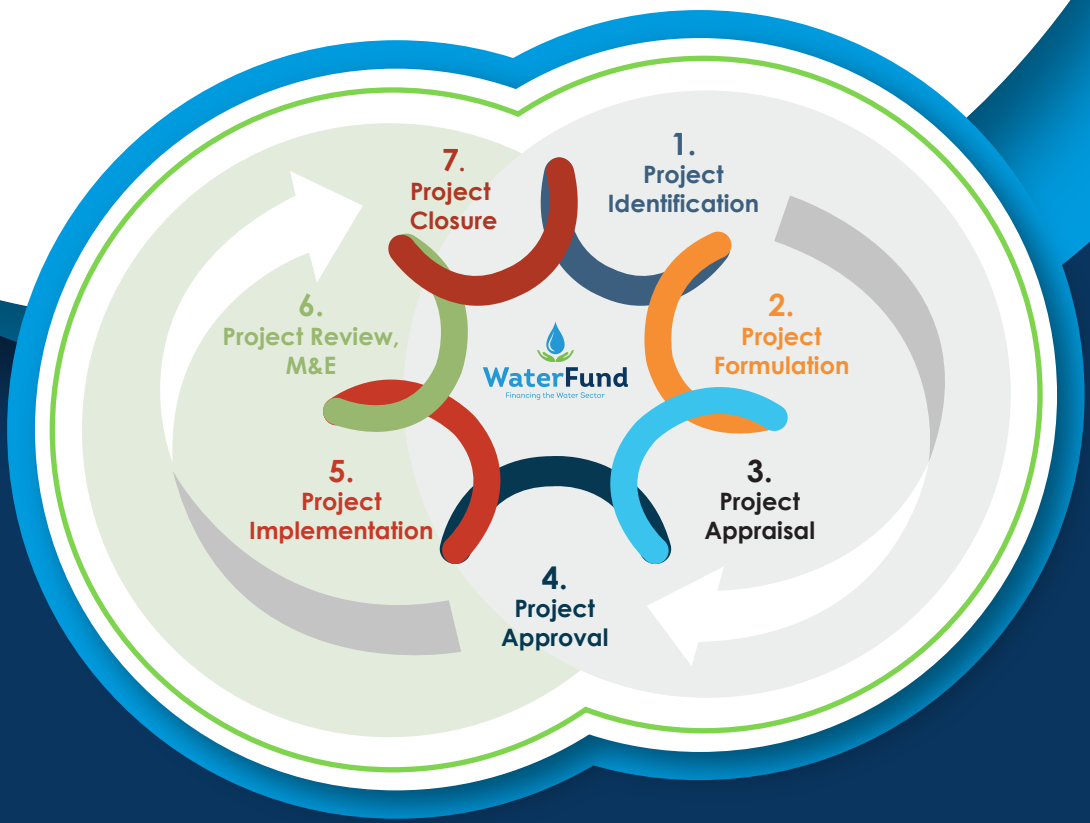
WaterFund
Financing the Water Sector

WATER SECTOR TRUST FUND

MINISTRY OF WATER, SANITATION AND IRRIGATION

PROJECT IMPLEMENTATION MANUAL FOR IMPLEMENTING PARTNERS



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Project Implementation Manual for Implementing Partners

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PROJECT IMPLEMENTATION MANUAL FOR IMPLEMENTING PARTNERS

With support from

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Contents

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INTRODUCTION

Water Sector Trust Fund (WaterFund) is a State Corporation established under the Water Act (2016), the mandate of the WaterFund is to provide conditional and unconditional grants to Counties and to assist in financing the development of and management of water services in the marginalised and underserved areas including:

i. Community level initiatives for the sustainable management of water resources
ii. Development of water services in rural areas considered not to be commercially viable for provision of water services by licensees
iii. Development of water services in the under-served poor urban areas
iv. Research activities in the area of water resource management and water services, sewerage and sanitation

The WaterFund has developed five main mechanisms of financing and executing its operations as follows:

i. Rural Investment; support towards implementation of water supply and sanitation projects in underserved rural communities. The programme is implemented through water utilities serving rural areas
ii. Urban Investment; support towards water supply and sanitation projects for low income urban areas. This programme is implemented through the Water Services Providers (WSPs).
iii. Water Resources Climate Change Investment; gives support to communities to effectively conserve their catchments, manage and protect the water resources within their sub-catchments. The programme is implemented through Water Resources Users Associations (WRUAs); Community Forest Associations (CFAs) and Conservancies. Technical support to the beneficiary communities is given by partner institutions e.g. Kenya Forest Service (KFS), Water Resources Authority (WRA) and Northern Rangelands Trust (NRT).
iv. Results-Based Financing: support towards water and sanitation projects in urban low-income areas, financed through loans from Kenyan commercial banks, which are then subsidised by WaterFund on achievement of agreed targets. The programme is financed through Water Services Providers (WSPs).
v. Research and Innovation Financing: support towards financing of research and innovation initiatives within the sector. The outputs of these initiatives are geared towards generation of new knowledge in the sector, provision of innovative, practical and cost-effective solutions in the realization of sustainable provision of water, sanitation and sewerage services in addition to water resources management as well as addressing gaps through collaborations and adaption of innovative models for better service delivery.

Vision

Sustainable funding of safe water and sanitation for all.

Mission

To finance climate friendly water and sanitation initiatives for improved quality of life in marginalized and underserved areas in Kenya.

Core Values

Quality
Integrity
Human dignity
Equity

Guiding Principles

Sustainability
Good governance
Teamwork
Learning

2

PURPOSE AND OBJECTIVES OF THE PIM

2.1 Purpose

The purpose of the Project Implementation Manual (PIM) is to provide detailed guidance for Implementing Partners (IP) of the approved projects within the WSTF funding cycle. The manual gives a road map from the procurement stage to project closure while considering critical obligations and responsibilities of different project stakeholders as part of financial contract management.

The project cycle, starting from the approval by the Board of Trustees, has to be executed according to the rules and regulations relevant for the financial instruments of the programme. This PIM describes the implementation procedures and common requirements for all project partners.

The PIM is to assist the projects to run in a more transparent manner and ensure that the IP's are accountable to WSTF, and also to communities that they serve and implement projects on their behalf. Accountability for expenditures is the moral or legal duty to submit financial reports for scrutiny and to explain to all stakeholders how funds, equipment, or authority was used, and what was achieved as a result.

By being accountable for resources, IPs are able to display their commitment to transparency, credibility, and foster confidence among project stakeholders. In order to increase IP's financial efficiency, it is important that the use of resources are tracked, controlled and made subject to scrutiny.

2.2 Objectives

The following are the objectives of the PIM

a) Provide a common understanding of WSTF projects operational procedures
b) Enable effective application of project cycle management concepts (planning, implementation, monitoring and evaluation and closure)
c) Improve on project procurement and reporting process
d) Improve on project accounting and record keeping
e) Improve on project technical and financial reporting

WSTF takes cognizance that projects differ in size, scope, cost and time, but all have the following characteristics:

- A start and a finish
- A life cycle involving a series of phases in between the beginning and end
- A budget
- A set of activities which are sequential, unique and non-repetitive
- Use of resources which require coordinating and accounting
- Centralised responsibilities for management and implementation
- Defined roles and relationships for participants in the project

3

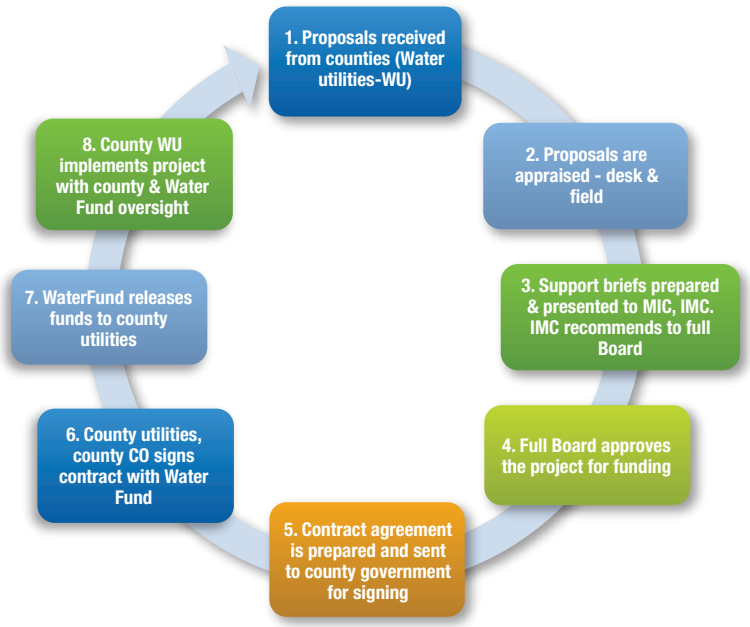
WSTF PROJECT FUNDING PROCESS

WSTF as a GoK agency, mobilizes funds from various development partners. The funds are then channelled to various county governments, organizations to support in project implementation. This is done through a call for proposal depending on the programme design.

WSTF funding may be restricted

- Thematic focus
- Selected counties or targeted communities
- Type of implementing partners
- Funding ceiling
- Project duration

WSTF call for proposal process follow the below general procedure



In general, projects will be identified through several schematic processes. However, this may vary according to programme and the funding sources.

1) Information campaign (subject to availability of funds) – advertisement for call of proposals/concepts notes will be done through a widely circulated media and through WaterFund website. Time period would be provided for clarifications and or public workshops for explain proposal guidelines and eligibility criteria.
2) Submission of a Concept Note Applications – all proposals will be opened at a central point/place.
3) Assessment of Concept note (Administrative and Technical) – the first assessment will be administrative checks. This include checks on supporting documents, timelines for submission, eligibility of applicants, proof of registration amongst other requirements. The proposals will further be subjected to technical appraisal against se appraisal criteria. Amongst other technical areas will include technical, social, financial feasibility.

4) Field Verification/Appraisal – Proposals that go through desk appraisal undergo field appraisal. The field appraisal entails assessing project relevance to the proposed community, technical, social and financial feasibility, environmental compliance, operation and maintenance, sustainability and impact and management and governance structures.
5) Assessment of Concept note Application after Field Verification (Administrative and Technical) – the selected projects may further be subjected to administrative and technical appraisal after field appraisal. Issues of concern are appropriateness and completeness of designs and bills of quantities, budgetary contribution, participation, operation and maintenance and sustainability
6) Full Proposal development – There may be need for a full project proposal development. This is coming with a working document and budgets that is ready for financing and implementation.
7) BoT Approval – Final proposal is then approved by the Board of WaterFund.
8) Financing Contract/Agreement – Final stage included signing if Financing Agreement by the concerned parties and WaterFund.
9) Capacity building – This involves training of the project management committees on project management, book keeping and accounting,
10) Pre- launch & launch workshop – a participatory project launch is done where all project stakeholders are involved. Project information including objectives, scope and budgets are shared with the public.
11) Project Implementation – Implementation of the project is conducted after identification of contractor
12) Monitoring of project implementation
13) Internal and External audits
14) Completion certificates
15) Post-evaluation of projects
16) Evaluation of Programme (midterm and final)

4

MANAGEMENT OF WSTF FUNDED PROJECTS

4.1 Introduction

The term "project management" may be a modern construct, but the very concept has existed for as long as humans have been around. Humanity's introduction to project management can be traced back to their hunter-gatherer days when coordination and planning became necessary to procure food and resources, safeguard the community, and migrate to better locations.

Figure 1. All projects require continuous community consultations to ensure involvement in planning, implementation and operation and maintenance

Since then, people have always been dealing with "projects" that involved planning and management, be it the man-made wonders of the world to wars that changed the course of history. Today, project management is at the core of nearly every business initiative. It is a means of achieving a strategic objective and is the key to organizational success. As the economy and the enterprise landscape become more competitive and chaotic than ever, effective project management is necessary for businesses to perform better, faster, and more efficiently.

In the world of disruptive technology, the payoffs from investing time, money, and resources into effective project management can be tremendous. The opposite is true, as well.

4.2 Definition of Project Management

There are many ways to look at project management and many ways to define it. But for the sake of simplicity, let's follow the Project Management Institute's (PMI) definition of it. PMI refers to it as "the application of knowledge, skills, tools, and techniques to project activities to meet the project requirements," where "project" means "a temporary endeavour undertaken to create a unique product, service, or result."

Because of the temporary nature of a project, it has a defined beginning and end, and therefore, defined scope and resources. This helps to set proper expectations around what can be delivered, by when, and at what cost, preventing projects from getting derailed, veering off deadlines, or stretching out of scope.

A project typically can encounter any of these six constraints:

- Scope
- Time
- Quality
- Cost
- Risk
- Resources

4.3 Project Management Phases

From its start to end, there are different phases of a project, which constitutes the project life cycle. In its most basic form, a project management process goes through the following phases:

Preparation/Preliminary phase

This is the phase where a project is set up. The project manager collaborates with all parties involved — customers, contractors, and stakeholders — to establish the formal aspects of the project. This includes putting together a team to work on the project, creating a project plan, setting project goals and budget, resource allocation, conducting a project kick-off, and other activities.

Execution/Implementation phase

This phase has to do with everything that is needed to turn the project goal into reality. Given the number and complexity of activities involved in this stage, it takes the longest and is also the most challenging to manage.

Closing/Closure phase

During this closing phase, the last finishing touches are added to ensure that the project is up to stakeholders' satisfaction, and the final product/process is ready for the handover to the users.

Every project funded by WSTF should ensure efficiency in the use of resources so to meet project objective. In project planning, adequate consideration should be given to the nature of the project, the activities to be carried out, logistics involved and capacity of the implementing partners.

While planning, every project should consider the three distinct phases –
(a) project preliminaries,
(b) project implementation and
(c) project closure periods.

Project Financing Contract Period
(Contract between WSTF and IP)

Project preliminaries				**Project Implementation Period**				**Project closure**			
1	2	3	4	5	6	7	8	9	10	11	12

Project Contract Period
(Contract between contractor and IP)

Activities in each phase

Project Phase	Project Activities
Project Preliminary	- Signing of Financing Contract - Opening of Bank Account - Training of project management team - Procurement of Design Expert - Carrying out Designs (surveys, technical drawings and BoQs) - Seeking approval of designs and obtaining permits from relevant authorities (public health, public works, county government) - Procurement of EIA Experts - Carrying out Environmental Impact Assessment - Submitting of EIA reports and obtaining EIA permit - Procurement of Contractor (advertisement, pre-tender site visit, response to tender queries, appointment of tender opening committee, tender opening, appointment of tender evaluation committee, tender evaluation, expert of opinion, award notification, and notification to unsuccessful Tenderers, letter of acceptance) - Signing of Contract (receive work plan and Performance Bond and return of bid bond)
Project Implementation	- Kick-off meeting - Handing over project site - Project implementation by the contractor - Project supervision (atleast weekly) - Site inspection (quarterly) - Identification of variations and additional works and seeking approval. - Receiving of Invoices from Contractor/Supplier - Preparation of Interim Payment Certificates (approval of inspection) - Preparation of Payment Vouchers - Making of Payments against Interim Payment Certificate - Submitting of Monthly Progress Report (Technical and Financial) - Preparation of Training Reports - Internal and External Project Audit
Project Closure	- Signing of Warranty Certificates - Receipt of Operation and Maintenance Manual - Conducting Operations and Maintenance Training - Final inspection for Defect Liability Period - Preparation of Final Payment Certificates - Final Project Substantial Completion Report is - Account Closing - Handing over of Project - Project Commissioning - Internal and External Project Audit

4.4 Real-Life Example of Project Management

With this basic understanding of a project management process, let us dive deeper into how a real-life project might be carried out successfully. For this purpose, we will follow PMI's project phase model, which breaks down into:

- Initiating
- Planning
- Executing
- Monitoring and Controlling
- Closing

1. Initiating

Consider that a water company wants reduce their operation and maintenance costs cutting down electricity through solarisation to ramp up their revenue and profits. What happens next? The top executives might call a board meeting and delegate the job to a senior manager who will look for a suitable project manager (PM) to take over the project's reins.

The project manager will coordinate the next steps, which involve defining the rough scope of the project, setting targets, building a team, and documenting the project requirements in a charter or developing a business case. The initiation, like in this example, is the very first step of the process.

Figure 2. Community Planning Meeting

2. Project planning

During the project planning phase, every aspect of the project, down to a weekly (or even daily) level, is mapped out. The PM finds the people with the required skill set and puts together a team. This stage also involves the following activities:

- Creation of a scope statement – It spells out what is expected from the project and what is not expected. The delivery, scope, parameters, and benchmarks are well established and clearly stated.
- Creation of a project plan – A plan is drafted to visualize the project workflow, typically using a Gantt chart. It outlines a detailed schedule of what will happen and when.

- Defining key milestones – Milestones are what need to be completed and accomplished in accordance with the plan—for example, reducing manufacturing costs to increase profitability, in this case.
- Setting up a communication plan – It states how and by what means will the team and the stakeholders involved in the project communicate.
- Performing risk analysis – This is a critical stage since it helps the team identify risks and be prepared for a 'Plan B' if an issue arises.

3. Execution

This is the phase where the hammer falls on the nail. Given the pressure to produce tangible and previously planned results, the management of this phase is almost always very hectic and stressful. This is where the project runs into the risks of cost overruns, delays, and unexpected issues threatening to derail progress. It's the PM's job to manage these challenges and steer the project in the right direction.

4. Monitoring and controlling

A project must be monitored on an ongoing basis to ensure it stays on track. To this end, the PM routinely checks the progress and quality of the project against several factors such as: Whether the targets are being met; Is the project staying within budget? Any possible deviations from the scope and how to accommodate the changes.

5. Closing

This is the last phase where the project is completed, finalized, and handed over to the customer. In our example, the PM will prepare a final report with the actual cost values. It may also involve final checks and test runs to ensure the desired outcome has been achieved.

4.5 Project Management Team

Projects that are implemented through WSTF funding are those which are presented by a County government, their agents or representatives and the beneficiary community organized under an inclusive group to take charge of the implementation of the project. The projects supervisory role will be carried out by experts from the County Government/Water Service Providers/Water Resource Management Authority/Kenya Forest Associations.

For effective and participatory project management, the project should be managed by a committee known as the Project Management Team (PMT). The members of PMT should be appointed/selected/elected from various project stakeholders to enhance gender and social inclusion, ownership, accountability and sustainability.

The PMT should be able to support IP and community members to achieve the following in the course of project implementation.

- Provide project leadership
- Enter into agreements on behalf of the community
- Articulate community needs and problems
- Co-ordinate strategies for addressing the needs
- Custodian of community and donor resources on behalf of the community
- Administer any activities relating to implementation of the project
- Account and make returns on use of community and donor resources
- Enter into supply and service contracts on behalf of the community and ensure performance as per contract
- Quality check/control of goods & supplies delivered and services provided
- Carry out financial transactions on behalf of the community
- Maintain project records
- Mobilise community resources
- Conflict resolutions affecting members and community
- Ensure flow of information about the project implementation to other project beneficiaries
- Submission of reports and supporting documents to WSTF and other relevant stakeholders.
- Plan for project operation and maintenance

Project management is accomplished through the use of the processes above: initiating, planning, executing, controlling, and closing. The project management team is charged with seeing the overall project management, and the work typically involves:

- Balancing competing demands for: scope, time, cost, risk, and quality.
- Managing stakeholders with differing needs and expectations.
- Identifying project requirements

While signing Financing Contract the project should consider the following.

a) The project stakeholders – this includes the processes required to identify the people, groups, or organizations that could impact or be impacted by the project, to analyze stakeholder expectations and their impact on the project, and to develop appropriate management strategies for effectively engaging stakeholders in project decisions and execution. Stakeholder management also focuses on continuous communication with stakeholders to understand their needs and expectations, addressing issues as

they occur, managing conflicting interests and fostering appropriate stakeholder engagement in project decisions and activities. Stakeholder satisfaction should be managed as a key project objective.

b) The project scope – this describes the processes required to ensure that the project includes all the work required, and only the work required, to complete the project successfully. It consists of initiation, scope planning, scope definition, scope verification, and scope change control.
c) The project schedule - this describes the processes required to ensure timely completion of the project. It consists of activity definition, activity sequencing, activity duration estimating, schedule development, and schedule control.
d) The project cost/budget – this describes the processes required to ensure that the project is completed within the approved budget. It consists of resource planning, cost estimating, cost budgeting, and cost control.
e) The project quality – this describes the processes required to ensure that the project will satisfy the needs for which it was undertaken. It consists of quality planning, quality assurance, and quality control.
f) The project human resources – this describes the processes required to make the most effective use of the people involved with the project. It consists of organizational planning, staff acquisition, and team development.
g) The project communications management - describes the processes required to ensure timely and appropriate generation, collection, dissemination storage, and ultimate disposition of project information. It consists of communications planning, information distribution, performance reporting, and administrative closure.
h) The project risks – this describes the processes concerned with identifying, analyzing, and responding to project risk. It consists of risk management planning, risk identification, qualitative risk analysis, quantitative risk analysis, risk response planning, and risk monitoring and control.
i) The project procurement – this describes the processes required to acquire goods and services from outside the performing organization. It consists of procurement planning, solicitation planning, solicitation, source selection, contract administration, and contract closeout.
j) The project integration – this describes the processes required to ensure that the various elements of the project are properly coordinated. It consists of project plan development, project plan execution, and integrated change control.

4.6 Project Quality and Risk

Project quality control, quality assurance, and management of risks are all essential components of good project management.

Quality assurance defines the level of quality required for project implementation, and the process to be followed to achieve it. A good quality assurance plan will also define the method to measure compliance with the project's quality requirements. The PMT provides for project supervision and reviews to ensure any mistakes or errors found are remedied. Mistakes are bound to occur occasionally; however, the use of this manual will drastically help reduce project implementation mistakes to ensure an accurate output.

Quality control is the process of applying the quality assurance systems through periodic checks, to ensure that the engineering and design process meets the quality levels agreed to at the onset of the project. The quality control plan will normally identify the personnel assigned to carry out the reviews and schedule the times and intervals for such checks.

Figure 3 Quality Workmanship ensure acceptability, longevity and suitability for use.

The PMT will ensure IP are proactively involved in project risk management. This is the process of identifying, assessing, and mitigating all known risks associated with the implementation of a project. Project risks involve the following main areas:

- contractual liabilities;
- technical components and standards;
- safety of personnel, plant, and equipment; and
- financial incentives or penalties.
- Environmental and Social impacts

Identified risks must be managed so that

- the likelihood of risks becoming problems is anticipated,
- measures are in place to minimize the impacts of problems that occur.

Contingency plans or fall-back actions should be considered in advance so that, when a problem occur during project implementation, remedial action can be taken without delay, to minimize impacts.

The various aspects of this manual have been through consolidation of previously developed manuals for different programmes including donor and government of Kenya guidelines for project implementation.

5

PROJECT PRELIMINARY PHASE

5.1 Introduction

Project preliminary stage involves preparation for the actual project implementation. It involves IP capacity building, identification of various teams or consultants to carrying out project studies, surveys, design and Bills of Quantities, preparation of tender documents, advertisements, tender opening and evaluation and seeking WSTF concurrence. This may take up to three months depending on the project complexity. Adequate time should therefore be provided for the preliminary activities.

After the Financing Contract is signed the project preliminary activities of the project can start. The project duration and tentative work plan is explicitly given in the Financing Contract. The first phase (start-up phase) is of specific importance since it may influence the whole implementation process: delays incurred in this phase adversely affect the other phases of the project.

The IP should organize its workflow in the best possible way so that each step of the project implementation is clear and predictable. In this respect the internal management rules should be adopted by the IPs, stressing up the principle of good management. The project time schedule should be developed in details and structure/s for implementing the project should be defined. If there is a need for amendment, the WSTF MUST be consulted and concurrence obtained.

5.2 Opening of Bank Account

The IP shall open a CURRENT BANK ACCOUNT with one of the commercial banks in the project area. This account must ONLY be used for activities relating directly to the implementation of the contract signed with WSTF. Due diligence should be considered while selecting the bank in order to avoid unnecessary charges levied on the account. For basic checks and balances, there should be more than two signatories.

5.3 Project Records

The project management team should ensure all project documents are well filed. Ideally, the following project files should be kept at the project office:-

Project Files

1. Minutes File – this file should contain signed minutes for different meetings held to discuss project issues.
2. Correspondent File – this file should contain letters for regular communication between community, IP and WSTF and other projects related correspondences. Bank Statement File – this file should contain all the original monthly bank statements.
3. Payment Voucher File – this file should contain all payment vouchers filed chronologically (from the oldest to the newest).
4. LPO/LSO/Contracts File – This file should contain all original Financing Contract, contract for various studies and designs as well as LPOs/LSOs issued.
5. Monthly Reports File – this file should contain all the copies of monthly reports in a chorological manner.

6. Procurement File – This file should contain procurement plan, and all procurement decisions. This will also include decision of tender opening and tender evaluation committees, letter of offer and letter of acceptance. The file should also contain copies of bid bond and performance bond.
7. Community Contribution File – where community contribution has been made, this should be recorded and the contribution quantified. The contribution may be in the form of cash, materials or labour.
8. Asset Register/Equipment Warranty File – all project assets handed over to the project should be recorded, together with their serial numbers and values at time of purchase.
9. Studies and design file – this should contain all designs, studies, surveys, work plans for the project.

Books

- Stores Ledger – stores ledger will indicate different material purchased in the project and their movement and usage.
- Cash Book – cash book should be used for recording all cash transaction indicating balances at hand and balances at the bank. This should help in caring out bank reconciliation at the end of every month.
- Minutes Book – where a hard cover book is use to record minute of various meetings held.
- Site Instruction Book– this book should contain all instructions given by the project supervisor. This book should be in triplicate.

5.4 Project Studies

Project studies involved such studies as:-

a) Environmental Impact Assessment and Environmental Audit
b) Needs Assessment or Baseline Studies
c) Monitoring and Evaluation by a third party

Any third party carrying out project studies should be competitively sourced, and the process of identification documented. This can be done through open tendering process or expression of interest, with clearly defined terms of reference indicating timeframe, scope and deliverables. The process MUST ensure fairness, transparency and value for money is achieved. There must be a contract between the IP and the professional conducting the study.

All payments to project studies should be done ONLY after satisfactory completion of the assignment and reports submitted.

5.5 Project Design

Designs of a project will include: drawings, surveys and profiles and Bill of Quantities providing engineering estimates. Design reports should be prepared with accompanying documentation. The designer should be competitively sourced. Where internal engineer (IPs own resource person) is carrying out the design, standard government or County

Government allowances rates and per diems shall be apply to determine the payment. Where standard designs are used, the design should be adapted for each site and bills of quantities produced accordingly. All designs should be approved by a professional engineer.

5.6 Environmental Impact Assessment Study

Environmental Impact Assessment (EIA) is a process of evaluating the likely environmental impacts of a proposed project or development, considering inter-related socio-economic, cultural and human-health impacts, both beneficial and adverse. The purpose of the EIA process is to inform decision-makers and the public of the environmental consequences of implementing a proposed project. The EIA document itself is a technical tool that identifies, predicts, and analyzes impacts on the physical environment, as well as social, cultural, and health impact.

The report should give an Environmental Management Plan which will provide guide of mitigating against any diverse environmental consequences.

5.7 Procurement

Procurement is the whole process of acquiring of goods and services from a third party. The acquisition can be through purchase, rental, lease, hire purchase, license, tenancy, franchise, or by any other contractual means of any type of works, assets services or goods including livestock or any combination. Detailed procurement processes are described in the next chapter

6

PROCUREMENT

6.1 Introduction

Procurement is the whole process of acquiring of goods and services from a third party. The acquisition can be through purchase, rental, lease, hire purchase, license, tenancy, franchise, or by any other contractual means of any type of works, assets services or goods including livestock or any combination.

Definition: The Public Procurement and Asset Disposal Act, No. 33 of 2015 defines "procurement" as "the acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise, or by any other contractual means of any type of works, assets, services or goods including livestock or any combination and includes advisory, planning and processing in the supply chain system.

Other Definitions: "Acquisition of goods/services/works in the most cost-effective manner to ensure that they are provided in the right quantities, at the right quality, from the right source in timely and right delivery period at the lowest possible total price."

The objective of procurement process is to ensure that value for money is guaranteed in the whole and should be done in a transparent manner. The IP must ensure that, the contract is awarded to the most economically advantageous tender (that is the tender offering the best price-quality ratio), in accordance with the principles of transparency, fair competition for potential contractors/suppliers and taking care to avoid any conflicts of interest.

6.2 Legal Framework of Public Procurement in Kenya

The following are the guiding laws and regulations for public procurement in Kenya.

- Constitution of Kenya 2010
- Public Procurement and Asset Disposal Act 2015
- Public Procurement and Disposal Regulations 2020
- Public Procurement (Preferences & Reservations) Regulations 2011
- Public Procurement (County Government) Regulations 2013
- Anti-Corruption and Economic Crimes Act, 2003
- Leadership and Integrity Act, 2012
- Bribery Act 2016
- Public Officer Ethics Act
- Penal Code

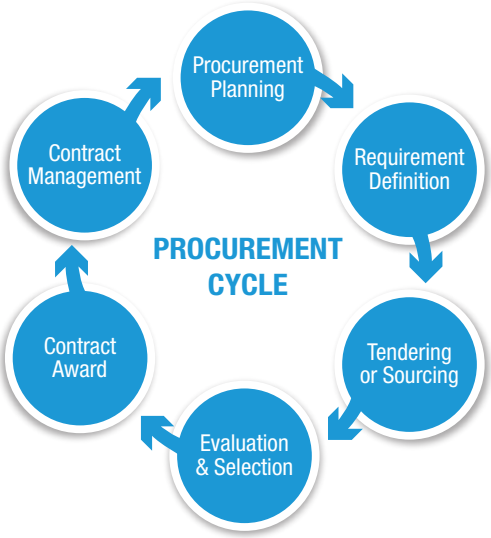
Objectives of regulation of public procurement

1. Value for money

- Acquiring at the best possible terms, considering the quality of the goods or services, cost of lifetime maintenance and the time within which the goods or services are to be supplied considering the requirements of the entity.
- Involves also considerations of suitability for particular, disclosed purpose.
- Value for money is the reason why the successful tender is usually the "lowest evaluated tender" and not the lowest tender.

2. Efficiency of the procurement process

- The award process itself should be conducted in a timely and cost-effective manner
- This is why, for example, small purchases are not taken through open tender, but other procurement procedures are permitted under the law
- The original objective of value for money was to be realized through the acquisition of quality goods and services at reasonable prices and within reasonable time.



3. Probity

- Probity is the quality of being 'completely honest'
- The procurement process must be such as to enhance integrity by dealing with and perhaps outlawing vices such as corruption, collusion, bid rigging, etc

4. Fair and equal treatment of bidders

- The Fair treatment of bidders includes giving all bidders a fair chance to submit bids, objectivity in specifications/terms of reference, providing equal chance to seek clarification on tenders, availing opportunity to challenge procurement decisions, providing opportunity of being heard before debarment, etc.

5. Industrial, social and environmental objectives

- These objectives have increasingly impacted on the content of public procurement laws across many countries
- Article 227 of the Constitution of Kenya contains economic, industrial and social objectives for procurement and procurement regulation
- The Public Procurement& Asset Disposal Act No. 33 of 2015 provides for preferences in Part XII, and deals with - Locally manufactured versus wholly imported goods & services Marginalized or disadvantaged groups

6.3 Methods of Procurement of Goods, Works and Services

Choice of procurement method must follow Section 91 of the Act (open, then alternative). The Methods available includes

- Open tender
- Two-stage tendering
- Design competition
- Restricted tender
- Direct procurement
- Request for quotations
- Low value procurement
- Force account

- Electronic reverse auction
- Framework agreement
- Competitive negotiations
- Request for proposals

6.3.1 Open Tender

Open tender is the most preferred method

- The Regulations to provide the thresholds for the application of this procedure Advertisement:
- Advertisement is the key to invite all eligible bidders to submit their bids
- Advertisement above thresholds for national advertising: GOK portals or its website or a notice in at least two daily newspapers of nationwide circulation
- Where value is below certain threshold, a PE may advertise on the Government portal, notice boards, etc. instead of media Time for preparing bids.
- Minimum 7 days for Open Tender Provision of tender documents:
- Provide copies immediately, upload to website and may charge fees for copies.

6.3.2 Restricted Tender

Restricted tendering is a procurement method that limits the request for tenders to a select number of suppliers, contractors or service providers. Although considered a competitive procurement method, competition is limited to only firms shortlisted or invited by the procuring entity. Predominantly, the selected companies are derived from prequalified list of contractors. In the case of WSP, the prequalification list can be obtained from county or national government procurement department or any other government agency.

A procuring entity that conducts procurement using the restricted tendering method shall be subject to the procurement thresholds set out in the Second Schedule to these Regulations

Request for Quotations

A IP may use a request for quotations from the register of suppliers for a procurement if:-

i the estimated value of the goods, works or non-consultancy services being procured is less than or equal to the prescribed maximum value for using requests for quotations as prescribed in Regulations;

ii the procurement is for goods, works or non-consultancy services that are readily available in the market; and

iii the procurement is for goods, works or services for which there is an established market.

6.4 Procurement Steps

The procurement steps is guided by the provisions of PPDA, 2015

Step I

The Invitation to Tender:

The invitation should contain

- Name of Procurement Entity
- Tender Number,
- Description
- How to get tender documents
- Tenderers eligibility requirements
- Tender validity period
- Fee payable for the tender documents (where necessary)
- Bid bonds, (form, format and amount)
- Pre-tender site visit date (date, time, venue and mode of transport)
- Tender clarification period (Question and answer period)
- Tender submission mode
- Statement on opening, (date, time and venue)
- Any preferences
- How the tenders will be evaluated
- Any other requirement.

Modifications to tender documents and bids

An advertised tender may be modified due to the following reasons:-

- Addendum: due to own Procurement Entity initiative or Bidder Questions.
- Provide addendum to all or its part of tender documents.
- Addendum issued when less than a third of time remaining or time less than period indicated AO to extend.
- Bids can be withdrawn in writing before deadline.

Step II

Submission and Receipt of the Tender

- Electronic or manual as prescribed
- Sealing and labelling
- Before deadline
- Open and accessible submission place

Step III

Tender Opening

- Tender opening committee appointed by Accounting Officer at least 3 Members (at least 1 not directly involved in processing or evaluation)
- Opening in the presence of tenders or their representative's presence
- Read out aloud name, price and tender security provided
- Cannot disqualify at opening
- Minutes of opening

Responsiveness of tenders

- If it conforms to all eligibility and other mandatory criteria
- Minor deviations will not affect responsiveness

Tender Evaluation

- Ad hoc Tender evaluation committee appointed by Accounting Officer consist between 3 and five appointed on rotational basis at least 3 Members (at least 1 not directly involved in processing or evaluation)
- Using criteria in Tender Document (cannot be modified mid-way)
- Prepare Evaluation Report signed by each member
- Seek expert's opinion before announcing the winner
- Within 30 days after tender opening.

Clarifications: To assist in evaluation, does not change terms of tender.

No correction of errors: Remains same as read out in opening no corrections.

Post Qualification: Due diligence to confirm qualifications, prepare report.

Professional opinion: By Head of Procurement of the Procurement Entity to Accounting Officer

Recommendations for award and Successful tenderer: Decision, lowest evaluated
Notification: To all at same time, disclosing successful tenderer and reasons
Procurement Contracts:

- Accounting Officer: responsible for preparation
- Above Kshs 5B to be cleared by AG, CS to inform and National Treasury
- Refusal to sign means forfeiture of tender security and move to next lowest evaluated tender. Tenders to be valid
- Amendments on recommendation of evaluation committee
- No variation upwards within 12 Months of Signing
- Quantity variation no more than 20% for works and 15% for goods and services
- Cumulative value of all variations does not exceed the total contract price by 25%t price to be submitted before contract signing.
- No Advance Payment, unless specified in tender documents and contract agreement

6.5 Nature of Procurement

6.5.1 Procurement of Goods

At least three (3) bids/quotations should be obtained for supply of goods and/or services. Preferably, quotations for goods should include delivery/transport cost to site, price validity period and any government taxes.
The bidders to submit quotes must:

- Be reliable and credible
- Must demonstrate the capacity to fulfil the orders
- Must be registered and having a business name and bank account in the name of the business
- Registered for VAT
- Must have PIN certificates
- Must show physical location/address
- Must not be related. i.e. no relationship between the three bidders

Supply contracts: The contract shall be awarded to the lowest evaluated bidder technically compliant offer.

6.5.2 Procurement of Services

Procurement of services should be done through competitive tender process, or through quotation from a list of pre-qualified service providers (there should be a proof for prior pre-qualification process).

The bidders to submit quotes must:
(i) Be reliable and credible
(ii) Must demonstrate the capacity to fulfil the contract
(iii) Must be registered and having a business name and bank account in the name of the business
(iv) Registered for VAT
(v) Must have PIN certificates
(vi) Must show physical location/address
(vii) Must not be related. i.e. no relationship between the three bidders

Tender evaluation should consider both technical and financial capacity. Services should be rendered and an acceptable report submitted before full payment is made.

Service contracts: The offer which provides the best value for money is awarded with the contract. Normally the ratio 20% price and 80% technical quality is used.

6.5.3 Procurement of Works

This should be advertised in all public notice boards and/or newspapers (where budget is provided) to enable wide coverage and audiences as much as possible.
Adequate time should be given for prospective Tenderers to adequately respond (at minimum 7days).

All queries to the Tender should be circulated to all prospective tenders within adequate time before tender closure day.

All tenders should be opened at a specially designated place and time, where Tenderers or their Agent or Representatives are present. There should be an attendants list. No LATE Tender should be accepted after the closing time. Any Tender received after closing time should be returned unopened to the owner.

Works contracts. The contract shall be awarded to the most responsive bidder with technically compliant offer.

6.6 Tender Opening Committee

The tender opening session is a formal, public process. Although it is public, participation in the tender opening session is restricted to representatives of the companies which are tendering for the contract. The Evaluation Committee opens the tenders in public at the place and time fixed in the tender dossier. During the tender opening session, the

tender opening checklist has to be filled in by the Chairperson with the assistance of the Secretary of the Evaluation Committee. The Chairperson must check that no member of the Evaluation Committee has a potential conflict of interest with any of the tenderers (on the basis of the tenders received, consortium members and any identified contractor).

The summary of tenders received, which is attached to the Tender opening report must be used to record the compliance of each of the tenders with the formal submission requirements. The minutes of this meeting are included in the Tender Opening Report and it must be made available to the tenderers on request.
Tender opening is done by Tender Opening Committee duly appointed and authorised by the Contracting Authority. Tender opening Report should include:

(i) List of all documents in the sealed envelop
(ii) Every Tender Opening Committee Member should sign on all envelops indicating their names, date and time.
(iii) There should be a Tender Opening Report indicating the Tendering entities and documents received. All Tender Committee members should sign the Tender Opening Report

Together with Minutes of Tender Committee and Attendance List, the Tender documents should be kept in a safe place (lock and key) until the Tender Evaluation day.

6.7 Tender Evaluation Committee

It is a requirement that the tender evaluation should be completed within thirty (30) days for works and 21 days for consultancy services after tender opening.

In the case of two committees, the technical evaluation will be completed within thirty (30) days of tender opening. The financial evaluation will be completed within five (5) days of completion of the technical evaluation provided that both evaluations are completed within 30 days of tender opening (e.g. if the technical evaluation committee takes 29 days to complete the technical evaluation, the financial evaluation committee must complete their evaluation within 1 day.), as guided by the PPADA,2015, Regulation 2020 and Tender documents

As part of the technical evaluation, the Evaluation Committee analyses the commercial aspects and, where applicable, the service component of the tenders to determine whether they satisfy the requirements set in the tender dossier. The results are recorded in a YES/NO grid for all elements specified in the tender dossier. No scoring method should be used. If the tender is divided into lots, the evaluation should be carried out lot-by-lot. With the agreement of the other Evaluation Committee members, the Chairperson may communicate in writing with tenderers whose submissions require clarification, offering them the possibility to respond within a reasonable time limit to be fixed by the Committee. The Appointing Authority should appoint members of Tender Evaluation committee (evaluation committee's purposes of carrying out administrative compliance, the technical compliance and financial offers of the tenders or proposals.
A day designated for tender evaluation should be communicated to all Tender Evaluation

Committee members to appropriately. The Tender Evaluation Committee shall in their first sitting select one of their own to be the chairman.

6.8 Administrative Check

The Evaluation Committee checks the compliance of tenders with the instructions given in the tender dossier and in particular the administrative compliance grid. Any major formal errors or restrictions affecting performance of the contract or distorting competition result in the rejection of the tender concerned.

The evaluation process should begin with a preliminary evaluation to check whether the basic requirements stipulated. In most cases as guided by the Procurement entity.

- That the tender has been submitted in the required format;
- Any tender security submitted is in the required form, amount and validity period;
- The tender has been signed by a person lawfully authorised to do so;
- The required number of copies of the tender have been submitted;
- The tender is valid for the required period;
- All required documents and information have been submitted; and
- Any required samples have been submitted

6.9 Technical Evaluation

The technical evaluation will consist of an examination of proposals to determine their completeness and responsiveness to the terms and conditions of the tender document, without material deviation or omission. A material deviation, reservation or omission is one that:

- Affects in any substantial way the scope, the quality or the performance of the works, services or goods specified in the tender document; or
- A reservation that would limit in any substantial way, inconsistent with the tender documents, the PE's rights or the bidder's obligations under any resulting contract; or
- An omission that, when corrected, would unfairly affect the competitive position of other bidders presenting substantially responsive and compliant tenders.

Hence any tender with material deviation, reservation or omissions is considered nonresponsive and is rejected. Only tenders considered responsive will be evaluated per the criteria stipulated in the tender document.

In the technical evaluation of projects, it is important to establish whether there is:-

- Full conformity to specifications, standards, drawings or terms of reference, without material deviation of reservation;
- Understanding of assignment, requirements supported by proposed methodology or design; and
- Suitable staffing, equipment and machinery capacity or arrangements for supervision or management of assignment.

Figure 4 After Project Completion, it is assessed if it meets its objectives

Other elements of the evaluation criteria should be assessed, such as the proposed delivery or completion period, availability of after sale service and spare parts. All these factors need to be clearly stipulated in the tender document as part of the evaluation criteria

The Evaluation Committee while examining the technical offers; the financial offers must remain sealed at this stage, if the two envelop system is used. When evaluating technical offers, each member awards each offer a score out of a maximum 100 points in accordance with the technical evaluation grid laid down in the tender dossier. Under no circumstances may the evaluation grid be changed.

In practice, it is recommended that tenders be scored for a given criterion one after another, rather than scoring each tender for all criteria before moving on to the next. Where the content of a tender is incomplete or deviates substantially from one or more of the technical award criteria laid down in the tender dossier (e.g. the required profile of a certain expert), the tender should be automatically rejected, without being given a score, but this should be justified in the evaluation report.

For experts the scores should be given in comparison to the requirements stated in the Terms of Reference. Each voting member of the Evaluation Committee completes an Evaluation grid to record his/her assessment of each technical offer in order to establish a general appreciation of strengths and weaknesses of the individual technical offers.

On completion of the technical evaluation, the points awarded by each member are compared at the Committee's session. Besides the numerical score, a member must explain the reasons for his/her choice and defend his/her scores before the Committee.

The Evaluation Committee discusses each technical offer and each member awards it a final score. The Committee members may modify their individual evaluation grids as a result of the general discussion on the merits of each offer.

Once discussed, each Evaluation Committee member finalizes his/her evaluation grid on each of the technical offers and signs it before handing it over to the Secretary of the Evaluation Committee. The Secretary must then compile a summary of the comments of the Committee members as part of the Evaluation Report.

In the case of major discrepancies, a full justification has to be provided by dissenting members during a meeting of the Evaluation Committee. The Secretary calculates the aggregate final score, which is the arithmetical average of the individual final scores.
The Evaluation Committee might decide to implement interviews with proposed key experts to assess their competences, either by telephone or personally. Depending on the type of service and the size of the contract this can be strongly recommended.

Once the Evaluation Committee has established each technical offer's average score (the mathematical average of the final scores awarded by each voting member), any tender falling short of the 80-point threshold is automatically rejected. If no tender achieves 80 points or more, the tender procedure will be cancelled.

6.10 Financial Evaluation

Once the technical evaluation has been completed, the financial evaluation will ensue to determine the evaluated price of each technically responsive tender considering the following:

- The tender price as read out during the tender opening;
  Correcting any arithmetic errors, in accordance with the methodology stipulated in the tender document;
- Applying non-conditional discounts offered in the bid;
- Adjusting for any non-material errors or omissions;
- Applying any additional evaluation criteria, through an increase or decrease to the bid price in accordance with the weighting system established in the bid documents;
- Converting all bids to a single currency (normally the currency stated in the bid documents); and
- Applying any margin of preference indicated in the tender document.

The aim should be to take account of the total lifetime cost of acquisition, including payment terms, the cost of maintenance, energy and consumables and eventual disposal cost or estimated trade-in value.

Upon completion of the technical evaluation, the envelopes containing the financial offers for tenders who were not eliminated during the technical evaluation (i.e., those which have achieved an average score of 80 points or more) are opened and all originals of these financial offers are initialled by the Chairperson and the Secretary of the Evaluation Committee.

The Evaluation Committee has to ensure that the financial offer satisfies all formal requirements. A financial offer not meeting these requirements may be rejected. Any rejection on these grounds will have to be fully justified in the Evaluation Report. The Evaluation Committee checks that the financial offers contain no arithmetical errors.
Any arithmetical errors are corrected without penalty to the tenderer. The envelopes containing the financial offers of rejected tenderers following the technical evaluation must remain unopened and retained. They must be archived by the Contracting Authority together with the other tender procedure documents.

The amount stated in the tender will be adjusted in accordance with the above procedure for the correction of errors and with concurrence of the Tenderer, shall be considered as binding upon the Tenderer. If the Tenderer does not accept the corrected amount, the tender may be rejected and the Tender Security forfeited.

In the case of fee-based contracts, the total contract value comprises the fees (including employment related overheads), the incidental expenditure and the provision for expenditure verification, which are specified in the tender dossier. In the case of lump-sum contracts only total contract value is provided.

6.11 Choice of Contractor

The best value for money is established by weighing technical quality against price on an 80/20 basis. (This applies if the method is Quality Cost based selection method (QCBS) of consultancy)

This is done by multiplying:
- the scores awarded to the technical offers by 0.80,
- the scores awarded to the financial offers by 0.20.

The resulting, weighted technical and financial scores are then added together to find the tender with the highest score, i.e. the best value for money. It is essential to make the calculations strictly according to the above instructions. The Evaluation Committee's recommendation shall be to award the contract to the tender achieving the highest overall score on the condition that the documentary evidence submitted by the tenderer for the exclusion and selection criteria are verified and accepted.

6.12 Evaluation Report

The Evaluation Committee shall submit a consolidated evaluation report to the Tender Committee. The report will be signed by all members of the EC, with any dissenting opinions recorded.

The evaluation report will generally include the following:
- Summary of tenders received and opened;
- Results of preliminary examination to determine tenders responsiveness;
- Reasons for non-responsiveness of tenders;
- Details of any non-material deviations which were accepted by the preference scheme, if any; and
- Recommendations for award the contract(s) to the lowest responsive tender(s), or other recommendation, such as the rejection of all tenders.
- Results of the technical evaluation;
- Evaluated price of each tender;
- Scoring of the tenders per their total evaluated price;

6.13 No Objection from WSTF

Upon completion of evaluation process and preparing a detailed report, the report should be forwarded to WSTF for concurrence or otherwise. The IP should NOT proceed to award the tender to the most responsive tender until a letter of no objection from WSTF is received.

6.14 Contract Award

The Tender Committee has the responsibility and the prerogatives for contract award. The TC has three (3) options with the evaluation report received from the EC:

- They can approve the award recommendation;
- They can reject the award recommendation with written reasons; or
- They can approve the contract award recommendation subject to minor clarifications or corrections.

Any item rejected by the TC may be resubmitted for re-adjudication if the EC provides new information.

6.14.1 Award Notification

The Contracting Authority will send a formal notification, within the tender validity period, to the successful bidder that their bid has been accepted. Unsuccessful bidders will be notified at the same time. A brief description of the reasons for not accepting their offers will be indicated in the letter. **A minimum fourteen (14) day holding period must be observed between the notification and the contract issuance. No contract shall be signed within this period.** This is meant to allow the successful bidder time to accept the award and for the unsuccessful bidders to raise any issues they may have with the award.

Any complaints received from unsuccessful bidders within the standstill period will be promptly investigated by the Administrative Review Board. If no complaints are received within the standstill period, a contract award shall be made.

Failure of the successful Tenderer to confirm acceptance of the award, or to submit any required Performance Security, or to sign the contract may constitute grounds for the annulment of the award and forfeiture of the Tenderer's Tender Security. In that event, the Procuring Entity may award the contract to the next lowest evaluated Tenderer, whose offer is substantially responsive and is determined to be qualified to perform the contract satisfactorily.

6.14.2 Contract Issuance

Following the 14-day hold period and acceptance of the award by the successful bidder, the PE may enter into a formal contract agreement with the successful bidder. The contract form and the terms and conditions will be similar to the contract form inserted in the tender document.

It is recommended that the Procuring Entity submit the contract to its Legal Advisor for a final review before signature. Good practice requires that the bidder signs the contract first before the Procuring Entity.

6.14.3 Return of Tender Security to Successful Bidder

The tender security (bid bond) must be returned immediately to all Tenderers, as soon as it is no longer required, i.e. once the contract has been signed and all conditions for contract effectiveness have been met.

6.15 Nullification of Contract

The Public Procurement and Disposal Act stipulates conditions, which when contravened could lead the disqualification from entering into a contract for procurement; or nullified by the Procuring Entity if the contract has already been entered into. These conditions include:

- Corrupt Practice
- Fraudulent Practice
- Collusion
- Conflicts of Interest
- Conflicting Activities
- Conflicting Assignments
- Conflicting Relationships

7

PROJECT IMPLEMENTATION PHASE

7.1 Introduction

Project implementation phase begins immediately after signing of the contract with the contractor. Thereafter, the Implementing Agency hands over the project site to the contractor. The signed contract has to be managed professionally, since it is a legally binding document. All terms and conditions should strictly be adhered to and any communication should be in writing. Changes in the contract should be through an addendum dully agreed upon and signed by both parties.

The contract form, contract terms and conditions are included in and constitute an integral part of the tender document. The Bidder, when preparing and submitting a tender, should be familiar with the type of agreement he/she will enter into, should he/she be selected.

Sound contract management of a project revolves around the control of cost, time, quality and resources.

- Cost Control means the execution and completion of the project within the contract price;
- Time Control means execution and completion of the project within the agreed time schedule;
- Quality Control means the execution of the project in conformance with the technical requirements and/or specifications;
- Resources control refers to the management of human and material resources (personnel, equipment, and supplies).

For each contract entered into, the Procuring Entity must designate a member of staff, or a team of staff, as the Contract Administrator responsible for administering the contract. It is recommended that the PE should implement a team approach to the contract management of large and complex projects. No one single person can effectively manage all phases of a complex procurement contract nor is it desirable for the sake of transparency.

7.2 Signing of Contracts

Contracts should only be signed after the contractor has accepted the offer in writing. During signing of contract, the contractor should also present: -

- Performance Bond
- Proposed Workplan

A performance bond, also known as a contract bond, is a surety bond issued by a bank or insurance company guarantee satisfactory completion of a project by a contractor. A Performance Bond is often required from a contractor or supplier who has been successful in the bidding process so as to guarantee the satisfactory execution and completion of the contract.

For example, a contractor may cause a performance bond to be issued in favour of a client for whom the contractor is constructing a building. If the contractor fails to construct the building according to the specifications laid out by the contract, the client is guaranteed compensation for any monetary loss up to the amount of the performance bond.

Bid bonds and performance bonds are the most common types of surety bonds in most industries, particularly for construction projects, as previously stated. The main difference between the two is the moment during a project's timeline when each is required.
Bid bonds are purchased when a contractor is bidding on a tendered contract. They are required during the bidding process to assure a client that a contractor will adhere to the bid they are proposing or else risk legal action.

Meanwhile, a performance bond is required after a bidder has been awarded a contract. It replaces the bid bond when the contractor proceeds to carry out the work. The performance bond ensures that the contractor will perform the project work as stipulated in the contract award.

A work plan represents the formal road map for a project. It should clearly articulate the required steps to achieve a stated goal by setting demonstrable objectives and measurable deliverables that can be transformed into concrete actions. An effective plan serves as a guiding document, enabling the realization of an outcome through efficient team collaboration.

A work plan is an important tool that helps a project to assign tasks, manage workflow and track the various components and milestone deadlines. A work plan often has a duration of the project, but it can be adjusted, based on a specific need within the organization.

An old business adage is "time is money." When it comes to project management, this adage holds true in developing work plans. The longer it takes to finish a project, the more it costs in labour and materials. Additionally, the longer it takes to complete the project, the company suffers from opportunity cost.

With objectives, milestone timelines and budgets set, a project manager is capable of performing quality assurance tests on progress. At milestone deadlines, team leaders should report progress, costs and any concerns or obstacles presented. This helps the project manager build an action plan to attack problems, before they set the project off course, either in budget or time frame.

7.3 Project Implementation Supervision

During the project implementation, there should be an Engineer either competitively identified, or from Ministry of Public Work or Water to support supervision of the project. The Engineer must visit the project site frequently in the course of implementation to ensure that the contractor comply with design and specifications. Specifically, the Supervising Engineer will

- Facilitates the approval of site setting and ensure exaction are done according to the specified and required standard; monitor progress of civil works activities to ensure that the contractor complies with approved specifications, Bill of Quantities (BoQs) and work plan;

- Ensures that quantities and quality are accurate and conducts day to day site inspections of the construction to ensure that execution of the work is done according to and BoQs of Standard Bidding Documents;
- Supervises the contractor and advises/proposes for correction in case of any defects/variation/additional/deletion of items identified as well as updates the on the work progress on weekly/monthly basis including setbacks. He/She has to ensure that any matter that requires attention is reported to the Contracting Authority for action and correction; and,
- Provide designs and BoQs for any additional works identified during implementation of specific civil works contracts, seeking approval from the Operational Manager for any changes.
- Upon receipt of Demand for Payment from the Contractor, inspect works and prepare Interim Payment Certificate showing works completed and payment due.
- Prepare Final Payment Certificate upon completion of all works by the Contractor.
- Carry out Final Inspection after lapse of the Defects Liability Period and make recommendation of any remedial works and payment due thereof.

All supervision instructions MUST be recorded in the site instruction book including any variations. The site instruction book should be in triplicate. The original copy should be used by the contractors, the second copy to be filed to justify payments to the supervisor, while the last copy should remain in the booklet.

A perfect project would result in no variations, but as we know, that is rare/almost impossible.

Getting the format of site instructions is important. Site instructions carry weight and importance, and can be important for legal and financial matters.
In order to protect the project against unfair claims and disputes, it's important to keep a thorough and standardized site instruction template which you can issue every time.

7.4 Project Book Keeping and Accounting

While bookkeeping and accounting are both essential project functions, there is an important distinction. Bookkeeping is responsible for the recording of financial transactions. Accounting is responsible for interpreting, classifying, analyzing, reporting and summarizing financial data.

The main objective of book-keeping is to keep a complete and accurate record of all the financial transactions in a systematic orderly and logical manner. This ensures that the financial effects of these transactions are reflected in the books of accounts.
Accounting records fall into two main categories.
- Supporting documents
- Books of Accounts

7.4.1 Supporting Documents

Every project should keep files of the following original documents to support every transaction-taking place. The supporting documents are a proof that actual work or service was done or goods supplied and paid for.

a) Bank statements

These confirm the funds received and payments made. Also contains details of bank charges and on interest earned on account. Bank statement is used as a supporting document for the bank charges payment voucher, which is then posted in the cashbook.

b) Contracts/Local Purchase /Service Order

This is a legally binding document, which gives details of the services/ goods that an IP is committing to pay for. The suppliers who have not honoured them should return all cancelled LPOs/LSOs to the IP. Where a contract is entered into, both parties to the contract should sign and initial on all pages. Changes in any of the contract clause should be affected through an addendum indicating the changes and signed by both parties. (Sample Annex 1)

c) Invoices/Cash sale receipts/Fee notes

This is the original document issued by supplier or contractor that provided goods and services respectively to the project. These documents contain details of the payments due i.e. payee details (name, VAT No, PIN No), description of payment, quantity, rate, VAT amount, and gross amount claimed. It is used as a basis of preparation of the payment vouchers. As much as possible the PIC to procure goods and services from persons/ organizations that have registered VAT and PIN numbers.

d) Petty cash Voucher

A petty cash voucher is usually a small form that is used to document a disbursement (payment) from a petty cash fund. Petty cash vouchers are also referred to as petty cash receipts and can be purchased from office supply stores. (Sample: Annex 2)

e) Receipt Voucher

A receipt voucher is prepared for money received and subsequently posted in the cashbook.

f) Payment Voucher

Is a document which can be used as proof that a monetary transaction has occurred between two parties. In business, a payment voucher can be used for a variety of purposes, sometimes taking the place of cash in a transaction, acting as a receipt, or indicating that an invoice has been approved for payment. (Sample: Annex 3).

g) Delivery Notes & Goods Received Notes (GRN)

Delivery notes are external documents and are used to confirm the receipt of goods procured as per order. Contains details of supplier (name, vehicle No.), date of delivery and details of goods and supplies delivered.

They are used as a basis to support invoice details and also to update the stores ledger. GRN on the other hand are internal documents generated by project and are used to update the stores ledger. They records all goods received in terms of description and quantities. (Sample: Annex 4)

h) Supervisor's site instruction book

This is a triplicate book kept at the project site for issuing instructions to the contractor and IP by the Project Supervising Engineer. It is also use for paying or confirming the number of visits to a project by the Supervisor for purposes of payments. It also helps hold the contractor accountable for instructions issues for compliance purposes.

i) Community Contribution Register and Records

This should reflect the beneficiaries' contribution for each activity to be implemented, both in cash and in kind. The contribution by the community can be in cash, in kind or combination of both and must be shown against the specific target.
The community contribution records should include provision of unskilled labour (indicating the number of persons involved, gender, the labour-days and rate per day in Kenya shillings) towards a specific target. (Sample: Annex 5)

j) Minute Book
At least two-minute books are required to be kept; one for the general meeting of the community members and the other for PIC deliberations. To ensure there are no hidden agenda, every eligible member should be made aware of the agenda of a given meeting in good time (preferably 1 week before the meeting) and when such a meeting is to be held.

7.4.2 Books of Account

The projects funded under WSTF will maintain a 'single entry' book keeping system. The information is gathered and recorded in books referred to in accounting terms as books of original entry. These are;

(a) Cashbook

This captures all payments done from an account and all income received into the account. A cashbook has payments side to record all payments done in a given period and the receipts side to record all cash receipts. Payments are posted into the cashbook using the payment vouchers and receipts are posted using the receipts voucher. The balancing of the cashbook is done on a regular basis so as to show the balances of funds at any one particular time. At the end of each month a bank reconciliation is done, i.e. reconciling bank statement balance to the cashbook balance. (Sample: Annex 6)

(b) Asset register

This captures & reflects the nature of the project assets, their location, date of purchase and value. The individual assets should be tagged with unique numbers. Efforts must be made to insure the high valued assets such as computers against such risks as fire and theft.

(c) Stores ledger

These reflect the movement of goods procured for purposes of project implementation e.g. stationary, construction materials such as cement. Entries in the store's ledger should be supported by delivery notes; goods received notes and stock issue cards, which should be fully signed by the relevant parties (those distributing the items and those receiving the items). (Sample: Annex 7)

7.5 Payments for Project Works/Payment to Contractor

IP should ensure that their use of resources is properly authorised and controlled. Payments should be incurred in a way that represents value for money, considering potential risks to regularity and propriety. Effective control over expenditures must be maintained at all stages and supported by an appropriate accounting system.

Expenditures should be authorised in the operational area which entered into the commitment, with due consideration to separation of duties. No one person should be able to control all aspects of the payment authorisation procedure, and different people should be responsible for ordering goods and services, for approving payments, and for processing payments.

Essentials of systems for committing and paying funds are as follows:

- Internal controls to provide authority for acquiring the goods or services to be purchased or acquired.
- System access to make and authorise changes should be carefully restricted and logged.
- Authorisation for payment should be separated from the process of making payments, with appropriate validation and recording at each step. This separation of duties should also be maintained for receiving goods and services, a function that should be separate from the process of making the payment.
- The "four eyes" principle should be obligatory for payments above a certain threshold. This authorisation by a second person reduces the likelihood of illicit behaviour.
- There should be checks to ensure that the goods or services acquired have been supplied in accordance with the relevant agreement(s) before payment is made.
- Payment terms should be chosen or negotiated to ensure good value.
- Invoices should be paid accurately and on time.
- There should be clear audit trails that can be checked readily and reported upon both internally and externally. A clarified payment procedure must further ensure that:
- Where necessary, the expenditure has been approved and the proposed payment is in accordance with the approval.

- The payment is properly due, supported by invoices, goods received notes or other vouchers and (if appropriate) certified.
- The claim or invoice is arithmetically correct, in accordance with contract or other commitment (e.g. conditions of grant) and properly discounted.
- Where payment is made by instalments (e.g. interim or part payments), the proposed payment is within the approved total cost.
- The claim or invoice is not a duplicate, is not a statement, and has not previously been passed for payment.
- Any increase in cost over the order price is permissible and has been agreed upon.
- Checks for duplicate invoices are carried out periodically.
- Amendments and deletions to accounting records are independently authorised. These should be evidenced by signature, together with name and grade.
- There should be independent checks to ensure amendments have been carried out correctly. These should be evidenced by signature, together with name and grade.
- Knowledge of transfer codes (and passwords if payments are initiated by computer) is restricted to approved individuals. Passwords should be changed frequently and always when a staff member leaves.
- Expenditures are authorised by an approver to confirm that spending is in line with budget and is appropriate.
- An alternative approver is established so employees cannot authorise their own or their direct superior's reimbursements.
- Signature authorisations are cancelled or changed with staff rotation. The checks on payments should be reviewed on a sample basis to ensure they have been performed satisfactorily.

7.5.1 Advance Payment

Generally, advance payment using WSTF funds is NOT ACCEPTED.

However, where such advance payment is sought and approved, the head of procurement function shall ensure

(a) the bank guarantee has been authenticated by the issuing bank in writing to the accounting officer;
(b) the bank guarantee shall be on demand;
(c) the bank guarantee shall not be allowed to lapse unless the contractor has done a commensurate work or has supplied goods of equivalent value to the guarantee; and
(d) any payments made to the contractor shall be done in a manner to reduce the advance payment progressively.

7.5.2 Normal Payment

(a) The contractor shall satisfactorily perform his contractual obligations prior to any payment by a procuring entity.
(b) A procuring entity shall make prompt payments to a contractor that meets its contractual obligations.
(c) Payments shall only be made after an invoice or fee note is accurately raised and submitted in accordance with the provisions of the contract.
(d) Upon receipt of an invoice, the project Supervising Engineer or Committee shall visit

the project and inspect the extent of works so far done and the quality thereof for the purposes of making an Interim Payment Certificate.

(e) A procuring entity shall plan its procurement and cash/fund flows to ensure that contractors are paid promptly as per the terms of contract.

(f) On receipt of an invoice or a fee note, a procuring entity shall make payment on first come first paid basis.

Payment of skilled labour/contractors - Attach the following to the Payment voucher:

- Copy of the contract
- Invoice from the contractor
- Supervisors report on the work done and approval for the payment (Interim Payment Certificate)
- Reference to the PIC Meeting minute approving the payments.

7.6 Other Payments/Costs

(1) Bank Charges

Attach copy of the bank statement highlighting the bank charge for the reporting month to the Payment voucher.

(2) Withholding Tax (WHT)

Withholding taxes are deducted at source from the following sources of income: Interest, dividends, royalties, management or professional fees, commissions, pension or retirement annuity, rent, appearance or performance fees for entertaining, sporting or diverting an audience. With effect from July 2011, withholding tax is levied on management and professional fees at 3%.

Withholding tax levied on fees should be submitted to KRA no later than the 20th day of the following month. Forms for submitting the tax can be obtained from the nearest KRA offices. The amounts paid to the skilled labour contractor qualify as professional fees and would be subjected to WHT.

(3) Withholding VAT (6%)

The VAT is only deducted if the implementing agency is a registered agent for VAT by Kenya Revenue Authority. Payment for VAT is at 2% of the payable amount to the contractor.

(4) Cost of NEMA approval -:

This was suspended in the year 2017

(5) Cost of preparing EIA/EA reports

Attach the following to the Payment voucher:

- Agreement between the PIC and the EIA specialist
- Copy of the report accepted by the PIC
- Reference to the PIC Meeting minute approving the payment

(6) Vehicle Work Ticket

A work ticket is a form that shows the time spent or places travelled – date, time, vehicle number, the driver and fuel and oil. It is used as a basis for billing the costs of direct labour to customers, and may also be used for calculating wages of employees who are paid by the hour. In the context of accounting for the hours an employee works, a work ticket is also known as "time card" or a "timesheet," which are more commonly used. In the context of recording how many hours a worker has put into a specific task, the term "work order" may be used as well.

(7) Cost of preparing Design reports

Attach the following to the Payment voucher:

- Agreement between the PIC and the Design specialist
- Copy of the report accepted by the PIC
- Raw Data Sets/Survey and drawings save in CD format
- Reference to the PIC Meeting minute approving the payment

(8) Capacity Building Trainings (Venue)

Attach the following to the Payment voucher:

- Copies of the 3 quotations
- Adjudication of the quotations and decision made to award the best tender
- Listing of participants signed by all participants
- Invoice
- Receipt after payment is done
- Reference to the PIC Meeting minute approving the payment

(9) Capacity Building Trainings (Facilitator)

Attach the following to the Payment voucher:

- Documentation of the sourcing of the Facilitator
- Agreement/contract signed between Facilitator and PIC
- Listing of Participants signed by all participants
- Report from the Facilitator
- Invoice
- Reference to the PIC Meeting minute approving the payment

(10) Project Supervision

Attach the following to the Payment voucher:

- Copy of the contract
- Supervisors reports showing the days visited, work done and advice given and any other recommendations. This will depend on the ToRs for the supervisor
- Reference to the PIC Meeting minute approving the payment

7.7 Project Securities

a) Bid Bond

A bid bond is a written guarantee, usually from a financial institution, submitted to the individual/organization that has advertised for a service (project owner) by a business or contractor that is willing to supply the service to ensure that upon receiving the bid/ tender, they shall take on the job and in the price terms that they had put in the bid/ tender. It guarantees the bids submitted are accurate.

A bid bond protects the organization that has advertised for the service (project owner) as there is a total bond amount that a supplier/contractor will be liable to pay should he/she breach the contract by not taking on the project or by asking for a higher price. In the event default by the service provider, the project owner can file a claim against the bid bond, which the guarantor – usually a bank will pay in the amount of how much more he has to pay to contract the next-lowest bidder for the project or of the face value of the bid bond.

b) Performance Bond

Also known as a contract bond, is a surety bond issued by an insurance company or a bank to guarantee satisfactory completion of a project by a contractor.

Performance bonds are commonly used in the construction and civil development project, where an owner or investor (contracting authority) may require the developer to assure that contractors procure such bonds in order to guarantee that the value of the work will not be lost in the case of an unfortunate event (such as insolvency of the contractor).

For example, a contractor may cause a performance bond to be issued in favour of a client for whom the contractor is constructing a building/water pan. If the contractor fails to construct the building/water pan according to the specifications laid out by the contract (most often due to the bankruptcy of the contractor), the client is guaranteed compensation for any monetary loss up to the amount of the performance bond.

The cost of a performance bond usually is less than 1% of the contract price; however, if the contract is under $1 million, the premium may run between 1% and 2%. Bonds may be costlier, depending upon the credit-worthiness of the contractor.

c) Contractors All Risk Insurance

Contractor's All Risks Insurance (CAR) is an insurance modality that covers all types of Engineering Civil Works, with the fundamental aim of protecting against accidental loss or damage to the works, including the contractor's construction plant and equipment, as well as third parties' claims due to personal damage, provided that these directly result from such construction works. The perils covered include fire, lightning, flood, storm and tempest, acts of God, theft, malicious damage, impact damage. The policy is extended to include liabilities to third parties for bodily injury or damage to property.

8

PROJECT REPORTING

8.1 Monthly Reporting

Various reports will be required from the PIC. These reports are:
a) Narrative (progress report)
b) Financial Expenditure, (budget vs expenditure analysis)
c) Project Committee Monitoring reports
d) Bank reconciliation
e) Completion reports
f) Supervisors Technical Report

The reports will be submitted on a monthly basis capturing accurately all the major transactions and activities carried out during that month and should contain all the required attachments (i.e. copies of payment vouchers with their supporting documentation, photos of the stages of the structures being put up) etc.

The IP shall submit monthly report in a prescribed format by 10th of every month without fail. While submitting the report, attached in report submission checklist. (See Annex 8) The monthly report will consist of two parts namely:-

8.1.1 Technical Reporting

This gives a brief on the status of implementation of the project activities; challenges experienced the recommendations on the way forward and plans for the remaining subsequent project implementation period. The report is used as a planning tool by both WSTF and PIC. Report to be done in two copies, one copy to be retained by the Beneficiaries and the other sent to the WSTF (format to be provided).

The reporting should be done per project target and approximate completed works. The reporting format is attached. (See Annex 9)

8.1.2 Financial Reporting

The reports will be submitted on a monthly basis capturing accurately all the major transactions and activities carried out during that month and should contain all the required attachments (i.e. copies of payment vouchers with their supporting documentation, photos of the stages of the structures being put up) etc.

This mainly covers the expenditure incurred and compares to the budget. It is prepared at the end of every month during the implementation period and compares the budgeted amounts against the actual expenditure incurred. Variances noted and explained. Explanation of variances should only be done for quarterly reports i.e. the interim reports prepared after every three months. The report is used as a management tool in terms of monitoring and planning. (See Annex 10)

The reports will be supported by the following documents. All original documents will be kept by the beneficiary and only copies sent to the contracting authority for purpose of audit.

- Accounting records (computerized or manual) from the IP accounting system such as copies of payment vouchers, bank reconciliations, ledgers and payroll accounts,

fixed assets registers and other relevant accounting information;

- Proof of procurement procedures such as tendering documents, bids from Tenderers and evaluation reports;
- Copy of PIC minutes authorizing the payments
- Copy of approved reallocations of funds (if any)
- Proof of commitments such as contracts and order forms;
- Proof of delivery of services such as approved reports, timesheets, transport tickets, proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates), etc;
- Proof of receipt of goods such as delivery slips from suppliers;
- Proof of completion of works, such as Final certificates;
- Proof of purchase such as invoices and receipts.
- Proof of payment such as bank statements, debit note, proof of settlement by the contractor;
- For fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs;(this is only for projects with vehicles)
- Staff and pay roll records such as contracts, salary statements, timesheets. For local staff recruited on fixed-term contracts, details of remuneration paid, employment contract broken down into gross salary, social security charges, insurance and net salary.

A sample format of Financial Accountability Stateement is attached (See Annex 10)

(a) Project Committee Monitoring reports

This gives a brief on the project activities i.e. the status of implementation, challenges experienced and the recommendations on the way forward at a specific point of implementation. Should always indicate the names of persons involved in the monitoring exercise and the dates.

(b) Bank Reconciliation

This confirms all the income and expenditure that has passed through a particular bank account in a particular period and the commitments made against the said account. Usually prepared on a monthly basis and helps the management know the funds available for commitment. It also acts as a reconciling tool between the cashbook and bank account. (See Annex 11)

(c) Project completion report

This is the final project report that is given at the end of project implementation. It gives a synopsis of the overall project achievements, challenges and impact vis a vis the original objectives

In instruction, variation order (VO) or change order), is an alteration to the scope of works in a construction contract in the form of an addition, substitution or omission from the original scope of works or through a change to the manner in which the works are carried out as specified in the contract.

It is common in contracts to include a provision that any changes made to a contract

are ineffective unless made in writing and signed by or on behalf of both parties. This is known as a variation clause, and is intended to prevent informal or inadvertent oral variations.

These inevitable variations are a result of the complexity of construction works, as well as the incredible number of moving parts, as well as some external forces outside of contractor and sub-contractors control:

- Design changes initiated by the continual development of the plan after the contract has been awarded or through a preference change from the client.
- Technological advancement - Projects typically run for a long time and so knowledge and processes can change mid-project.
- Statutory changes - Changes in laws around building heights, weights, safety, materials and other elements of a project can impact the scope of works.
- Change in conditions - Companies do as good a job as possible at factoring in changes in environmental and economic conditions, but the future is hard to predict
- Non-availability of supplies and materials - An entire project hinges on hundreds of parties and thousands of moving parts

The actual variations which stem from these factors include:

1. Variation from the original design
2. Variations of quantities of materials and work
3. Variations from the original scope of work
4. Variations to proposed and actual working conditions
5. Variations to quality

Where variation has been identified, the following steps should be undertaken:-

a) Contractor and Supervisor agree on the variation ensuring that it does not affect the original objective of the project. The cost changes – units and/or unit cost should be communicated to the Contracting Authority for concurrence or otherwise.
b) Where variation is significant and may affect the project objective of functionality, the variation should be communicated to WSTF for concurrence or otherwise.
c) Where the variation only affects the quantity and not the unit cost, the unit cost of the contractor should be applied in the variation cost. OR where the unit cost varies, the prevailing market rate should be applied.
d) WSTF will communicate it position on the variation to the IP in writing.
e) An Addendum to the Financing Contract will then be done to be signed by both parties (WSTF and IP).
f) The IP will subsequently make an Addendum to the Project Contract and signed by both parties (IP and the Contractor).

8.1.3 Additional Works

Additional works in construction will involve completely new scopes that were not in the original contract. Additional works are done mainly to enhance the project where there is availability of budgets, contingency fund or additional funding. In such a case the

following steps may be considered:-

a) Negotiating with the existing contractor on the additional work based on market rates
b) Calling for new quotations/advertisement from different contractors.
When such additional works is identified, the Supervisor and IP should inform WSTF in writing for concurrence or otherwise indicating the additional works, the cost and source of financing. In case of concurrence, WSTF will give notice of no objection in writing, followed by an Addendum to the Financing Contract indicating the works, budget and duration of implementation to be signed by both parties (WSTF and IP). Where such is negotiated with the contractor, an Addendum to the contract should be done and signed by both parties (IP and Contractor)
Where negotiation is done, an Addendum to the contract should be drawn and signed by both parties.

8.1.4 Extension of Project Implementation Period

Work plans are short-term planning tools that contain a lot of detail on the activities carried out in the project and can therefore only cover the immediate future of the project – but with reference to the overall project plan. As part of tracking and monitoring, work plans are revised periodically and adapted where necessary. Revision of workplans may be as a result of:-

- Due to certain administrative procedures that need to be completed before the project can proceed.
- Bad weather is a typical example in infrastructure projects.
- Unavailability of particular materials in the market.
- One activity depends on the completion of another activity.
- Change of scope (additional works or modification of the design)
- Legislative changes

In order to help the programme management, make an informed and timely decision regarding the requested modification, it is best to provide information on:

- The nature of the modification (activity, partnership, etc.)
- Who does it affect – one partner/the whole partnership?
- Does it have an effect on the project budget?
- Does it have an effect on the project timeframe?
- Is there a danger that the project will not deliver all or some results and outputs?
- Is the modification related to working methods and procedures or objectives and deliverables?
- Outline alternative solutions, justify them in terms of complying with the original application (i.e., they do not significantly change the original plan).

Project modifications and programme reactions vary according to the type of modification requested:

- Activity modifications – Generally accepted if main outcomes are unaffected. Budget implications should be considered.
- Roles modifications – When considering a redistribution of tasks in the project,

programmes will make sure that joint implementation is not threatened and that all partners continue to play a strong role

- Partnership modifications – Tend to be taken very seriously. There are administrative implications – if a partner leaves, who will provide their financial contribution? Do any new organisations live up to programme requirements? Is there still a viable cooperation partnership?
- Outputs and results modifications – Modifications in results imply a modification in objectives, and will be questioned.
- Project time plan modifications – Project time extensions have been quite common in some programmes, but they make de-commitment forecasting very difficult and will probably be less common in future. Requests for timetable modifications should be based on evidence that delaying factors have been discovered and put right.
- Budget modifications – Most programmes are very flexible up to a certain limit of the budget. After this, the procedures tend to get more complex. Some programmes require more information on certain modifications, such as moving budgets between partners (this can affect partner contribution) and the movement of money between certain budget lines (e.g., from staff costs to external experts).

To seek extension of the implementation period, the following steps should be followed:-

- The contractor together the supervisor discusses the extension and reasons thereof. This is noted in the site instruction book.
- A letter from contractor indicating the period and reasons for extension is forward to contracting authority with endorsement of the supervisor.
- The contractor then writes officially to WSTF (Letter/Email) and attaching the request from the contractor/supervisor.
- It WSTF is in concurrence a letter indicting approval of the change in implementation period will be forwarded to Contracting Authority together with a Addendum modifying the necessary clause.
- The addendum is to be signed by WSTF and Contracting Authority.
- After the addendum had been signed then the Contracting Authority will do an addendum with Contractor where both parties sign to reflect the changes.

9

PROJECT CLOSURE PHASE

9.1 Closure of Physical Implementation

The purpose of the Closing a Project process is to provide a fixed point at which acceptance for the project product is confirmed, and to recognize that objectives have been achieved (or approved changes to the objectives have been achieved), or that the project has nothing more to contribute.

The objective of the Closing a Project process is to:

- Verify user acceptance of the project's products.
- Ensure that the host site is able to support the outputs when the project is disbanded
- Review the performance of the project against its baselines.
- Assess any benefits that have already been realized, update the forecast of the remaining benefits, and plan for a review of those unrealized benefits.
- Ensure that provision has been made to address all open issues and risks, with follow-on action recommendations.

The main products of this process are as follows:

- Project plan updated with final actual
- Product status account covering the status of all products for the project
- Issue register (Snag list) to identify any outstanding issues
- Follow-on action recommendations created with any outstanding issues to be addressed.
- Benefits review plan updated with dates for benefits realization
- Acceptance records for products completed
- End project report created.

Steps to Project Closure

Project closure is process, in which the project committee prepare to take over the project and officially commission it. The closure process starts when the Contractor through his own assessment feels that he had completed all the project targets and need to be paid the final contract cost.

Steps	Activities	Documentation
1	Contractor Requests for Final Inspection by the Project Management Committee and Supervisor.	• Letter from contractor to Supervisor/Project Management Committee • Final invoice
2	Project Management Committee, Supervisor and Contractor carries out joint inspection of the project. From this inspection, any pending on unfinished work is recorded under "Snag List". A period is allowed for the contractor to remedy or complete all pending works identified in the Snag List.	• Joint inspection report • Snag list
3	Another joint inspection is then carried out. If the team is satisfied that the contractor has completed the work, the Contractor hands over the project to the Project Management Committee to run it. At this point the Defect Liability Period start.	• Contractors handover letter • Project Management Committee acknowledgement • Final Payment Certificate

Steps	Activities	Documentation
4	The supervisor then prepared final payment certificate (Substantial Completion), which has the final instalment and half of the retention fee (50% of total retention fee).	• PV • Final Payment Certificate including 50% retention fee calculations • KRA VAT payment • KRA WHT payment
5	During the DLP the contractor should prepare "As built drawings", operation and maintenance manual and warranty certificates to be handed over to the project management committee.	• As built drawings • Equipment Warranty certificates • Operation and Maintenance manuals
6	Just before the lapse of the DLP, the Contractor notifies the Project Management Committee and supervisor for DLP inspection	• Letter from contractor requesting for retention fee payment.
7	Another joint inspection is carried out to ascertain that there are not defects caused by poor workmanship or use of low-quality materials. Care should be taken not to include fair wear and tear due to usage. If the committee is satisfied, then retention fee is paid. If the committee is not satisfied, the identified works are recorded in the snag list and contractor given time to remedy the same.	• After DLP inspection report
8	Where the contractor refuses to remedy the identified defects, this would be communicated in writing and given adequate time to respond. If the contractor does not respond then, the committee can engage another contractor to remedy the defects and use the retention fee to pay the new contractor.	
	Another inspection is carried out (Final Inspection). If the committee is satisfied retention fee is paid in full.	Final after DLP inspection report
	After DLP retention fee is paid, the committee ensure books are closed by:- • Issues Completion Certificate • Preparing the final technical and financial reports (bank statement, bank reconciliation statement, cash book) • Make refund to all monies remaining in project account.	• Completion certificate • Final technical and financial report • Bank reconciliation statement • Cash book • Bank statements • Bankers cheques of fund balance
	Official Project Commissioning	

In addition, we need to provide a guideline on where handing over agreements need to be signed by the executing agent and the asset owner. Under the Water Sector Transfer plan, all assets are owned by Counties and there is need that after completion for a project, there is a formal process of where the County gives mandate to the WSP or the implementing agent to manage the facility on behalf of the County.

Where there is a service/operator's contract to be signed for the case of Operations and Maintenance contracts, it is important that we indicate that the contract will be legally binding according to the agreed terms with the County Government. This is usually in the case where the County handover the contract to a group to manage the project. This is typical of management of Public Sanitation projects and also for rural projects.

Handover procedure

- The contractor requests the employer to inspect the completed project prior to handover;
- The employer inspects the project, identifies outstanding items to be completed by the contractor prior to the handover of the project and issues a "snag list" to the contractor listing the outstanding items;
- The contractor completes the outstanding items and notifies the employer that the project is complete and ready for a final inspection;
- The employer (or his or her agent) carries out a final inspection. If he or she (or his or her agent) is satisfied that the works/project is now substantially complete, he or she or his or her agent will certify/confirm that the works/project is ready to be handed over;
- The contractor hands the works/project over to the employer (that is, the employer takes possession of the works/project).

Operation and Maintenance

There should be a clear process agreed upon by the stakeholders on who operates the water supply system. The WSP as the implementing agency should give delegated authority to WUA to operate and manage the system on behalf of the community. In all cases the WSP should provide technical backstopping on regulations and asset management

Final account

- The contractor or the employer (as required in terms of the contract) prepares the final account during the handover period and submits it to the employer;
- The final account is certified and issued to the employer once the employer has issued a (practical/ taking-over) completion certificate;
- The employer pays the final account less 50% of the retention money;
- This retention money is released to the contractor at the end of the defect's liability period.

Defects liability period and final completion

- The contractor is responsible for making good items which show defects during the defects liability period;
- Near the end of the defects liability period, the contractor requests the employer to inspect the project and identify any defective items which the contractor is responsible for making good in terms of the contract;
- The money held in retention by the employer will only be paid when the contractor has properly cost of defects;
- Once the employer has issued a copy of the final completion certificate, he or she is required to pay the retention money due to the contractor. Near the end of the defects liability period, the contractor requests the employer to inspect the project and identify any defective items which the contractor is responsible for making good in terms of the contract;
- The money held in retention by the employer will only be paid when the contractor has properly completed the list of defects;

- Once the employer has issued a copy of the final completion certificate, he or she is required to pay the retention money due to the contractor.

The project is now complete

- The contractor is usually still liable for the repair of any latent defects for several years. Latent defects are defects which were not apparent and which a reasonable inspection would not have revealed during the defects liability period. Different contracts deal with the liability for latent defects differently.
- For latent defect liability not to apply it must be expressly excluded. If nothing is said about latent defect liability, the common law applies; namely the employer has a right to hold the contractor responsible for a latent defect within three years of the date on which he or she became or ought to have become aware of the latent defect.

Final taking over or the final official acceptance of all goods, works or services shall take place:-

(a) Within the period of guarantee for the provisional acceptance or the last period of guarantee for provisional acceptance if there have been partial acceptances; or
(b) Within 60 days following the date on which all defects, poor workmanship and any other snags pointed out in the minute of acceptance are corrected.

9.2 Closure of Books

Conduct administrative closure of any and all procurements in that specific phase. Assuming an external party was contracted to develop or contribute to the design of a specific product, the phase-gate review is an opportunity for the project team to work with that contractor on closing out the contract by:

1. Reviewing that all work on the contract has been completed—and taking corrective actions as applicable.
2. Reviewing that both parties have completed their contractual obligations toward each other, and if not, fulfilling all such obligations.
3. Obtaining approval that the work of the contractor has been accepted, and like point 1 above, eliminating any future objections that can leave the contractor or the project team liable.
4. Ensure that all payments have been made, and all products/services received, and avoid unnecessary delays or missing requirements

The following should be received from the Contractor at the time of final payment

1. As built drawings
2. Operation and maintenance manuals
3. Warranty certificates

10

PROJECT RISK MANAGEMENT AND COMMON AUDIT ISSUES

10.1 Project Risks

10.1.1 Definition of Project Risk

Project risk is an uncertain event or condition that, if it occurs, has a positive or negative effect on one or more project objectives such as scope, schedule, cost, and quality. A risk may have one or more causes and, if it occurs, it may have one or more impacts. A cause may be a given or potential requirement, assumption, constraint, or condition that creates the possibility of negative or positive outcomes. For example, causes could include the requirement of an environmental permit to do work, or having limited personnel assigned to design the project. The risk is that the permitting agency may take longer than planned to issue a permit; or, in the case of an opportunity, additional development personnel may become available who can participate in design, and they can be assigned to the project. If either of these uncertain events occurs, there may be an impact on the project, scope, cost, schedule, quality, or performance. Risk conditions may include aspects of the project's or organization's environment that contribute to project risk, such as immature project management practices, lack of integrated management systems, concurrent multiple projects, or dependency on external participants who are outside the project's direct control.

10.1.2 Project Risk Management

Project Risk Management includes the processes of conducting risk management planning, identification, analysis, response planning, and controlling risk on a project. The objectives of project risk management are to increase the likelihood and impact of positive events, and decrease the likelihood and impact of negative events in the project.

Project risk has its origins in the uncertainty present in all projects. Known risks are those that have been identified and analyzed, making it possible to plan responses for those risks. Known risks that cannot be managed proactively, should be assigned a contingency reserve. Unknown risks cannot be managed proactively and therefore may be assigned a management reserve. A negative project risk that has occurred is considered an issue.

Individual project risks are different from overall project risk. Overall project risk represents the effect of uncertainty on the project as a whole. It is more than the sum of the individual risks within a project, since it includes all sources of project uncertainty. It represents the exposure of stakeholders to the implications of variations in project outcome, both positive and negative.

10.1.3 Procurement Risks

Risk is part of the procurement environment. It involves systematic identification, analysis, treatment and where appropriate accepting the risks.

Risk management in procurement is a key to effective and efficient delivery. This should be integrated in day to day management.

Typical risk factors include (a) buyer risk factors, (b) supplier risk factors, (c) contractual relationship risk factors and (d) external risk factors.

Tools and techniques for managing risks: (Risks, Likely consequences, what to do)
- Identifying the need
- Developing the specifications
- Contract documents

10.1.3.1 Procurement Risk Areas

- Selecting a procurement method
- Tendering Period - seeking, clarifying and closing offers
- Evaluating Offers
- Negotiating the contract
- Identifying the preferred supplier
- Managing the contract
- Evaluating the procurement process
- Disposals
- Impact of each of the above on cost, timetable, user acceptability, integrity and competence

	Procurement Area	Risk
1	Identifying needs	• Overstatement of needs • Understatement of needs • Insufficient funding • Impractical timeframe for supply • No available solution • Fraud
2	Writing requisition	• Narrow or biased specification • Definition of inappropriate product
3	Tender documents	• Terms and conditions unacceptable to suppliers • Uncertainty amongst contractors due to conditions of contract • Provision of inadequate information or unclear evaluation criteria • Biased requirements or incomplete requirements • Inadequate requirement or poor management of clarifications and addendums/amendment process
4	Procurement Method	• Failure to identify potential sources • Lack of market research • Supplier monopoly • Selection of inappropriate method • Providing insufficient tendering period
5	Tendering period	• Failure to adequately provide suppliers' enquiries • Breach of confidentiality • Actual or perceived favouritism in providing information
6	Evaluation of offers	• Failure to observe effective evaluation procedures • Breach of confidentiality • Failure of offers to meet needs • Failure of evaluation to identify a clear winner
7	Award of contracts	• Selection of inappropriate supplier • Selection of inappropriate products • Insufficient number of responses • No response from known high quality suppliers

	Procurement Area	Risk
8	Negotiating the Contract	• Unmatched expectation of buyers and supplier • Deadlock on agreement • Undue concession to suppliers • Failure to accommodate standard conditions • Grossly unfair or onerous requirements • Failure to reflect the terms offered and agreed in the contract • Inadvertently creating a contract without proper approvals
9	Evaluation of procure-ment	• Failure to assess supplier's performance • Failure to assess the process • Loss of damage of goods in transit • Fraud
10	Managing the contract	• Variation in price and currency fluctuation • Unwillingness of the supplier to accept the contact • Failure of either party to fulfil the contract • Inadequate administration of contract • Acceptance before completion • Increase in scope of work • Intellectual property • Third party liability

10.2 Project Audit

10.2.1 Introduction

- To enhance Governance, Risk Management and Internal controls, WSTF has established Audit Committee of the Board with the mandate of Review the integrity of the financial statements, Risk management, internal control, compliance and Monitor and review the performance and independence of the internal and external auditors.
- Audit Committee of the Board operates independently as an oversight committee and reports all activities to the Board of Trustees.
- Projects audits are done on behalf of the Development Partners in line with the signed Financing Agreements.
- All external audit reports are shared with Development Partners, auditees (Implementing Partners) and relevant stakeholders.
- Statutory and projects audits are currently done by PriceWaterhouseCoopers.

10.2.2 Objectives of Audit

- Perform reviews of the accounting records and ascertain whether the laid down financial procedures were complied with;
- Determine whether the management and financial systems within the recipient IP were adequate for efficient and prudent use of funds;
- Review and evaluate the IP's accounting policies and administrative controls and report any significant weaknesses together with recommendations for improvement;
- Comment on the usage of WSTF funds as per approved agreements and budgets in relation to the agreements between WSTF and the IP; and
- Recommend possible improvements and/or corrective measures in any areas of weaknesses noted.

10.2.3 Scope of Audit

- Perform reviews of the accounting records and ascertain whether the laid down financial procedures were complied with;
- Determine whether the management and financial systems within the recipient IP were adequate for efficient and prudent use of funds;
- Review and evaluate the IP's accounting policies and administrative controls and report any significant weaknesses together with recommendations for improvement;
- Comment on the usage of WSTF funds as per approved agreements and budgets in relation to the agreements between WSTF and the IP; and
- Recommend possible improvements and/or corrective measures in any areas of weaknesses noted.

10.2.4 Minimum Audit Requirements

During project audit exercise, the following document should always be ready at the project site. The documents should be in their original form.

- Project agreement/MoU
- Detailed work plan
- Cash book
- Bank statements
- Bank reconciliation statements
- Payment vouchers and supporting documents i.e. purchase orders, receipts, invoices, delivery notes, contracts, certificates of payment
- Community contribution records
- Progress reports
- Bill of quantities and designs and study reports
- Contractors contract
- Site instruction book
- Certificates of completion of civil works
- Tender documents (quotations, evaluations etc.)
- Training programmes /timetables and reports
- Minutes of meetings (community and various committee meetings etc.)
- Signed schedules for participants during trainings
- Funds Accountability Statements - FAS
- Approvals for Over-expenditures and change of scope from WSTF where necessary
- Minutes of meetings (community and various committee meetings etc.)

10.2.5 Common Audit Findings

	Audit Area	Findings
1	Implementation contract	• Matters related to the preferred procurement process • Matters related to the evaluation process • Matters related to lack of information relating to procurements undertaken • Matters related to contract periods and contract extension • Challenges related to use of 1 funding contract where the WSP issues multiple contracts • Lack of programme of works for construction contracts • Failure to harmonise Funding budgets versus Implementation costs and scope • 'Failure to obtain No objection for some projects

	Audit Area	Findings
		• Some instance of payments made based on financing budgets and not signed implementation contract • Performance bond related weaknesses i.e. lack of, validity periods and expiry periods • Payments tied to financing agreement instead of works done • Contractor retention not procedurally done • Missing reports including Inspection meeting, reports/minutes , supervision records, PwC • Substantial completion, Snag list, Performance certificate- after Defects Liability (DLP), completion report. • Missing DLP clauses and inadequate DLP management • Management of changes in scope • Utilisation of administrative and project operation budgetary allocations/cost • Challenges in tracking community contribution
2	Project Design	• Inadequate designs related to: • High rates of siltation • Low consumption at community level due to location • Lack of project layouts, pipeline drawings and designs • Failure to undertake profile surveys • Failure to undertake comprehensive investigations • Lack of geotechnical and structural analysis for Elevated Steel tanks • Lack of site specific contoured topo-layouts and corresponding customized drawings with levels • Inadequate operation capacity • Failure to renew NEMA licenses
3	Quality assurance and supervision	• Lack of introduction letters for supervisors • Failure to undertake management meetings as part of the M&E process • Missing documentation e.g. Progress of works meetings and minutes and site instructions missing, Inspection meeting and minutes for certification of payments, Monthly progress reports. • Failure to undertake quality control measures including: Pipeline pressure tests, tanks fitness tests, material tests, material source credibility • Weak sustainability measures on O&M training, establishment/ quality of O&M operators and completed projects that are not functional
4	Financial audit	• Questioned costs due to unsupported expenditure, inadequately supported expenditure, weaknesses in procurement and use of copy documents in support of project expenditure • Failure to obtain National Environment Management Authority (NEMA) clearance certificate • Failure to ensure the project achieves quality outcome • Failure to deduct and or remit WHT from amounts due to contractors/suppliers • Variances between the financial reports maintained by the implementing partners and WSTF's records • Failure to obtain performance bonds, insurance cover and bid bonds from the contractor for ongoing project construction works • Project payments based on an expired contract • Failure to inspect projects before payment is made • Processing of high value payments in cash • Failure to implement project activities yet payment is done • Failure to obtain delivery notes for supplies of goods • Late remittance of withholding tax to Kenya Revenue Authority (KRA) • Failure to obtain third party acknowledgement of receipt of goods and services

	Audit Area	Findings
		• Use of donor funds for purposes other than those stipulated in the agreement • Failure to maintain a cashbook/incomplete cashbook • Failure to implement project activities • Failure to deduct 10% retention from interim payments to contractors • Commingling of funds in one bank account • Failure to observe retention release conditions • Failure to obtain registration and tax compliance certificates from vendors • Commitments reported as expenditure in the period under review • Failure by the County Government to contribute counterpart funding • Weaknesses in information technology general controls • Weaknesses on processing payment vouchers • Weaknesses in budget monitoring • Delay in refunding project fund balances • Weakness in the preparation of bank reconciliation statements • Non-submission and/or late submission of monthly reports to WSTF • Delays in the submission of quarterly reports • Failure to brand (label) projects with WSTF and Development partner logos • Incomplete legal name of WSP in the financing contract • Failure to issue a works contract • Weakness in the procurement process • Delays in submission of project completion report • Delay in the completion of project activities • Use of copy documents in relation to construction works contracts

Annex 1: Local Purchase Order

IBENG WATER PROJECT
P. O. BOX 9999 KOBUJOI

DATE: .....

To M/s

.....

.....

LOCAL PURCHASE ORDER/SERVICE ORDER

Item Description	Unit	Quantity	Rate	Amount (KShs)
TOTAL				

Authorised by :.....

Signature:.....

Date::.....

LPO NO::.....

Official rubber stamp

Original (Supplier) *Copy -1 (Accounts)* *Copy – 2 (Book copy)*

Annex 2: Petty Cash Voucher

COMPANY LOGO

Tel: +971 4 123 1234, Fax +971 4 123 1234. P.O.Box 126534, Dubai - UAE
www.yourcompany.com

PETTY CASH VOUCHER **No.**

Name:..... Date:.....

Item No.	Particulars	Amount	
	Total		

..... approved by

..... prepared by

..... received by

Annex 3: Payment Voucher

PV. No.....

PAYMENT VOUCHER

PROJECT NAME:

PAYEE:

CHEQUE NUMBER: **DATE:**

Transaction details / Payment details

Approved vide minute No.:

BUDGET LINE/ACTIVITY	CODE	AMOUNT	

PREPARED BY: ACCOUNTS ASSISTANT	CHECKED BY: SECRETARY	APPROVED BY: TREASURER	AUTHORISED BY: CHAIRPERSON
Name:	Name:	Name:	Name:
Sign:	Sign:	Sign:	Sign:
Date:	Date:	Date:	Date:

Cheque received by *ID. No:*

Signature *Date:*

Annex4: Delivery Note

Delivery Note

Date: _____

From: _____

_____

To: _____

_____

Our Ref: _____ Your Ref: _____

_____

Description:

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Received in good condition on: _____

By _____

Signed _____

Print Name _____

Annex 5: Community Contribution

COMMUNITY CONTRIBUTION REGISTER[1]

COMMUNITY GROUP NAME:

TARGET (Specify) : **Date:**

Date	Name of community member	ID No.	Gender (M/F)	Nature of work performed	Amount of work done (Measure)	Duration	Estimated value (Kshs)
						TOTAL	

Prepared By: _____ **Sign:** _____ **Date:** _____

Accounts Assistant

Checked By: _____ **Sign:** _____ **Date:** _____

PIC Chairperson

[1]This is a register for community contribution in form of labour in kind

Annex 6: Cash Book

CASHBOOK

Dr. (Receipts) Cr. (Payments)

Date	Description	VN	PR	Cash	Bank	Date	Description	VN	PR	Cash	Bank
2018											
Mar.01	Balance b/d		-	1,450	1,500	Mar.02	Mark & Co.		60		120
Mar.04	John & Co.		25	400		Mar.05	Bank		C	400	
Mar.05	Cash		C		400	Mar.08	Stationary		440	25	
Mar.13	Sales		405	1,800		Mar.12	Purchases		420	525	
Mar.15	Cash		C		850	Mar.15	Bank		C	850	
Mar.20	Bank		C	150		Mar.17	Drawings		445		40
Mar.22	Peter & Co		30		880	Mar.19	Purchases		420		630
Mar.29	Sales		405	650		Mar.20	Cash		C		150
Mar.30	Bank		C	145		Mar.25	Daniel Inc.		65		270
						Mar.26	Furniture		425	175	
						Mar.28	Rent		435		120
						Mar.30	Cash		C		145
						Mar.31	Salaries		415		300
						Mar.31	Balance c/d		-	2,620	1,855
				4,595	3,630					2,620	1,855
Apr.01	Balance bid			2,620	1,855						

Annex 7: Stores Ledger

Stores Ledger

Material Code:
Bin No.:
Material Description:
Location:

Maximum Qty:
Minimum Qty:
Ordering Qty:

Date	Receipts				Issues				Balance		
	GR No	Qty	Rate	Amount	SR No	Qty	Rate	Amount	Qty	Rate	Amount

Annex 8: Monthly Report Submission Checklist

PROJECT NAME:

County: **Month:** **Year:**

	Description	Yes/No/N/A	Remarks
1	Narrative Report		
2	Copies of Payment vouchers with all supporting documents (Delivery Notes, Invoices, Contract, Interim Payment Certificates, Final Payment Certificate, WHT Bank Receipt for KRA)		
3	Bank Statement for the month		
4	Copy of Cash Book		
5	Bank Reconciliation Statement		
6	Supervision Report		
7	Minutes of Monthly Meetings		
8	Project Photos		
9	Request for Subsequent Tranche		
10	Request for Project Extension		
11	Tender Advertisement		
12	Tender Evaluation Report		
13	Interim Payment Certificates		
14	Final Payment Certificate		
15	Copies of Cheques		
16	Other Documents Attached		
	a)		
	b)		
	c)		
	d)		
Prepared By:		Approved By:	
Checked/Confirmed by County Resident Monitor Remarks:			

Annex 9: Bank Reconciliation Statement

PROJECT NAME					
Bank Reconciliation Statement					
As at _____					
Bank Balance Statement					**8,676,021.20**
Less:					
Unpresented Cheques					
Payee	**Cheque No**	**Cheque Amount**			
Job Jackson	100012	100,000.00			
Peter Paul	100047	50,000.00			150,000.00
Add:					
Uncleared lodgements		-			-
Cash book Balance					**8,526,021.20**
Prepared by _____ Sign _____ Date _____					
Accounts Assistant					
Checked by _____ Sign _____ Date _____					
PIC Chairperson					

Annex 10: Interim Payment Certificate

ABC WATER AND SEWERAGE COMPANY

P .O. BOX 100000 NAIROBI

INTERIM PAYMENT CERTIFICATE

Application for Payment No.		**Interim No.**	
Payment as at			
Date of Application			

CONTRACT			**CONTRACT NO.**
CLIENT			
CONTRACT PRICE			
START DATE		**COMPLETION DATE**	

SUMMARY OF WORKS VALUATION

BILL	DESCRIPTION	AMOUNT
	ACTUAL WORKS DONE....SUB TOTAL 1	
	ADD PROVISIONAL SUMS	
	TOTAL FOR THIS CERTIFICATE	
	LESS: 10% RETENTION FEE	
	SUB TOTAL AFTER RETENTION	
	LESS WITHHOLDING TAX	
	AMOUNT DUE TO CONTRACTOR	

Certificate Prepared by: .....

Signature: .....Date:.....

Annex 11: Request for Payment for Financing Contract

CONTRACT

LETTERHEAD OF IMPLEMENTING AGENCY

<*Date of the request for payment*>

The Chief Executive Officer
Water Sector Trust Fund
P O Box 49699 – 00100,
Nairobi, Kenya

Reference Number of the Project:

Title of the Financing Contract:

Name and address of the Beneficiary:

Request for Payment Number:

Period covered by the Request for Payment:

Dear Sir/Madam,

We hereby request ..... under the Contract mentioned above.

The amount requested is .....<*as indicated in Article 4(2) of the Special Conditions of the Financing Contract.*

The amount will be used to finance:-

a) .....
b) .....
c) .....
d) .....

Please find attached the following supporting documents:

- *Financial Accountability Statement*
- *Technical and financial interim report*
- *A forecast budget for the subsequent period (or of the remaining period if its shorter)*
- *Updated workplan*

We hereby certify that the information contained in this request for payment is complete, faithful and reliable, that the costs incurred can be considered eligible in accordance with the Contract and that this request for payment is substantiated by adequate supporting documents that can be verified.

Yours faithfully,

Signature

Annex 12: Checklist for Procurement

	DESCRIPTION	Yes/No/NA	Remarks
1	Was advertisement done (copy of advert available)		
2	Do bidders pay for the Tenders		
3	Sufficient notice given		
	• Services (atleast)		
	• Contractor (atleast)		
	• Goods (atleast)		
4	Was there site visit for all the Tenders (List of Tenders or their agents who visited the site is available)		
5	Were there issues for clarification raised by Tenders (List of issues available)		
6	Were the issues responded to adequately to all prospective all Tenders (Letter of response available)		
7	Was Tender Box provided with two different keys kept by two different people		
8	Was Submission Date and Time Specified		
9	Is bid bond specified and attached		
10	Is the Tender Opening Committee duly appointed in writing (letter available)		
11	Minutes of the Tender Opening Committee is available		
12	Is the Tender Evaluation Committee duly appointed in writing (letter available)		
13	Minutes of the Tender Evaluation Committee is available with recommendations		
14	Is the evaluation separated as follows:		
	a) Mandatory documents/admin check		
	b) Technical evaluation		
	c) Financial evaluation		
	d) Recommendation		

Confirmed by: Date:

County Resident Monitor

Annex 13: Project Procurement and Asset Disposal Plan (Section 1) (Part I)

County ..... ……..
Procuring Entity's Name ……
Project Name (if applicable) ……..
Financial Year ……..

No.	Item description	Unit	Qty	Procurement Method	Source of Funds	Estimated Cost Kshs. '000	Time Process	Invite/ Advertise Tender	Bid opening	Bid evaluation	Tender award	Notification of Award	Contract Signing	Total time to contract signature	Date for completion of contract
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.							Planned Days								
							Actual Days								
							Variance								
2.							Planned Days								
							Actual Days								
							Variance								
3.							Planned Days								
							Actual Days								
							Variance								
4.															
	Total														

Prepared by: **Head of the Procurement Function:** **Sign** …….. **Date** ……..

Countersigned by: **Accounting Officer:** **Sign** …….. **Date** ……..

Guidance Notes on Preparing the Procurement Plan as per Column

1. Represents a number at the PE's discretion.
2. Description of the goods being procured. This should be comprehensive but not go to the level of specifications.
3. Unit of purchase or issue.
4. Quantity should be expressed in universally acceptable terms, for instance, number (No.), kilograms (Kg), tonnes, etc.
5. Procurement method – the methods are limited to only open tender, direct, restricted, request for quotation, low value, community participation, design competition, electronic reverse auction, force account, competitive negotiations and request for proposals.
6. Source of funds – could either be from the Government of Kenya or a donor.
7. Estimated cost – represents the total cost at which the goods are estimated to be procured. The cost should be established through market surveys.
8. Time process – represents the planned dates for execution of the various activities, planned days those activities are expected to take and actual dates taken in each specified activity. The variance should be filled after the activities are concluded (variance = planned days –actual days).
9. Invite/advertise tender – this is the date when tenders are advertised in the newspapers or when bidders are invited to collect tender documents under the restricted procurement method.
10. Tender opening – this is the date when tender documents are opened.
11. Tender evaluation – is the process used to identify the most preferred bidder technically and financially. This process should not take more than 30 calendar days.
12. Accounting officer approval to award – this is the date that the accounting officer awards the subject procurement.
13. Notification of award – this is the date that notification of award letter is sent to the preferred bidder.
14. Signing of contract – this is the date on which the contract is signed between the PE and the supplier/contractor.
15. Total time to contract signature – this is the number of days taken between issuance on notification of award and signing of the contract.
16. Time for completion of contract – this is the time in days to be taken before the contract is completed.

Contract Variation/Site Instruction Request 0776

Company (Requesting Variation):		
Postal Address:	**State/Territory:**	**Postcode:**
Project Name:		
Project Address:		
Contactor's Representative:	**Title:**	
Telephone: ( )	**Mobile:**	**Fax:** ( )
Variation Request Date: / /	**Email:**	

Client Company	**Client's Representative** **Title**
Telephone (.....)	**Mobile**

Variation Dates	**Proposed Commencement** / /	**Completion Date** /	**Extension of Contract Time requested** **Yes / No** **.....DAYS**

Under our Contract [Contract Number. ... Name.....] with you, we advise that a variation/site ... is required as per details below:

Scope of Works and Detail of Variation/Instruction required (please indicate as applicable)

Our offer to undertake the abovementioned works as a variation to the contract is $

NB: We have detailed the variation above but if further detail is required please contact us

The above Variation is accepted by

[Client representative]_____ (signature) _____(print name)

Name: **Position:**

Signature: **Date:**

Original - White **Client - Blue** **Book - Pink**

WaterFund

Financing the Water Sector

WATER SECTOR TRUST FUND

Water Sector Trust Fund
P.O. Box 49699 Nairobi, Kenya
CIC Plaza, Mara Road, Upper Hill
Tel: +254-20-2720696/2729017/018,

Website: www.waterfund.go.ke
Email: info@waterfund.go.ke

WaterFund is ISO 9001:2015 Certified

EUROPEAN UNION