contract is awarded or, as the case may be, terminated, does not involve impropriety or irregularity
- ensure that the implementation of each such contract conforms to the terms thereof
- institute procurement auditing during the tender preparatory process
- institute contract auditing in the course of the execution of an awarded tender and performance auditing after the completion of the contract in respect of any procurement as may be required
- administer and enforce compliance with all the provisions of the Act, and its regulations and guidelines
- develop and distribute manuals and standard documents
- issue written directions to public entities
- develop public procurement policy and propose amendments to the Act when necessary
- receive and deal with complaints on the performance of the public procurement not related to appeals against contract awards or not directed to the Review Board
- approve a specifically permitted procurement procedure provided for by regulations on request by procuring entities
- ensure that the boards of surveys and disposal of stores and equipment are carried out by the procuring entities in accordance with the Act and the regulations
- study, verify, and make recommendations on applications from procuring entities on barring candidates from participating in public procurement
- organize the public procurement consultative meetings of stakeholders as required by the Act
- review procurement complaints and advising on the appropriate action to be taken
- render legal advice on procurement related matters and on any matter of the PPOA's functions
- act as a Secretariat to the Advisory Board
- liaise with the parent ministry and the Attorney General's Chambers on legal matters of the PPOA
- review authorized standard procurement documents, guidelines procedural forms, and any other attendant documents, and propose appropriate changes or amendments
- review the Act and its regulations and propose amendments where possible

- keep a register that indicates a number of procurement complaints received by the PPOA and procuring entities and decisions made on them

Research, Monitoring, and Evaluation Division

The functions of this division will be to:

- establish base line indicators and monitor against compliance and performance indicators
- collect, analyze, and review data from public procurement entities based on set/agreed performance indicators to determine the overall performance
- obtain and assess feedback from stakeholders and the general public on the performance of public procurement
- improve in efficiency , transparency, and competition in procurement practice and value for money
- benchmark and comparatively analyze public procurement performance with international standards and best practices and recommending improvements
- monitor the overall function of the public procurement system, including accountability and documentation of the procured items
- monitor and evaluate economic data and indices (e.g. price indices, inflation, market trends) related to public procurement
- analyze complaints, appeals, and recommendations on measures to address emerging trends
- research the public procurement activities to improve system
- develop and implement automation of data collection through integrated IT systems for analysis, review, and storage
- ensure a system of supporting, checking, and monitoring procurement activities of procuring entities is developed and implemented at all levels of procurement
- advise central government, local governments, and statutory bodies on matters within its jurisdiction and appropriate actions to be taken by procuring entities the from the outcome of the investigation
- review the performance of the public procurement system in the country and advise on desirable changes
- issue guidelines in respect of procurement contracts and performance audit
- the Research Section shall undertake national and international research and surveys on procurement matters

- develop a system and agree on a list that shall be reviewed annually of works, services, and supplies in common use by more than one procuring entity, which may be subject to common procurement
- advise on institutional setup of procuring entities in the country
- review the performance of public procurement systems in the country, advise on the desirable changes, and manage the documentation centre of the PPOA

Capacity Building and Training Division

The functions of the division will be to:

- set training standards, competence levels, certification requirements, and professional development paths for procurement experts, in consultation with relevant professional bodies and other competent authorities
- issue procurement guidelines on capacity building
- develop and maintain policies and operational plans for capacity building, for institutional and human resources development
- establish and maintain institutional linkages with training institutions and potential providers of training both locally and internationally
- research and survey procurement training activities nationally and internationally
- develop a system and agree on a list that shall be reviewed annually of works, services, and supplies in common use by more than one procuring entity, which may be subject to common procurement
- give approval for deviation from the use of standardized tender documents and procedures
- advise central government, local governments, and statutory bodies on all procurement policies, principles, and practices
- disseminate and provide advisory services to all stakeholders on the use of standard tender documents
- advise on institutional setup of procuring entities in the country
- coordinate training needs and develop and implement procurement capacity building strategies
- maintain a list of approved service providers, suppliers, and contractors eligible for preferential treatment for procurement under the Act
- ensure that the public procurement entities engage professional personnel

- develop policy and guidelines for promoting and supporting training and professional development
- undertake training needs assessments for public procuring entities
- maintain skills inventory for procurement personnel
- coordinate training programs in public procurement
- provide technical assistance in training and developing training-of-trainers and training institutions
- develop training curricula and training manuals for outsourced providers, including training institutions
- develop training capacity in public institutions for different levels of training in liaison with other key stakeholders
- train in governance and ethics policy

Finance and Administration Division

The overall functions of the division will be to:

- develop appropriate policies and regulations on human resources and administrative systems
- maintain an optimum staff by ensuring effective planning, recruitment, training, and development
- develop and carry out periodic reviews of the organizational structure, job description, compensation structure, and scheme of service
- ensure a conducive working environment and maintain oversight of staff competence, motivation, integrity, accountability, and productivity
- develop and implement a modern performance management system in line with the strategic objectives
- carry out day-to-day activities related to PPOA accounts
- establish and maintain internal control systems necessary to secure assets and liabilities and ensure accuracy in recording of income and expenditure thereof
- process accounting information and prepare periodic reports in accordance with the financial regulations

The functions of each unit in the Finance and Administration Division are listed in the table below.

Unit/Section	Functions
Internal Audit	<ul style="list-style-type: none"> • Advise the PPOA on the audit report and queries • Advise the PPOA on the soundness, adequacy, and application of accounting and financial regulations • Check the effectiveness of the budgetary control system • Undertake special audit investigations and make sound suggestions to the PPOA's Director-General • Examine financial documents of the PPOA and report on a quarterly basis to the Director-General on the findings • Advise the PPOA on the measures to reduce expenses and increase income • Advise the PPOA from time to time on efficient management and control of the PPOA's assets • Review and audit the financial activities of the PPOA.
Procurement Management Unit	<ul style="list-style-type: none"> • Manage all procurement activities of the PPOA • Plan the procurement and disposal by tender activities of the PPOA • Recommend procurement and disposal by tender procedures • Prepare tendering documents and advertisements of tender opportunities • Prepare contract documents in collaboration with the Legal Unit • Issue approved contract documents • Maintain and archive records of the procurement and disposal process of the PPOA • Maintain a list or register of all contracts awarded • Coordinate the procurement and disposal activities of all the divisions and units of the PPOA • Ensure proper maintenance of stock control and stock levels
Finance and Accounts Section	<ul style="list-style-type: none"> • Carry out day-to-day activities related to the accounts of PPOA • Ensure safe custody of cash and accounts documents of the PPOA • Establish and maintain internal control systems necessary to secure the assets and liabilities of the PPOA and ensure accuracy in recording income and expenditure thereof • Process accounting information and prepare periodic reports in accordance with the constitutive documents of the PPOA and regulatory requirements • Prepare annual financial statements of the PPOA in due time and present them for audit • Liaise with external auditors to ensure completion of audit on time in order to meet reporting requirements • Prepare relevant reports required for submission to the Advisory Board and the committees of the Advisory Board • Ensure that all revenue of the PPOA are accounted for and appropriately recorded
Administration and Human Resources Section	<ul style="list-style-type: none"> • Develop appropriate policies and regulations on human resources and administrative systems • Maintain an optimum staff complement by ensuring effective manpower planning, recruitment, training, and development • Develop and carry out periodic review of the organizational structure, job description, compensation structure, and scheme of service • Ensure a conducive working environment and maintain oversight of staff competence, motivation, integrity, accountability, and productivity • Develop and implement a modern performance management system in line with the strategic objectives • Prepare relevant reports required for submission to the Advisory Board and the committees of the Advisory Board
ICT and Database Administration Section	<ul style="list-style-type: none"> • Plan, maintain, and develop a procurement database, ensuring that the data remains consistent across the database, is clearly defined, is accessible to concurrently users in a form that suits their needs, is secure and able to be recovered, and is retrievable when required • Establish the needs of users • Plan data flows for a new or revised procurement database • Write database documentation, including data standards, procedures, and definitions for the data dictionary

Unit/Section	Functions
	<ul style="list-style-type: none"> • Control access permissions and privileges • Train users and resolve their problems • Ensure that storage, archiving, backup, and recovery procedures are functioning correctly • Communicate regularly with technical, applications, and operational staff to ensure the database integrity and security • Perform systems administration functions for the PPOA servers, including administering system-level security procedures • Establish and maintain users accounts, which shall include assigning file permissions and establishing password and accounts policies • Install, upgrade, configure, test, maintain, and support operating system software • Perform automated and manual backup and restore processes of the system • Perform network administration functions for the PPOA LAN/WAN, including the maintenance of network functionality and the installation, upgrade, configuration, integration, and troubleshooting of network software and network devices • Ensure the efficient running of the Help Desk and that calls are addressed in a timely manner • Monitor the network, servers, and communications systems and troubleshoot problems in order to maintain the highest level of availability • Fine-tune hardware and software to optimize network performance and functionality • Install, configure, and test software packages • Provide user support, conduct user software and hardware training, and work with PPOA staff to formulate technology solutions and ensure the effective safeguarding and sharing of data • Evaluate requests for hardware and software and assist in drafting specifications (request for proposals) for hardware or software • Research and recommend solutions to technology needs, compatible with the PPOA needs and infrastructure and resource constraints • Carry out any other duties as may be assigned by the Director of IT

THE GRADING STRUCTURE

It is desirable to have a lean and flat organizational structure for cost effectiveness and responsiveness. Such a structure will provide more job enrichment and employee involvement that will translate into greater job satisfaction.

It is therefore proposed that the PPOA should have an organization structure with five levels of professional staff (grade 1-5) and two levels of support staff (graded 6 and 7) as indicated below.

Grade	Job Title	General Description
DG (1)	Director-General	Wide and deep professional knowledge across the business. Broad vision and extensive experience. The level will determine the direction the organization will take.
2	Director	This level should demonstrate greater mastery of technical scientific/specialized knowledge gained over a longer period of experience (e.g. over 10 years) at senior levels. The job holder will be involved in developing and implementing policies with greater independence. At this level planning and coordination of sub-units and with procurement entities is significant. Responsible for staff in the division; therefore people management is crucial.

Grade	Job Title	General Description
3	Manager	Professional level with technical scientific/specialized knowledge to full certification. Deals with theory, concepts, and practice in the relevant discipline. Responsible for planning and coordination of work within own section. Influencing skills are crucial in getting results from subordinates. Experience in the relevant field of 5 to 10 years.
4	Officer	Will handle more complex tasks. Greater level of techniques and application of knowledge gained through considerable training and experience (minimum 5 years).
5	Assistant	Will deal with routine tasks that require understanding of techniques and procedures. The entry level for young professional with university degree with two years of experience and some relevant training.
6	Senior Support Staff	Routine activities. Basic education, some formal training and experience.
7	Support Staff	Routine activities. Basic education, some formal training and experience.

Proposed Staff Positions in Different Divisions

Grade	Positions			
DG (1)	Director-General			
2	Technical Director, (Compliance, Policy and Legal; Research, Monitoring and Evaluation; Capacity Building and Training			Director, Finance and Administration
3	Manager, Compliance and Enforcement Manager, Policy and Legal Services	Manager, Research, Monitoring and Evaluation	Manager, Capacity Building	Finance Manager HR and Administration Manager ICT Manager
4	Compliance and Enforcement Officer(s) Policy and Legal Officer(s)	Research Officer(s) Monitoring and Evaluation Officer(s)	Training Officer(s)	Procurement Officer HR and Administration Officer ICT Officer(s)
5	Assistants	Assistants	Assistants	Assistants
6	Senior Support Staff	Senior Support Staff	Senior Support Staff	Senior Support Staff
7	Support Staff	Support Staff	Support Staff	Support Staff

Proposed Staff Establishment

Office	Job Title	Grade	Number in Position	Brief Job Descriptions
Director-General's Office	Director-General	DG	1	Accounting Officer and overall responsibility for PPOA
	Public Relations Officer	4	1	Media relations, public relations, and corporate events
	Administrative Assistant	5	1	<ul style="list-style-type: none"> DG's meetings, speeches, follow-up on actions and correspondence Office management, correspondence, records, diary, appointments
	Driver	6	1	Chauffeur, errands, and vehicle maintenance
Sub-total			4	
Compliance and Policy Research, Monitoring, and Policy Capacity Building and Training	Technical Director	2	1	<ul style="list-style-type: none"> Develop, disseminate, and enforce procurement policy Build capacity in procurement by ensuring adequate personnel and appropriate training and enhancing capacity of institutions and other providers to train Supervise, oversee, and guide managers in various departments in cross-functional and overlapping duties
	Sub-total			1
COMPLIANCE AND POLICY				
	Compliance and Policy Manager	3	1	<ul style="list-style-type: none"> Develop, disseminate, and enforce procurement policy Develop policy and procedures and advise procurement entities including in debarment cases Audit on procurement policy and procedures and enforcement
	Compliance and Enforcement Officer	4	2	Audit and scrutinize procurement processes and documentation (e.g. tenders, RFQs, pre-qualifications, tender analysis, awards) to ensure compliance
	Legal and Policy Officer	4	2	Research law, policy, best practices, and drafting of policy
	Documentation Assistant	5	2	Prepare and disseminate document and track delivery
Sub-total			7	
RESEARCH, MONITORING, AND POLICY				
	Research, Monitoring, and Evaluation Manager	3	1	<ul style="list-style-type: none"> Establish baseline indicators and monitor against compliance and

				<p>performance indicators</p> <ul style="list-style-type: none"> Establish M&E for procurement systems in Kenya
	Research, Monitoring and Evaluation Officer	4	2	Collect, analyze, and review data from public procurement entities based on set/agreed performance indicators to determine the overall performance
	Data Officer	4	1	Analyze and review data
Sub-total			4	
CAPACITY BUILDING AND TRAINING				
	Capacity Building Manager	3	1	<ul style="list-style-type: none"> Build capacity in procurement by ensuring adequate personnel, and appropriate training and enhancing capacity of institutions and other providers to train Plan capacity and develop and implement strategies for enhancements Develop curricula, coordinate training, manage collaboration, and liaise with training institutions and other training providers
	Training Officer	4	2	<ul style="list-style-type: none"> Build capacity in procurement by ensuring adequate personnel and appropriate training and enhancing capacity of institutions and other providers to train. Plan capacity and develop and implement strategies for enhancements
	Curriculum Development Officer	4	2	Develop curricula, coordinate training, manage collaboration, and liaise with training institutions and other training providers
Sub-total			5	
FINANCE AND ADMINISTRATION				
	Director, Finance and Administration	2	1	<ul style="list-style-type: none"> Oversee support services, including finance, human resources, IT, and procurement Supervise, oversee, and guide managers in departments in cross-functional and overlapping duties
	Finance Manager	3	1	Manage finances (i.e. planning, expenditure, and accounting)
	Accountant	4	2	Ensure compliance with accounting procedures and controls
	Accounts Assistant	5	1	Process accounting transactions
	Procurement Officer	4	1	Handle procurement for PPOA (e.g., planning, price surveys, tenders, RFQs)
Sub-total			6	
HUMAN RESOURCES AND ADMINISTRATION				
	Human Resources	3	1	Build human resources capacity and

	and Administration Manager			related services (e.g., recruitment, training, welfare, safety)
	Human Resources and Administration Officer	4	1	Provide HR services
	Facilities and Security Officer	4	1	Supervise outsourced security
	Registry and Records Assistant	5	1	Maintain records and registry
	Transport Assistant	5	1	Coordinate transport, care, and maintenance of vehicles
	Telephone Operator - Receptionist	5	1	
Sub-total			6	
ICT				
	ICT Manager	3	1	Automate information, analyze, and store data across organization
	Business Applications Officer	4	1	Implement process automation and business application
	Internet Applications Officer	4	1	Implement and automate e-processes, Web master
	Help Desk and Infrastructure Officer	4	1	Support IT users and infrastructure maintenance
Sub-total			4	
REVIEW BOARD SECRETARIAT				
	Legal and Administrative Manager (Secretary to Review Board)	3	1	Oversee all communications to the Review Board relating to matters pending before the Review Board.
	Legal Officer and Analyst	4	2	Prepare all legal communications relating to matters pending before the Review Board
	Administrative Assistant	5	1	Provide administrative support
Sub-total			4	
GENERAL				
	Drivers	7	4	Drive pool vehicles
Sub-total			4	
GRAND TOTAL			46	

Notes:

Vehicles - the number will determine the number of drivers

Secretarial services - directors, managers, and officers should be computer literate

Administrative assistant - should coordinate office work

Messenger services - network communication (mail service to be outsourced)

Security – to be hired

Cleaning services - to be outsourced

Proposed Organizational Structure and Staffing for the Authority

In proposing the organization structure for the PPOA, the study team has considered the mandate of the Authority, its proposed vision, mission, core values, strategies, objectives, and policy priorities. The functional and optimal staffing levels for the Authority have been determined using the following factors.

- workload of the Authority
- availability of physical facilities (e.g., tools, equipment, and technology)
- level of knowledge, skills, and competencies required to perform a given task, depending on complexity and nature of the assignment
- procedures on flow of work (e.g., procurement system procedures)
- degree and level of supervision required in a particular job
- adoption of modern information management systems that would enhance the public procurement and disposal function

According to the Act, upon establishment of the Authority, each PPD staff member shall remain a member of the public service, but shall be seconded to the Authority for one year. (See section on Transitional Provisions — Transfer of Staff for details.)

Rationale in Developing the Organizational Chart

The PPOA organizational chart represents the structure of the organization in terms of rank. The chart usually shows the managers and sub-workers who make up an organization. The chart also shows relationships among staff in the organization, which can be:

- Line - direct relationship between superior and subordinate.
- Lateral - relationship between different departments on the same hierarchical level.
- Staff - relationship between managers and officers and other staff. For example, the officers will be able to offer advice to a line manager. However, they have no Authority over the line manager's actions.
- Functional - relationships between specialist positions and other areas. The specialist will normally advise a line manager to implement the instructions offered on his or her expert field.

The organizational chart is relatively simple and not large; therefore, dissection into smaller charts for each individual department within the organization is not necessary at this stage.

Horizontal Organization

Preferred organizational structures are horizontal or flat, that is, with few or no levels of intervening management between staff and managers, as opposed to a hierarchical organization. Members of hierarchical organizational structures chiefly communicate with their immediate superior and their immediate subordinates. Structuring organizations in this way may be useful partly because it can reduce the communication overhead by limiting information flow; however, this is also its major limitation.

The idea behind a horizontal or flat organization is that well-trained procurement experts and workers will be more productive when they are more directly involved in the decision-making process, rather than closely supervised by many layers of management. This structure is generally possible only in smaller organizations or individual units within larger organizations. When they reach a critical size, organizations can retain a streamlined structure but cannot keep a completely flat manager-to-staff relationship without affecting productivity. The flat organization model promotes employee involvement through a decentralized decision-making process. By elevating the level of responsibility of baseline employees, and by eliminating layers of middle management, comments and feedback reach all personnel involved in decisions more quickly. The expected response to customer feedback can thus become more rapid. Because the interaction between workers is more frequent, this organizational structure generally depends upon a more personal relationship between workers and managers.

Matrix Management

The other rationale is matrix management, in which people with similar skills are pooled for work assignments. For example, all legal experts may be in one legal and policy department and report to a legal compliance manager, but these same legal experts may be assigned to different assignments or projects and may report to a project manager. Therefore, each legal expert may have to work under several managers to get his or her job done. Under a matrix, a project manager (often called a project administrator under this type of organization), with shared Authority with functional managers, oversees cross-functional aspects of the project. The functional managers maintain control over their resources and project areas. The project administrator's role is to enhance communication among functional managers and track overall project progress. This is sometimes a complex organizational structure to maintain.

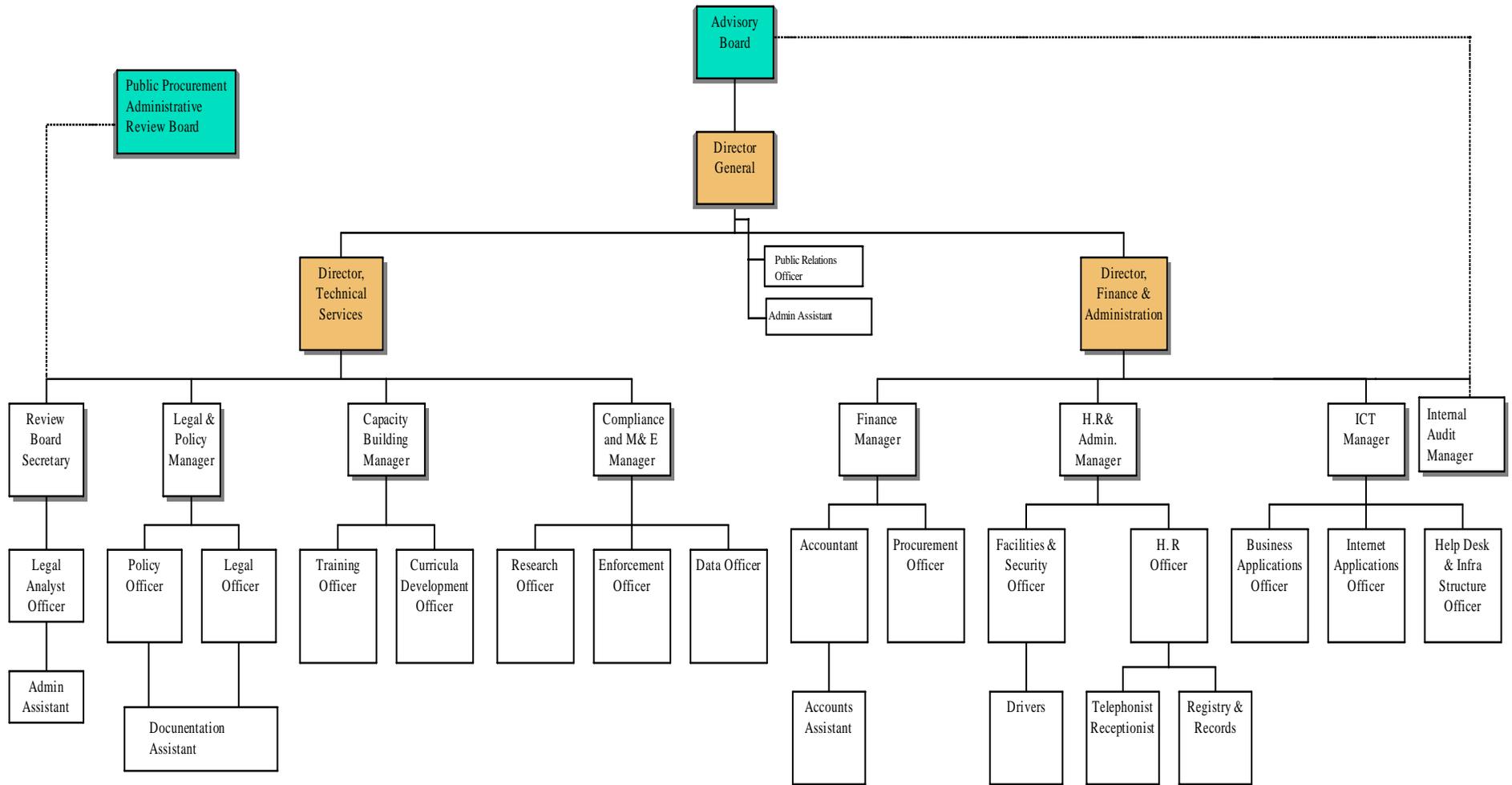
Advocates of matrix management say it has two advantages. First, it allows team members to share information more readily across task boundaries. Second, it allows for specialization that can increase depth of knowledge and allow professional development and career progression to be managed. It is therefore easier to accomplish work objectives in an environment when task loads are shifting rapidly among departments.

The disadvantage of matrix management is that employees can become confused due to conflicting loyalties. A properly managed cooperative environment, however, can neutralize this disadvantage. In order for the system to work, all parties must be willing to talk to each other to learn about their different objectives and goals. Matrix management can be difficult for the project managers because they must work closely with other managers and workers in order to complete the project. The functional managers may have different goals, objectives, and priorities than the project managers, and these would have to be addressed in order to get the job done.

The two directors, Technical Services, and Finance and Administration will play a major role in this matrix arrangement as they will supervise, oversee, and guide managers in the various departments in cross-functional and overlapping duties.

The proposed organizational chart agreed with PPOA is drawn below:

PUBLIC PROCUREMENT OVERSIGHT AUTHORITY



Technical Assistance and Outsourcing of Services

The PPOA was created as a permanent institution funded through revenue budget, under the Ministry of Finance, whose responsibility will be to promote procurement reforms in line with the Act. PPOA may provide technical and professional advice, but shall preserve its role as policy, technical assistance, training, and oversight Authority.

The procurement development objectives are to increase efficiency, transparency, and accountability in the procurement of goods, works, and services by government ministries, departments, statutory corporations, and other public bodies. Public procurement development will mean supporting public procurement reform by introducing relevant rules and procedures, building procurement management capacity, and establishing mechanisms to improve transparency.

PPOA will be required to implement public procurement reforms, rules, and procedures; will help develop standard bidding documents; and will follow a participatory consultation process involving government and private sector stakeholders to develop ownership and support reforms in line with the provisions of the Act. PPOA will improve procurement management capacity by institutionalizing comprehensive and regular training programs through selected institutions and establishing a monitoring and evaluation capacity at PPOA to monitor the procurement performance of public entities.

Typically, the activities mentioned above will place a special burden on PPOA at start-up and will require additional technical assistance and outsourcing of activities, such as compliance management; ICT support; logistical support; intensive training of the procurement oversight institutions, Tender Committees, and procurement staff; finalization of procedure manuals; integration with financial processes; implementation training; data take-on; change management; monitoring of results; and provision of user support.

Transitional Provisions

Provisions provided by the Act that are crucial for PPD transition to PPOA are listed below:

No.	Subject	Provisions in the 2005 Act
1	Interim Director-General	<ul style="list-style-type: none"> • The person who, immediately before this Act comes into operation, was director of the PPD shall become the interim Director-General of the Authority upon the establishment of the Authority. • The interim Director-General shall cease to be the interim Director-General upon the appointment of a Director-General under Section 10. • For greater certainty, the interim Director-General shall have and may exercise and perform all the powers and functions of the Director-General until the Director-General is appointed, including being a member of the Advisory Board. • For greater certainty, service as the interim Director-General shall not constitute service for a term for the purpose of Section 11(2).
2	Interim members of Advisory Board	<ul style="list-style-type: none"> • Before members of the Advisory Board are nominated and appointed under Section 22(1) (a), the Minister shall appoint nine interim members. • The minister shall designate one of the interim members as the Chairman. • The interim members shall cease to hold office upon sufficient members of the Advisory Board being appointed, under Section 22(1) (a), to constitute a quorum. • While the interim members hold office, the Advisory Board shall not

No.	Subject	Provisions in the 2005 Act
		<p>recommend the appointment of the Director-General under Section 23(c).</p> <ul style="list-style-type: none"> For greater certainty, service as an interim member shall not constitute service for a term for the purpose of Paragraph 2(2) of the First Schedule.
3	Existing procurement proceedings continued under old law	<ul style="list-style-type: none"> Procurement proceedings begun before this Act comes into operation shall be continued in accordance with the applicable law. A procurement proceeding commences for the purpose of Sub-paragraph (1) when the first advertisement relating to the procurement proceeding is published or, if there is no advertisement, when the first documents are given to persons who wish to participate in the procurement proceeding.
4	Existing exemptions continued	If, before this Act comes into operation, the Minister makes a decision under Regulation 3(2) of the Exchequer and Audit (Public Procurement) Regulations, 2001, with respect to the use of a different procedure for a procurement, that procurement shall be exempt from this Act.
5	Confidentiality in relation to past proceedings	Section 44 shall apply with respect to procurement proceedings completed before this Act comes into operation.
6	Records of past procurements	<ul style="list-style-type: none"> Section 45 shall apply with respect to: a procurement that took place before this Act comes into operation Section 45(2), as it applies under Sub-paragraph (1), does not require the record of a procurement to include anything that was not required before this Act comes into operation.
7	Publication of existing contracts	Section 46 shall not apply with respect to a contract formed before this Act comes into operation.
8	Amendments to existing contracts	Section 47 shall apply with respect to a contract formed before this Act comes into operation, but not to an amendment to such a contract made before this Act comes into operation.
9	Interest on overdue amounts under existing contracts	Section 48 shall apply to contracts formed before this Act comes into operation and to amounts under such contracts that became overdue before this Act comes into operation.
10	Inspections and audits relating to prior contracts	Section 49 shall apply to contracts formed before this Act comes into operation, including contracts that are no longer in force when this Act comes into operation.
11	Administrative review, etc. for existing proceedings	Parts VII and VIII apply, with necessary modifications, with respect to procurement proceedings commenced before this Act comes into operation.
12	Continuation of existing administrative review proceedings	Proceedings before the Public Procurement Review, Complaints and Appeal Board established under the Exchequer and Audit (Public Procurement) Regulations, 2001, shall be continued before the Review Board under Part VII, and the provisions of that part shall apply, with necessary modifications.
13	Continuation of existing investigations	An investigation of procurement proceedings by the PPD shall be continued under Part VIII, and the provisions of that part shall apply, with necessary modifications.
14	Grounds for debarment, include previous actions	The grounds for debarment a person from participating in procurement proceedings under Section 115 extend to anything done before this Act comes into operation that would constitute grounds under that section.
15	Transfer of staff	<ul style="list-style-type: none"> Upon establishment of the Authority, each member of the staff of the PPD, including the Director, shall remain a member of the public service but shall be seconded to the Authority for a one-year period. If, within the first year after the Authority is established, a person seconded to the Authority under Sub-paragraph (1) enters into a written contract of service with the Authority, the person shall cease to be a member of the public service without right to severance pay, but without prejudice to any

No.	Subject	Provisions in the 2005 Act
		<p>right to other remuneration or benefits payable on termination or in respect of their public service.</p> <ul style="list-style-type: none"> • A person seconded to the Authority under Sub-paragraph (1) shall cease to be so seconded and shall be redeployed as a member of the public service if (a) the one-year period of secondment under Sub-paragraph (1) expires without the person having entered into a written contract under Sub-paragraph (2) or (b) the person opts, within the one-year period of secondment under Sub-paragraph (1), to end his/her secondment. • This paragraph does not apply with respect to staff whose duties are, in the opinion of the director of the PPD, primarily concerned with procurement operations rather than with the oversight of public procurement.
16	Transfer of authorized expenditures for 2005/2006	Expenditures that were authorized for the 2005/2006 financial year to be used in relation to the PPD and that, upon the commencement of this Act, have not been expended, shall be deemed authorized for that financial year to be used in relation to the Authority.
17	Financing of Authority	The Minister shall facilitate an adequate budget for the Authority upon the commencement of this Act.
18	Transfer of assets	The assets of the directorate of public procurement existing before the commencement of this Act shall be transferred to the Authority upon commencement of this Act.

Management Committees of the Advisory Board and the PPOA

The management committees are divided into two groups: committees providing services to the Advisory Board and committees providing services to the PPOA.

Committees Providing Services to the Advisory Board

Except as provided in the Second Schedule, the Advisory Board may regulate its own procedures. Five nominated members of the Advisory Board shall constitute a quorum for the transaction of any business of the Board. The Advisory Board may invite any person to attend any of its meetings and to participate in its deliberations, but such an invitee shall not have a vote in any decision of the Board. The Board committees' membership will be formed by the Board consisting of Board members. The proposed committees are:

Finance and Budget and Human Resources Committee: The functions are to advise the Board on the exercise of its powers and the performance of its functions; approve estimates of revenue and expenditures of the Authority and organization of the PPOA, HR policy, staff levels, staff grading, and salary levels and increments; and perform such other functions and duties as are provided for under the Act. The business and affairs of the Advisory Board shall be conducted in accordance with the Second Schedule of the Act.

Audit Committee: The functions are to advise the Board on the audit and accounting functions for the PPOA and approve the audit and accounting reports on behalf of the Board. The business and affairs of the Advisory Board shall be conducted in accordance with the Second Schedule of the Act.

Committees Providing Services to the PPOA

The terms of reference, membership, and composition are proposed for the following PPOA management committees, the details of which are included in Volume 2 of the report:

- Senior Management Committee
- Finance and Budget and Human Resources Committee
- Audit Committee
- Tender Committee

Administrative Review of Procurement Proceedings and Composition and Membership of the Review Board

A “request for review” means a request for administrative review filed with the Review Board under section 93, 106, or 117 of the Act. The detailed workings of the Review Board are summarized in the regulations and listed below:

Subject	Regulations
Appointment and tenure of members	<ul style="list-style-type: none"> • The members of the Review Board shall be appointed for a term of three years and shall be eligible for reappointment for one further term of three years. • Subject to Paragraph (1), a member shall hold and vacate office in accordance with the member’s terms of appointment. <p>Composition and membership</p> <ul style="list-style-type: none"> • Pursuant to Section 25 of the Act, the Review Board shall consist of six members appointed by the Minister from among persons nominated by the following organizations: <ul style="list-style-type: none"> — Kenya Association of Manufacturers — Law Society of Kenya — The Architectural Association of Kenya — The Institution of Engineers of Kenya — Institute of Certified Public Accountants of Kenya — Kenya Institute of Supplies Management — Institute of Certified Public Secretaries of Kenya — Chartered Institute of Arbitrators — Kenya National Chamber of Commerce and Industry — Kenya Institute of Management — Computer Society of Kenya — Pharmaceutical Society of Kenya — Federation of Kenya Employers — Central Organization of Trade Unions <p>Three other members will be appointed by the Minister; and a Chairman will be appointed by the Minister from among the persons appointed under Paragraph (a).</p> <ul style="list-style-type: none"> • Each organization referred to in Sub-regulation (1) (a) shall submit to the Minister the curriculum vitae of two members being nominated, of whom one shall be a woman. • The Director-General shall appoint a Secretary to the Review Board from among the staff of the Authority.
Quorum, panels, and proceedings	<ul style="list-style-type: none"> • The quorum of the Review Board shall be three members, including the Chairman. • The Secretary may, in consultation with the Chairman and the Review Board, constitute a panel of three members to hear and determine a request for review, and each panel shall elect its own Chairman. • In the absence of the Chairman, the Review Board may designate one member to act as Chairman for the purpose of that meeting. • Decisions of the Review Board shall be taken by simple majority but, in the case of a tie, the proposal supported by the Chairman shall prevail.
Resignation from office	<p>The Chairman or any other member of the Review Board may at any time, by notice to the minister, resign from his or her office.</p>
Termination of appointment	<p>The minister may terminate a person’s appointment as a member of the Review Board only if the person is unable to perform the functions of his or her office by reason of mental or physical infirmity; is adjudged bankrupt; is convicted of an offence under the Penal Code, the Anti Corruption and Economic Crimes Act, 2003, or the Act or these Regulations, or an offence involving dishonesty; or is absent from three consecutive meetings of the Review Board, to which the member has been invited, without reasonable excuse.</p>
Allowances	<p>The Authority shall pay the members of the Review Board such allowances as may be determined by the Advisory Board.</p>

Procedures in Reviews

<p>Mode of filing requests</p>	<ul style="list-style-type: none"> • A request for review under the Act shall be made in Form RB 1 set out in the Fourth Schedule to these regulations. • The request referred to in Paragraph (1) shall state the reasons for the complaint, including any alleged breach of the Act or these regulations; be accompanied by such statements as the applicant considers necessary in support of its request; be made within 14 days of the occurrence of the breach complained of where the request is made before the making of an award or the notification under Sections 67 or 83 of the Act; be submitted in 15 bound copies and a soft copy, pages of which shall be consecutively numbered; be accompanied by the fees set out in Part II of the Fourth Schedule, which shall not be refundable. • Every request for review shall be filed with the Secretary of the Review Board upon payment of the requisite fees. • The Secretary shall acknowledge filing of the request for review.
<p>Notification of filing of request</p>	<ul style="list-style-type: none"> • The Secretary shall immediately after the filing of the request under Regulation 73, serve a copy thereof on the procuring entity or Director-General as the case may be. • The copy to the procuring entity under Paragraph (1) shall also contain a notification of the pending review and the suspension of the procurement proceedings of such procuring entity. • Upon being served with a notification of a request, the procuring entity or the Director-General shall within seven days or such lesser period as may be stated by the Secretary in a particular case, submit to the Secretary a written memorandum of response to the reasons for the request together with such documents as the Secretary may specify. • The Secretary shall, within 14 days of the filing of the request, notify all other parties to the review of the filing and such parties may, at their own expense, obtain copies of the request for review.
<p>Notice of Hearing</p>	<ul style="list-style-type: none"> • The Secretary shall give reasonable notice of the date fixed for hearing to all parties to the review. • The notice referred to in Paragraph (1) shall be in the format shown in Form RB 2 set out in the Fourth Schedule of the regulations.
<p>Representation by person of own choice</p>	<p>Any party to a request filed under Regulation 73 shall, at the hearing thereof, be entitled to be represented by an advocate or any other person of his or her own choice.</p>
<p>Preliminary objection</p>	<ul style="list-style-type: none"> • A party notified under Regulation 74 may file a preliminary objection to the hearing of the request for review to the Secretary of the Review Board within five days from the date of notification. • The preliminary objection filed under Paragraph (1) shall set out the grounds upon which it is based and shall be served on the applicant at least one day before the hearing. • The applicant may file a reply to the preliminary objection before the time of the hearing of the request. • The Review Board shall hear the preliminary objection and make a determination whether to uphold or dismiss the same and shall record the reasons for the determination. • If the Review Board dismisses the preliminary objection, it shall soon thereafter proceed to hear the request for review as scheduled. • The fees chargeable for filing a preliminary objection shall be as set out in the Part II of the Fourth Schedule.
<p>Invitation to the hearing</p>	<ul style="list-style-type: none"> • The Secretary shall, at least three days before the date set for the hearing, invite members of the Review Board to attend the hearing. • The invitation under Paragraph (1) shall set out the time, date, and place where the

	<p>hearing shall take place.</p> <ul style="list-style-type: none"> The business of the Review Board shall be transacted between 8.00 a.m. and 5.00 p.m. on normal working days, unless otherwise agreed to by the Secretary.
Disclosure of interest	Where any member of the Review Board has a direct or indirect interest in any matter before the Review Board, he or she shall declare his or her interest in the matter and shall not participate in the hearing or decision-making process of the Review Board in relation to that particular matter.
Attendance at the hearing	If on the day set for the hearing of a review for which due notification has been given, the applicant appears and the procuring entity fails to appear, the hearing of the request for review shall proceed in the absence of the procuring entity, unless the Review Board deems it fit to adjourn the hearing. If the procuring entity appears and the applicant does not appear, the request for review shall be dismissed, unless the Board deems it fit to adjourn the hearing. If both parties fail to appear, the request for review shall be dismissed, unless the Board deems it fit to adjourn the hearing.
Procedure at hearing	At the hearing of the request for review, unless decided otherwise by the Review Board, the applicant shall be given the first opportunity to present the case in support of the request and the procuring entity shall be given an opportunity to reply thereto.
Consolidation of requests	Where two or more requests for review are instituted arising from the same tender or procurement procedure the Review Board may consolidate the requests and hear them as if they were one request for review.
Withdrawal of requests for review	<ul style="list-style-type: none"> A request for review may be withdrawn at any time before or during the hearing by notice in writing to the Secretary signed by the applicant, and upon such notice being received, the request for review shall be deemed to have been withdrawn. When a request for review is withdrawn, the Secretary shall forthwith inform the Review Board and all parties to the review of the withdrawal.
Hearing of request	<ul style="list-style-type: none"> Hearing of review proceedings shall be open to all parties to the review. The Review Board may, at the hearing of the request, exclude any person from the hearing whom it deems unruly, interruptive, or otherwise behaving in an unreasonable manner.
Experts	The Review Board may engage an expert to assist it in proceedings in which it feels it lacks the necessary expertise, but the opinion of the expert shall not be binding on the Review Board.
Rules of evidence	The Review Board shall not be bound to observe the rules of evidence in the hearing of a request under these regulations.
Proof of documents	An order of the Review Board certified by both the Chairman and the Secretary to be a true copy thereof shall in any legal proceedings be prima facie evidence of the issuance of that order.
Communication to the Review Board	All communications to the Review Board relating to matters pending before the Review Board shall be through the Secretary.

SECTION 4

Institutional Linkages and Compliance with Relevant Laws

The PPOA functions are linked to its parent ministry and other government institutions. Effective service delivery will depend on working closely with a number of institutions, which include:

Institution	Related Function	Nature of Links	Level of Cooperation
Ministry of Finance	Policy guidance on public financial management and funding	Parent Ministry	Very high
	The Ministry, through the Department of Directorate of Supply Chain Management, will ensure that procurement policies developed by the Authority are implemented.		
KACC (Kenya Anti-Corruption Commission)	Leading anti-corruption agency	Partnership	Very high
	If the Authority is satisfied that there has been a breach of the Act, the Director-General will inform KACC to take necessary action.		
Directorate of Personnel Management (DPM)	Human resource policy guidance	Advice and Collaboration	Very high
	When the Authority needs advice on human resource Management, it will call upon DPM for assistance		
Inspectorate of State Corps	Supervision of the Authority	Overseer and Regulator	Very high
State Corporation Advisory Committees	Policy guidance to management and terms and condition of service for members of the Authority		
State Corporation Appeals Tribunal	Provides resolution of disputes emerging from the Authority and any other institution		
Review Board	Arbitration of procurement disputes	Coordination, Administration, and Secretarial	Neutral and Professional
Attorney General	Government Legal Advisor	Collaboration and National Legal Issues	Very high
Kenya Institute of Supplies Management	Professional advice: it will help the Authority to resolve professional ethical issues and control the professionals	Professional and Partnership	High
Parliament	Approval of appointment of Advisory Board members and the Director-General; deliberating on issues touching on procurement raised by Public Accounts Committee and give guidance to the Authority on necessary course of action	Legislative and Legal	Very high
	Involved in amendment of the Act and regulations by the Finance Committee of Parliament		
Other public procurement entities	The Authority has the oversight function to ensure that procurement is carried out as per the regulation	Clients and Regulatory	Very high

e-Government	To assist in development of an e-procurement system	Information Technology Advise and Partnership	Very high
Kenya National Audit Office	Auditing the Authority and sharing procurement information from their audit reports.	Partnership	Very high
National Security Entities	To agree with Authority on the category of restricted items to be included in the restricted procurement or disposal method	Partnership	Very high

Compliance with Relevant Laws

The Authority will adhere strictly to the constitution of Kenya and other applicable laws of Kenya to function smoothly and comply with the relevant acts that are promulgated from time to time, including the following:

- Public Procurement and Disposal Act, 2005
- State Corporation Act
- Exchequer and Audit Act
- Pay Master General Act
- Government Financial Management Act, 2004
- Audit Act
- Applicable acts and regulations

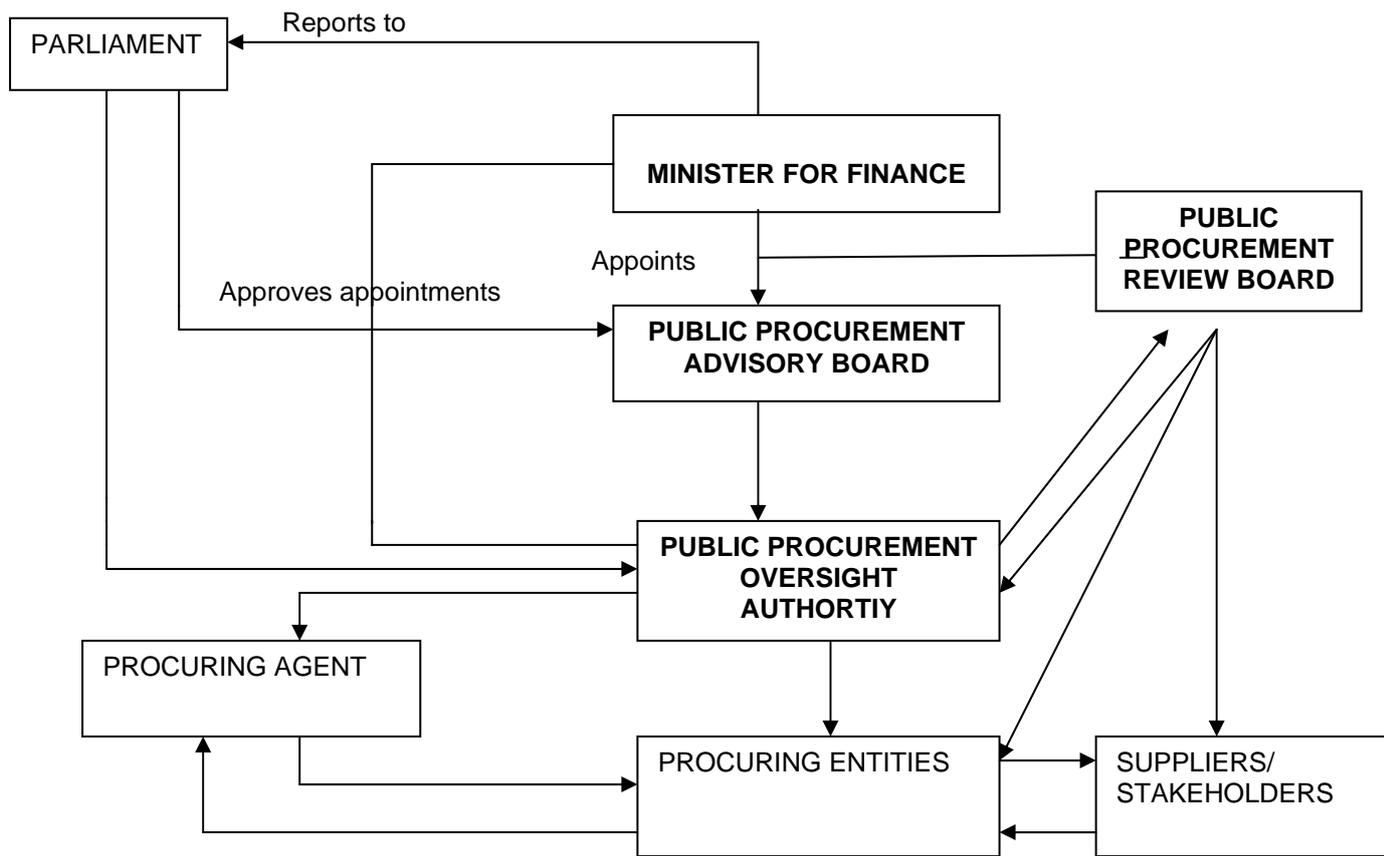


Figure 1. Overview of Institutional Linkages

SECTION 5

General Financial Rules and Financing of Authority

As provided in the transitional provisions, expenditures that were authorized for the 2005/2006 financial year will be used in relation to the Public Procurement Directorate (PPD) and if, upon commencement of the Act, they have not been expended, they shall be deemed authorized for that financial year to be used in relation to the Authority. The Minister shall facilitate an adequate budget for the Authority upon the commencement of the Act. The assets of the PPD existing before the commencement of this Act shall be transferred to the Authority upon commencement of this Act.

Resource Mobilization

The Authority will require adequate funding for all its activities and should prepare budgets accordingly. The Authority's activities are grouped into recurrent and development.

The PPOA's recurrent expenditure will mainly include the following:

- personal emoluments
- operations and maintenance

The PPOA's development expenditure will include the following:

- acquisition of office facilities
- acquisition of equipment, plant, and machinery

Human Resources

The Authority will seek to create a working environment that will attract and retain professionally qualified and experienced staff. Such staff should have the necessary capabilities that will enable the Authority to achieve its objectives. In this regard, the PPOA will need multidisciplinary and appropriately qualified staff. The process entails continually:

- identifying optimum staffing needs
- identifying skills development needs
- recruiting staff for the recommended structures

Financing of the Authority's activities will come from the government/Exchequer. For this purpose, it will prepare and submit to the parent ministry, Ministry of Finance – Treasury, detailed estimates of expenditure for which government financing will be expected. However, in the long term, the Authority will reduce the proportion of its financing from the Exchequer source as it develops its own source of funds. In addition, the funds of the Authority shall consist of budgetary allocation, loans, grants fees, and levies.

Sources of funds to the Authority apart from the budgetary allocation mentioned above will be as explained below:

- Loans and grants: The growth of government revenues has been lower than the demand for the same, consequently, government departments and parastatals that depend on the government for direct funding have not been receiving the amounts they require. In view

of this, the Authority will seek grants and, when necessary, apply for loans to finance some of its development activities.

- Revenue or fees from services rendered: The Authority will raise funds through charging fees for some of the services that it may provide to entities and individuals in both the public and private sectors, including non-state entities.
- Procurement capacity building levy: The Authority is expected to collect service levy as the principal source of funding for its activities. Percentage levy charges on contract price to the Authority proposed is as follows:

Contract Price (Kenyan shillings)	% Levy
Below 2 million	0%
2 - 10 million	0.5%
10 - 50 million	0.25%
Above 50 million	0.05%

— Financial Accountability - Exchequer and Cash Management

a. The Consolidated Fund (CF)

The CF is established under Section 99 of the Constitution of Kenya and, as explained in the Exchequer and Audit Act, is composed of the Exchequer accounts into which all revenues and proceeds of all loans raised are paid and credited to form the CF, and from which issues for the Public Services are made. The fund is represented by one bank account known as the Exchequer Account, which is maintained with Central Bank of Kenya. No funds can be withdrawn from the Exchequer Account (CF) except as authorized by the Constitution of Kenya, an act of Parliament, the Appropriations Act, or Vote on Account. CF services form a permanent charge against the CF, estimates in respect of which are not debated by Parliament but may be reviewed from time to time when the need arises.

b. Authority and Control

The Authority for raising revenue or other funds and their appropriation for the purpose of the government of Kenya is vested with the Parliament. The Treasury is responsible for the control and management of those finances and their appropriation by Parliament. Withdrawal of funds from the CF must be approved by the controller and auditor general.

c. Government Financial Management and Control

The Central Bank of Kenya (Amendment) Act of 1996 placed a statutory limit on government borrowing from the bank. Therefore, cash available to the Authority to disburse at any time will be limited to the approved budget. The government has strict regulations to ensure that the level of total expenditure is within the levels of revenues and sustainable

borrowing. The Treasury monitors the flow of revenues and other receipts into the Exchequer, as well as expenditure on budget supply service, CF Services, and other finances. Where necessary, Treasury will arrange to borrow funds through government debt instruments and bank overdraft facilities within the set limits. It is therefore necessary for Treasury to obtain certain information from accounting officers, receivers of revenue, and the banking system to effectively monitor the government financial operations and ensure effective financial management.

— As part of the government financial management plan, the Authority is expected to submit to the Treasury reports and provisions on:

(a) Establishment of Bank Accounts

Treasury Circular No.3 of 2003 provides guidelines on opening and operation of bank accounts by a public entity. This circular requires that the accountant general on behalf of the Permanent Secretary to the Treasury gives a written authority thereto for the Authority to open a commercial bank account. The Authority will operate a small Accounts Unit, to be headed by a qualified accountant for the proper bookkeeping and coordination of accounting operations, including reporting. At the start, the accounting system can be set by assistance of the principal accounts controller and/or any competent accountant of the Ministry of Finance. The Authority will from time to time review the actual optimal staff levels in the Accounts Unit.

(b) Cash Requirement Projections

The Authority will be required to prepare and submit a cash requirement forecast for the ensuing financial year on how it intends to spend its allocation within the printed estimates. Treasury will make an initial cash advance to the Authority based on its net provision for the new financial year to enable it start operations on the new bank accounts. Exchequer releases will be based on the Authority's cash requirement projections.

(c) Pending Bills

Monthly expenditure returns must be timely, accurate, and comprehensive to ensure that all expenditure and appropriation in aid for the Authority are fully accounted.

(d) Bank reconciliation statements, monthly statements of revenues, quarterly interest returns, and information from standard expenditure item code up to controller and auditor general are also standard requirements.

(e) Audit

The audit of the financial operations and management of the Authority during every financial year shall be guided by the Exchequer and Audit Act. Every year, the Authority's accounts shall be prepared and audited by the controller and auditor general no later than 31 October, including cases where the controller and auditor general allow the Authority to appoint an independent firm of professional auditors to carry out the annual audit. The audited accounts of the Authority shall be presented before Parliament each financial year.

(f) Establishment of the Audit Committee

Treasury Circular No. AG/3/080/6(61) of 2005 provides for establishment of the Audit Committee. The committee enhances oversight, government accountability, and transparency. The membership mandate, duties and responsibilities, meetings, access, reporting, and information are well articulated in Treasury Circular No.16/2005 of 4 October 2005. The PPOA will establish such a committee and ensure it is fully functional.

(g) Finance Committee

The Finance Committee of the Authority shall comprise: Chairman, four members of the Authority appointed in writing by the Director-General, Director-General and the Permanent Secretary to the Treasury. Except for the Permanent Secretary to the Treasury and the Director-General, the membership may not be delegated.

(h) Financial Mechanisms

Finances for the Authority will be managed as guided by financial statutes, which include the Exchequer and Audit Act (Cap 413) and the Constitution of Kenya (Sections 48, 99 to 105).

(i) Budget

The Authority shall be de-linked from the Ministry of Finance in terms of budgeting and expenditure. Consequently, the Director-General of the Authority will apply to the Treasury for a separate Vote-Head for the Authority. The annual estimates shall be approved by the Board, before being submitted to the Treasury for inclusion to the budget. The Board shall not alter the annual estimates without the consent of the Treasury. The financial year of the Authority shall be the period of 12 months ending on 30 June. At least three months before the commencement of each financial year, the Authority shall prepare estimates of revenue and expenditure for that year. The annual estimates shall make provision for all the estimated expenditure of the Authority and in particular shall provide for:

- (i) payment of salaries, allowances, and other charges in respect of Board members and Secretariat staff
- (ii) payment of pensions, gratuities, and other charges in respect of the staff of the Authority
- (iii) proper maintenance of the buildings and grounds of the Authority
- (iv) maintenance, repair, and replacement of the equipment and other properties of the Authority
- (v) operation expenses of the Authority

The total financial requirements for 2005 to 2010 are as follows: (million Kenyan shillings)

Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5	Total Planned Period
Recurrent Estimates	70	80	85	85	85	405
Development Estimates	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	n/a	n/a	n/a	n/a	n/a	n/a

(j) Investment of Funds

The Authority may invest any of its surplus funds in government securities as provided in the Exchequer and Audit Act (Cap 412). If the Authority wishes to undertake any investments of any other form, it will require the Authority of the Investment Secretary at the Treasury.

(k) Physical Facilities

The PPOA will require adequate office space and equipment. The bulk of financial resources will subsequently be required for capacity building in a number of areas and consultative meetings locally and abroad. The biggest single item of expenditure will be either construction of an office block or renting of facilities that will be the headquarters of the Authority and a training centre for the procurement cadre in the country and regionally. The building will be partly a source of income for the Authority and thereby help to reduce the proportion of direct Treasury funding for the PPOA. The costs will be determined with PPOA and inserted in the expenditure table above.

(l) Financial and Procurement Manuals

The Authority shall develop appropriate financial manuals and procurement manuals to guide in the management of Authority funds.

(m) Annual Procurement Plan

The Authority's annual procurement plan should have the following details (where applicable):

- (i) contract package
- (ii) procurement method
- (iii) dates for completion of key procurement activities including:
 - preparation of tender documents
 - opening of tenders
 - selection of consultants
 - working drawings
 - receiving proposals/tenders
 - tender evaluation
 - tender committee adjudication and contract award
 - signing of contract agreements
 - implementation process to completion
 - payment to supplier/contractor

These are activities that take place up to the award of contracts, but before issuing of an order and dependent upon the procurement, including:

- (i) receiving by the procurement department the requisition or procurement request describing the goods/works and services needed and citing the funds to be obligated in placing the order
- (ii) identifying potential sources and making a preliminary evaluation of the capability of the potential sources
- (iii) issuing invitations to tender or soliciting for expressions of interest in doing business
- (iv) communicating with potential candidates, clarifying terms, establishing working relationships
- (v) evaluating the tenders or proposals, and analyzing price and cost
- (vi) conducting negotiations as appropriate (where allowed)
- (vii) awarding the contracts to the candidates found most responsive and capable

Post-award contract administration functions are activities that may take place after the award of the contract, depending on the complexity of the procurement. They include:

- (i) order preparation and placement
- (ii) modifying the order/contract to correct errors or accommodate unforeseen developments
- (iii) adjusting prices
- (iv) conducting inspections and assuring quality of contractor's performance
- (v) following up and expediting
- (vi) handling discrepancies or deficiencies in the goods, works, and services provided
- (vii) dealing with default or termination of the contract for default
- (viii) handling claims, disputes, and appeals
- (ix) administering payment provisions
- (x) auditing the procurement process

The financial and accounting regulations generally used by corporate bodies in Kenya have been researched and used as basis for PPOA financial rules.

Development of PPOA Management Documents

The general scope of work for this assignment is:

- Design an institutional structure and an ICT framework for the PPOA that will enable it to efficiently perform its core functions. Carry out the tasks described below to achieve the objectives of the assignment.

- Considering the duties and responsibilities of the PPOA, prepare the final draft of an organizational structure (organogram) recommending: a management structure commensurate with modern management techniques; and job profiles and descriptions and human resource competencies required, based on experience with similar oversight institutions in the region and elsewhere and in accordance with provisions of the Public Procurement and Disposal Act, 2005.
- Further develop final drafts of internal documentation that the PPOA will need in order to be a well-managed organization. These will include:
 - financial rules and regulations
 - human resources policy
 - staff rules and regulations (including code of conduct and ethics)
 - procurement rules and regulations (e.g., internal procurement responsibilities of the PPOA)
 - terms of reference for three committees (audit, finance, and human resources) of the PPOA Advisory Board
 - terms of reference of the PPOA management committees
 - employee handbook
 - any other documents that may be agreed to with the PPD
- Develop appropriate draft terms and conditions of service for the staff of PPOA
- Provide appropriate technical advice on the ICT requirements of PPOA, based on the following key areas:
 - software requirements necessary to achieve all management and communication objectives
 - hardware requirements that can support the recommended system and workload
 - level of connectivity necessary to facilitate the work of the Authority
 - network capacities (bandwidth requirement, optimum serve capacity, etc.), intranet and Internet requirements that can support the system
 - a procurement and implementation strategy to ensure installation of the proposed system

A thorough investigation was made to complete the required documents needed for the PPOA management. The relevant annexes have been prepared and are included in this interim progress report for final comments and discussions as working documents and should be finalized for inclusion in the final reports and adoption by PPOA.

SECTION 6

ICT COMPONENT

Executive Summary

The ICT component of this assignment to develop management systems for the Public Procurement Oversight Authority consisted of several distinct phases, namely:

- perform an ICT needs assessment
- develop business process diagrams as a basis for the ICT framework
- develop ICT framework
- develop ICT specifications for hardware, software, and services
- develop an ICT procurement and implementation strategy
- develop ICT training framework
- carry out ICT benchmarking exercise with similar organizations in Kenya

The ultimate deliverable of the ICT component is the development of an ICT framework that provides for effective management of PPOA's operations and is accompanied by comprehensive technical details to facilitate procurement and implementation of the same.

Methodology

The ICT component was undertaken using a combination of techniques, depending on the nature of information that needed to be gathered. Interviews with PPOA staff were a major strategy in development of the business process diagrams. These business processes were further enriched using knowledge from business operations that have that process as a key function in the organization. A good example is the development of business processes for the management of documents and the resource centre. The interviews with PPOA staff provided the workflows and requirements that are in place using manual systems; these processes were enriched by examining the business process of commercial libraries that manage documents and other electronic resources as their core business.

Benchmarking was undertaken in two authorities in Kenya, the Communication Commission of Kenya and the Capital Markets Authority. These sessions provided a picture of ICT structures and strategies from opposite sides of the ICT governance spectrum. It is obvious from a basic analysis of these two organizations that the need to profile ICT appropriately within the organization — preferably in the Director-General's office and ensuring that other support structures for ICT exist (e.g., ICT strategy and policy) — is important in leveraging value out of ICT investments.

Technical specifications for the ICT equipment, software, and services were developed from a combination of the consultant's knowledge and interviews with various vendors and solution providers. The interaction with vendors and solution providers was to ensure that:

- specifications captured the latest technology trends in the industry
- evaluation criteria covered all key areas
- evaluation criteria apportioned scores with the appropriate weighting
- evaluation criteria involved demonstrations and site visits as necessary to ensure that suppliers deliver what they have promised

The technical specifications produced are generic to ensure that there is effective competition during the procurement exercise.

Business Process Diagrams

The main objective for developing the business process diagrams was to inform the design of the ICT framework. An ICT framework will depend on the nature and requirements of the underlying business process and how they will be automated.

The six weeks that were allocated to this assignment were too short to develop all required business process diagrams. As a result, only five process diagrams were developed in totality. The business processes for PPOA fall into two categories: business processes to support the administration of the Authority (financial management, asset management, payroll, human resources, inventory management, procurement, etc.); and business processes to support core functions of the organization (policy and legal document management systems, Appeals Board case management system, Resource Center, compliance and enforcement systems, etc.).

For this assignment, the following processes were developed:

Administrative business processes:

- e-procurement
- registry and document management

Core function business processes:

- Resource Center
- Appeals Board
- compliance and enforcement

The above processes were selected as indicative of the business processes found across the board. The prevailing conditions to effectively implement these processes were examined and formed the basis for the ICT framework.

ICT Framework

The ICT framework was developed after analyzing the requirements of the business process diagrams. These diagrams included systems that required integration, those that required collaboration, those that were Internet-based, and those that were stand-alone.

The significant findings across all these processes indicated that e-mail collaboration in all the processes was necessary for managing alerts, updates, and status notifications, and general monitoring of work flows as they move from one stage to the next.

The analysis also revealed the requirement for Web site connectivity for purposes of posting notifications and updates to procurement and/or case status, communicating information to suppliers and the general public, providing a portal to the Internet applications.

It also became apparent that Internet applications will be part of the systems to be deployed. Internet connectivity is critical in providing access to procuring entities, suppliers, and contractors. This is as a result of the lean establishment of PPOA and as a result, ICT needs to be leveraged to allow for delegating data input to procuring entities, partners, and other contracted suppliers.

By using Internet-based applications and providing forms and modules for inputting data, a lot of information can be captured from a broad spectrum of entities and suppliers in a relatively short amount of time.

Internet applications are also critical considering the resource challenges in establishing a wide-area network between PPOA and its procuring entities. The most cost-effective way of overcoming this challenge is through the use of Internet applications that allow information to be accessed wherever an Internet connection can be found.

Technical Specifications

ICT specifications for hardware, software, and services were developed based on the ICT framework. This document contains technical specifications for equipment, software, and services, and a road map has been provided to enable the reader to locate information effectively.

For each piece of ICT equipment, software, or service identified, information on the same will be provided in sub-headings as follows:

- general comments addressing the type of technology recommended
- technical specifications
- technical evaluation score sheet — provided in Excel
- other evaluation criteria that may refer to services — setup and maintenance
- parameters necessary for effective service contract

The information has been presented in a way that will make it easier for the final user simply to print out the necessary pages and begin the procurement process.

The technical specifications and evaluation criteria have been combined into one document in Excel. This ensures that the criteria being circulated to suppliers are identical to the criteria being evaluated by the ICT Procurement and Implementation (ICTPI) Committee. Details are in Volume 3 of the ICT manual.

ICT Training Framework

The ICT framework looks at knowledge transfer in three broad areas. First is training that is targeted at the top most governance structures of the organization, which include the Advisory Board and senior management. This training is important to ensure that an ICT strategy supports the objectives of the business strategy, that the ICT strategy is understood, and that standard operating procedures developed to capture the spirit of ICT policies.

This component of the ICT capacity building should result in senior management that can effectively prioritize ICT projects and initiatives in line with business requirements and are able to phase out these projects according to available funding and resources.

They should also be in a position to develop proposals that target appropriate funding to implement and support various ICT projects.

ICT training for end users will begin with a change management session to ensure that staff are mentally prepared and equipped to make the transition into an automated, knowledge-

based environment. This will be necessary, considering that the final establishment of PPOA will consist of staff with public sector and private sector professional backgrounds. It is important that the staff with a public-sector background receive support in making the transition to an automated environment.

Other training will target the use of e-mail and Internet facilities; office equipment like photocopiers, LCD projects, and scanners; and particular applications, such as the ERP and document management system.

Training for the ICT department will begin with customer service courses. This is critical in creating an enabling environment where members of staff have confidence in new systems through the support extended to them by the ICT Department. A lot of services within the ICT Department will be supported and maintained by solution providers, and it is important that PPOA staff do not experience degradation in the way their ICT incidents are recorded, managed, and resolved as a result of a third party managing the services. ICT needs to be effective at managing solution providers and other contractors to ensure that service across the organization adheres to established levels of delivery.

Other training will involve training in administering applications and equipment.

ICT Benchmarking

As mentioned previously in this summary, ICT benchmarking was carried out in two organizations that execute a role of policy and regulation in its sector. These organizations were the Communications Commission of Kenya and the Capital Markets Authority. These organizations are well-established, having been formed by an act of Parliament in 1998 and 1988, respectively.

The benchmarking exercise focused on particular areas of concern, notably:

- people interviewed
- year established
- establishment
- structure of ICT Department
- governance structures for ICT
- ICT strategy and policy
- role of ICT in the organization
- ICT equipment status
- ICT software
- business administration software
- levels of ICT literacy
- planning for ICT training
- management of ICT budget
- support to core mandate functions
- Web site presence
- backup and disaster recovery

Against each of these areas, the findings from the two organizations were noted in summary format. Automation in each organization has taken a different path, with most of the

administrative processes being manual. There is a move this year to implement applications to automate administrative business processes; however, the need for integration has been overlooked.

CCK has given priority to the automation of the core function business processes that are running on Oracle databases. As a result, the organization has had to meet several times with Oracle Corp. representatives in Kenya to address issues of licensing. The same has been done with Microsoft representatives, and senior management at CCK are aware of the impact and value of software licenses. CCK is developing a policy to address the issues of annually recurring license expenses in new implementations.

Strategy for Effective Procurement and Implementation of ICT Systems

In response to the request of PPOA, another section was added to the report, providing a detailed approach on how to expedite the procurement of the ICT equipment and software. A simple solution has been presented, which is anchored on the formation of an ICTPI committee that is charged and empowered with the task of planning and procuring the equipment and software.

The plan to expedite the procurement and implementation of the ICT framework provides for training of the ICTPI to ensure that it can develop effective workflows for managing procurement and commissioning functions quickly and effectively. The training will also seek to improve understanding of ICT technical terms. Another factor for successful procurement and implementation is the tendering of ICT systems in logical units based on the specialization of Kenyan vendors in the sector or the delivery of a complete service at the end of the day.

It is recognized that ICT suppliers in Kenya do not have the capacity to provide all the equipment and services specified within the ICT framework. As a result, the procurement will have to split them into logical units that match the vendor specialties (e.g., desktops, laptops, and personal printers), and uninterrupted power supply would make up one logical unit of procurement. Structured cabling for data and voice, as well as implementation of a PABX system, would be another logical procurement unit, because the full communication service is not available until all the systems are set up.

The ICTP&I is a temporary committee whose remit will end when the last piece of ICT equipment and software is delivered and installed.

The document provides a road map for phasing-out ICT procurement and implementation, based on the status of renovation and refurbishment works in the new office, equipment and software that needs to be in place for client systems to be installed and configured, etc.

ANNEX 1

Comparison with Similar Oversight Institutions in the Region

Description	Uganda - PPDA	Tanzania - PPRA	Malawi - ODPP
Background and Establishment	The Public Procurement and Disposal of Public Assets Act 1 of 2003 was passed by Parliament in November 2002 and assented to by the President in December 2002. The law was gazetted in January 2003 and brought into effect by the Minister of Finance Planning and Economic Development on 21 February 2003. The Act set up the Public Procurement and Disposal of Public Assets Authority (PPDAAA) as the principal regulatory body for public procurement and disposal.	The Public Procurement Regulatory Authority (PPRA) has been established in accordance with Section 5 of Public Procurement Act, 2004. The Authority is required to report to the Minister responsible for finance.	The Office of the Director of Public Procurement (ODPP) was established in April 2004 under Section 4 of the Procurement Act to champion establishment of strong procurement management in the public sector and respond to glaring problems identified in the diagnostic study. ODPP is one of the five autonomous state institutions for governance, and it was established to monitor and oversee all public sector procurement activities.
Objectives	<ul style="list-style-type: none"> • Ensure the application of fair, competitive, transparent, non-discriminatory, and value-for-money public procurement and disposal standards and practices • Harmonize procurement and disposal policies, systems, and practices of the central government, local governments, and statutory bodies; set standards for public procurement and disposal systems in Uganda • Monitor compliance of procuring and disposing entities; build procurement and disposal capacity in Uganda 	<ul style="list-style-type: none"> • Ensure the application of fair, competitive, transparent, non-discriminatory, and value-for-money procurement standards and practices • Harmonize procurement policies, systems, and practices of the central government, local governments, and statutory bodies • Set standards for public procurement systems in Tanzania • Monitor compliance of procuring entities, and in collaboration with relevant professional bodies, build procurement capacity in Tanzania 	<ul style="list-style-type: none"> • Effectively and efficiently carry out the mandate of regulating and monitoring • Oversee procurement activities in the public sector; the ODPP operates through three core departments
Organizational and Management Structures	<p>Legal and Compliance Department The department, headed by a director, who is assisted by two managers and two officers, seeks to effect the policies in the PPDA Act.</p> <p>Procurement Audit, Inspection, and</p>	<p>Legal Unit Supports the Monitoring and Compliance Division in reviewing procurement complaints and advising on appropriate action; renders legal advice on procurement-related matters and on any matter of the</p>	<p>Regulatory, Advisory, and Review Department Regulates the procurement environment within which procurement entities operate to improve transparency, efficiency, and value for money, while providing a central advisory point of contact</p>

Description	Uganda - PPDA	Tanzania - PPRA	Malawi - ODPP
	<p>Investigations Department This department, headed by a director assisted by two managers and two officers, conducts audits and inspections of procuring entities and investigates complaints and applications for administrative review.</p> <p>Training and Capacity Building Department The department, headed by a director assisted by two managers and two officers, is responsible for the planning and operation of training courses and for other measures to build up procurement and disposal capacity.</p> <p>Finance and Administration Department The department, headed by a director, handles all administrative and financial matters, including liaison with other departments. In addition to the director, the department has two managers – one in charge of finance and administration and the other in charge of IT – and two officers in support.</p> <p>Internal Audit Unit This unit is headed by a manager who reports to the Board of Directors, but who is a member of the management team and reports also to the executive director. He/she is assisted by an audit officer. The unit is responsible for internal quality assurance within the PPDA.</p>	<p>Authority's functions. Acts as a Secretariat to the Board.</p> <p>Division of Capacity Building and Advisory Services Sets training standards, competence levels, certification requirements, and professional development paths for procurement experts, in consultation with relevant professional bodies and any other competent authorities.</p> <p>Division of Monitoring and Compliance Ensures full and correct application of the PPA 2004 and its regulations by carrying out periodic inspections of records and proceedings of procuring entities. Monitors the award and implementation of public contracts. Institutes procurement auditing during the tender preparatory process.</p> <p>Division of Information Technology Develops, implements, and manages the procurement management information system in Tanzania. Manages and updates the PPRA's Web site. Advises the government on e-procurement.</p> <p>Division of Finance and Administration Develops appropriate policies and regulations on human resources and administrative systems. Maintains an optimum staff complement by ensuring effective planning, recruitment, training, and development.</p>	<p>for procuring entities. The department reviews complaints from bidders and provides an advisory service to procuring entities. The department also makes relevant changes on existing procurement legislation.</p> <p>Monitoring and Evaluation Department This department monitors the procurement system and activities of procuring entities, bidders, and suppliers to assess their performance so that ODPP can regulate the procurement environment within which they operate.</p> <p>Professional Development Department This department promotes and manages development of a professional procurement workforce and builds capacity in the area identified to promote the establishment of the procurement profession.</p>

ANNEX 2

Initial Six-Week Work Plan

The proposed work plan was discussed in detail with the PPOA working group during the inception week. The six-week consultancy is described below, and will be refined with USAID and government partners as required during the progress of the works.

Day/Week	Activities/Tasks	Deliverables/Benchmarks
Week 1 16-21 April	<ul style="list-style-type: none"> Chemonics home office arranges travel for Mr. Ruprai and finalizes subcontract with e-sokoni. Mr. Ruprai begins review of PPOA legislation and internal documentation upon contract signature while awaiting flight to Kenya. Mr. Ruprai arrives in Kenya and holds initial meeting with USAID and full consultancy team. Full team holds initial meetings with the Public Procurement Directorate, the Directorate of Personnel Management, and other relevant offices. Full team conducts an analysis of institutional structures, human resource needs, and ICT frameworks for comparable institutions worldwide and in the region. ICT Specialist Regina Mutoko meets with relevant personnel to evaluate steps undertaken to establish an ICT management system. 	<ul style="list-style-type: none"> Inception report detailing weekly work plan for remainder of consultancy, as well as summary of research results during Week 1. Initial meetings held with USAID, PPOA, and Reference Committee (working group) held. Meetings arranged with comparable institutions in Kenya with the assistance of PPOA. Draft documents developed by DPM/PPD team collected on 19 April 2007 from PPOA. Initial review of available documents begun.
Week 2 23-28 April	<ul style="list-style-type: none"> Full team conducts a comprehensive analysis of PPOA's anticipated functions and responsibilities in consultation with GOK partners, coming to consensus on an organization chart for the PPOA. Ms. Mutoko completes IT needs assessment and begins drafting ICT framework, including ICT procurement needs and specifications (hardware and software). Ms. Mutoko develops business process diagrams to show benefits of incorporating recommended technologies to reduce task completion time while increasing collaboration and productivity. Mr. Ruprai begins refining financial rules and regulations, including internal procurement rules and regulations, and terms of reference for the PPOA Advisory Board and management committees. Mr. Wanyoike begins drafting job profiles and required competencies, as well as refining staff rules and regulations to be incorporated into the human resources policy manual and employee handbook, as required, in partnership with the DPM. 	<ul style="list-style-type: none"> ICT needs assessment and business process diagrams complete. Proposed organization chart complete, including description of management structure and draft job profiles. Detailed analysis and comprehensive review of available management documents begun.
Week 3 30 April -	<ul style="list-style-type: none"> Mr. Wanyoike, in collaboration with Mr. Ruprai, refines documents initiated during Week 2, based on continuing consultations with government partners. Ms. Mutoko, with assistance from Chemonics' home-office ICT and procurement 	<ul style="list-style-type: none"> First interim report, summarizing tasks completed and other findings, with the following annexes: <ul style="list-style-type: none"> Draft financial rules and regulations, including

<p>5 May</p>	<p>specialists and Mr. Ruprai, finalizes ICT specifications and procurement and installation and implementation plans.</p> <ul style="list-style-type: none"> • Team meets with Reference Committee to present documentation refinements. 	<ul style="list-style-type: none"> — internal procurement rules — Draft staff rules and regulations, including refinement to employee handbook and HR manual — Draft terms of reference for PPOA management committees and Advisory Board committees • Draft report on ICT specifications, based on further refinement of needs assessment, including: <ul style="list-style-type: none"> — Software, hardware, and connectivity requirements — Network capacity requirements — ICT procurement plan and implementation strategy, based on review of locally available products to ensure rapid deployment and local technical support — Staff training plan and plan to keep technologies up-to-date and ensure sustainability • Full team meets with Reference Committee to present progress and seek feedback.
<p>Week 4 7-12 May</p>	<ul style="list-style-type: none"> • Full team fills in gaps and makes other needed adjustments to draft documentation completed in Week 3, and conducts further validating documentation with government partners, including comparison of plans and documentation with international standards and approaches. • Team meets with Reference Committee to present changes to previous drafts and collect feedback. • Team develops a human resources development and training plan to introduce PPOA staff functions, required competencies, and ethics, as defined during the consultancy, to ensure sustainability. 	<ol style="list-style-type: none"> 1. Second interim report, with refinements to all annexes (see Week 3) 2. Human resources development plan complete
<p>Week 5 14-19 May</p>	<ul style="list-style-type: none"> • The team will engage in continuing consultations with government partners, including PPOA's Executive Committee and ministry representatives, as appropriate, to resolve any final issues. • The team will put all documentation in "camera-ready" format and arrange for reproductions as needed by USAID and PPOA. 	<p>Draft final report, including all final documentation for organizational structure and ICT framework</p>
<p>Week 6 21-26 May</p>	<ul style="list-style-type: none"> • The team completed all requirements as appropriate, to resolve final and outstanding issues. • The team will finalize all documentation in "camera-ready" format and arrange for reproductions as needed by USAID and PPOA. 	<p>Final report, including all final documentation for organizational structure and ICT framework.</p>

Following are the expected reporting deliverables of the consultancy, which incorporate the expected outputs described in scope of work, delivered in the following reporting times to the USAID and PPOA.

Deliverables	Completion Week As From Signing of Contract	Updated 2 May	Updated 9 May
<ul style="list-style-type: none"> Inception report that includes a detailed work program showing the activities to be performed on a weekly basis for the duration of the consultancy Meeting with the Reference Committee 	Week 1	Completed 23 April	Completed 23 April
<ul style="list-style-type: none"> First interim report, including all outputs of initiatives outlined Section 3 of the scope of work Meeting with the Reference Committee 	Week 3	Complete by 9 May	Complete by 9 May
<ul style="list-style-type: none"> Second interim report, including an updated first interim report Meeting with the Reference Committee 	Week 4	Complete by 15 May	Complete by 15-18 May
<ul style="list-style-type: none"> Draft final report Meeting with the Reference Committee 	Week 5	Complete by 19 May	Complete by 22 May
<ul style="list-style-type: none"> Final report 	Week 6	Complete by 26 May 2007	Complete by 26 May

ANNEX 3

Work Plan Bar Chart: Six Weeks

Description of Major Tasks and Activities	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
1. Team mobilization						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
2. Conduct initial meetings with USAID, PPOA, DPM, Reference Committee, and other relevant offices						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
3. Conduct analysis of institutional structures for comparable institutions worldwide and in the region						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
4. Conduct analysis of human resource needs for comparable institutions worldwide and in the region						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
5. Conduct analysis of ICT framework for comparable institutions worldwide and in the region						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
6. Conduct meetings with relevant personnel to evaluate steps already undertaken to establish an ICT management system.						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
7. Inception report detailing weekly work plan for remainder of consultancy, as well as summary of research results during Week 1						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
8. Meeting with the Reference Committee						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
9. Comprehensive analysis of PPOA's anticipated functions and responsibilities in consultation with GOK partners, coming to consensus on an organization chart for the PPOA						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
10. Completes IT needs assessment						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
11. Begin drafting ICT framework, including ICT procurement needs and specifications (hardware and software)						
Regina Mutoko Mike Wanyoike Manmohan Ruprai						
12. Develop business process diagrams to show the benefits of incorporating recommended technologies to reduce task completion time while increasing collaboration and productivity						
Manmohan Ruprai Mike Wanyoike						

Description of Major Tasks and Activities	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Regina Mutoko						
13. Refine financial rules and regulations, including internal procurement rules and regulations, and terms of reference for the PPOA Advisory Board and management committees						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
14. Begin drafting job profiles and required competencies, as well as refining staff rules and regulations to be incorporated into the human resources policy manual and employee handbook, as required, in partnership with the DPM						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
15. ICT needs assessment and business process diagrams complete						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
16. Proposed organization chart complete, including description of management structure and draft job profiles						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
17. Refine documents initiated during Week 2, based on continuing consultations with government partners						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
18. Finalize ICT specifications and procurement and installation and implementation plans						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
19. Meet with Reference Committee to present documentation refinements						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
20. Draft first interim report, summarizing tasks completed and other findings						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
21. Draft report on ICT specifications, based on further refinement of needs assessment						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
22. Conduct meetings with reference committee to present progress and seek feedback						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
23. Fill in gaps and make other needed adjustments to draft documentation completed in Week 3, and conduct further validating documentation with government partners, including comparison of plans and documentation with international standards and approaches						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
24. Conduct meetings with Reference Committee to present changes to previous drafts and collect feedback						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
25. Develop a human resources development and training plan to introduce PPOA staff functions, required						

Description of Major Tasks and Activities	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
competencies, and ethics, as defined during the consultancy, to ensure sustainability						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
26. Draft second interim report, with refinements to all annexes						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
27. Complete human resources development plan						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
28. Engage in continuing consultations with government partners, including PPOA's Executive Committee and ministry representatives, as appropriate, to resolve any final issues						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
29. Put all documentation in "camera-ready" format and arrange for reproductions as needed by USAID and the PPOA						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
30. Draft final report, including all final documentation for organizational structure and ICT framework						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
31. Refine, finalize, and complete requirements as appropriate, to resolve any final and outstanding issues						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
32. Finalize all documentation in "camera-ready" format and arrange for reproductions as needed by USAID and the PPOA						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						
33. Complete final report, including all final documentation for organizational structure and ICT framework						
Manmohan Ruprai Mike Wanyoike Regina Mutoko						

ANNEX 4

Scope of Work

The General Scope of Work for the Six-Week Assignment

- In consultation with PPD/PPOA, the consultant is expected to design an institutional structure and an ICT framework for the PPOA that will enable it to efficiently perform its core functions. Specifically, the consultant will be required to carry out, but will not be limited to, the tasks described below to achieve the objectives of the assignment.
- Considering the duties and responsibilities of the PPOA, prepare the final draft of an organizational structure (organogram) recommending a management structure commensurate with modern management techniques and job profiles and descriptions and any human resource competencies required, based on experience with similar oversight institutions in the region and elsewhere and in accordance with provisions of the Public Procurement and Disposal Act, 2005.

Outputs and Results

The outputs resulting from the activities under this assignment are listed below. Further development is needed of the final drafts of internal documentation the PPOA will need to be a well-managed organization. These will include:

- financial rules and regulations
- human resources policy
- staff rules and regulations (including code of conduct and ethics)
- procurement rules and regulations (e.g., internal procurement responsibilities of the PPOA)
- terms of reference for three committees (audit, finance, and human resources) of the PPOA Advisory Board
- terms of reference of the PPOA management committees
- employee handbook
- any other documents that may be agreed to with the PPD

Develop appropriate draft terms and conditions of service for the staff of PPOA.

Provide appropriate technical advice on ICT requirements of PPOA, based on the following key areas:

- software requirements necessary to achieve management and communication objectives
- hardware requirements that can support the recommended system and workload
- level of connectivity necessary to facilitate the work of the Authority
- network capacities (bandwidth requirement, optimum serve capacity, etc.), both intranet and Internet requirements that can support the system
- a procurement and implementation strategy to ensure installation of the proposed system

The expected results are to have a designed functional procurement management system for PPOA to manage public procurement in accordance with current legislation. The realization of results will require timely approvals, appointments, and actions by all partners.

Indicators of Achievement

The indicators to be used to measure progress are reports and draft documents prepared under the assignment are accepted and approved by USAID and PPOA and later adopted by PPOA for management, establishment, and preparation of its detailed charter, job functions, and responsibilities.

ANNEX 5

Persons and Organizations Contacted and Schedule of Main Meetings

Name	Organization	Title/Remarks
Lisa Whitley	USAID-Kenya	Program Economist - Program Development and Analysis
Al Smith	USAID-Kenya	Deputy Country Director
Robert Hunja	PPOA	Director-General (Interim)
E.M. Kinanjui	PPOA	Deputy Director-General (Interim)
Michael Obuya	PPOA	IT
Jane Macharia	PPOA	HR
James Kihara	DPM	Office of the President
A.R. Njue	PPOA	Capacity Building
C.R Amoth	Proc. Review Board	Secretary to the RB
Staff Meeting	CCK	Communications Commission of Kenya
Staff Meeting	CMA	Capital Markets Authority
Staff Meeting	RBA	Retirements Benefits Authority
John Ouma	KN A	Supplies and Procurement Manager

Main Meetings with USAID-Kenya and PPOA

Date	Location	Remarks
16 April	USAID-Kenya	Full consultant team meets USAID-Kenya to commence the assignment
16 April	PPOA - MOF	Full consultant team, USAID-Kenya, meet PPOA Reference Committee for introduction and to begin the assignment
17 April	PPOA - MOF	Full consultant team meets PPOA Reference Committee for detailed planning of work and meetings
20 April	PPOA - MOF	Inception report meeting
26 April	PPOA - MOF	PPOA – Appeals Review Board and Capacity Building Departments
11 May	PPOA - MOF	Interim Report No.1 presentations to Reference Committee
18 May	PPOA - MOF	Interim Report No.2 presentations to Reference Committee and USAID-Kenya
21 May	PPOA - MOF	Meeting with DG and Reference Committee