



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**
"Procurement That Delivers"

**PROCUREMENT AND DISPOSAL COMPLIANCE INSPECTION REPORT FOR
FINANCIAL YEAR 2023/24**

BUTEBO DISTRICT LOCAL GOVERNMENT

JANUARY 2025

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ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQs	Bill of quantities
CC	Contracts Committee
CIPS	Chartered Institute of Purchasing and Supply
DLG	District Local Government
EC	Evaluation Committee
FY	Financial Year
LPO	Local Purchase Order
LTD	Limited
MBA	Masters in Business Administration
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PGD	Post Graduate Diploma
PM	Per- month
PPDA	Public Procurement and Disposal of Public Assets Authority
SOR	Statement of requirements
TCC	Tax Clearance Certificate
UGIFT	Uganda Intergovernmental Fiscal Transfers Program
UGX	Uganda Shillings
ESHS	Environment, Social, Health and Safety

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal compliance inspection of Butebo District Local Government that covered a representative sample of 11 procurement transactions worth UGX 1,304,210,061 under the Financial Year 2023/24.

The overall objective of the procurement and disposal compliance inspection was to assess and establish the degree of compliance of Butebo District Local Government's procurement system and process with the provisions of the PPDA Act Cap 205 and the Local Governments (PPDA) Regulations, 2006 and assess the level of procurement performance over the inspection period.

From the findings of the compliance inspection exercise, the performance of Butebo District Local Government for the Financial Year 2023/24 was **Unsatisfactory** with overall weighted average risk rating of **81.4%** as detailed in Chapter 3 of the report.

The Unsatisfactory performance was due to the following exceptions:

1. The Entity's Contracts Committee was not fully constituted contrary to the provisions of Section 29 of the PPDA Act, Cap 205. The committee was comprised of a Chairperson, Secretary and only two instead of three members which may affect the quality of the Committee's deliberations due to lack of sufficient expertise;
2. The Entity failed to implement UGX 820,944,126 equivalent to 23.4% of its planned procurement spend which denied delivery of services to the intended beneficiaries. The plan was not reviewed and updated contrary to 60 (7) of the PPDA Act, Cap 205;
3. The Entity did not fully implement 86% of the previous audit recommendations, of the 14 previous recommendations, two (14%) were fully implemented, ten (72%) were partially implemented, while two (14%) remained un-implemented. This affects improved performance of the procurement function and contravenes Section 10(1) (a) that requires the PDE to take corrective action necessary to rectify the breach;
4. There was issuance of poor-quality bidding documents for eight procurements worth UGX 941,925,501 contrary to Regulation 42 of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations 2023. Some bidding documents lacked Special Conditions of Contract, contained unclear evaluation criteria pertaining experience and technical personnel, and in other instances did not incorporate ESHS issues. Poorly prepared solicitation documents affect competition, mislead providers and could compromise the quality of the works;
5. Irregularities at evaluation were noted in four procurements worth UGX 537,193,926, such as failure to follow the set evaluation criteria contrary to Regulation 78 (3) and (4) of the Local Governments (PPDA) Regulations 2006 and acceptance of unauthentic tax clearance certificates. This may lead to award of contracts to non-compliant bidders which could result into substandard work and failure to attain value for money;
6. In the procurement for construction of the District administration block worth UGX 249,796,560, the contract was signed on 10th January 2024 yet the bid validity period had expired on 22nd December 2023 contrary to regulation 49 (3) (d) of the Local Governments (PPDA) Regulations 2006. Signing contracts against expired bids renders the contracts null and void which exposes the Entity to the risk of potential litigation;
7. Shorter display period of the Best Evaluated Bidder Notice of five working days as opposed to 10 working days in line with Regulation 3 (1) of the PPDA (Contracts) Regulations 2023. This was noted in the procurement of Construction of a Sick Bay at Kachuru Seed S.S in Education Department worth UGX 55,000,000. Displaying the Best Evaluated Bidder

Notice for an insufficient period may deny bidders enough time to lodge Administrative Reviews in case of any dissatisfaction by the bidders;

8. The Authority noted delays at both the initiation and payment stages of four procurements worth UGX 319,836,74, with an average delay of 82 days. Such delays at various stages of the procurement process hinder timely service delivery and compromise the principle of efficiency outlined in Section 51 of the PPDA Act, Cap 205;
9. The Entity had low bidder participation in seven procurements worth UGX 881,990,486, with only 1.6 bids received on average contrary to Section 49 of the PPDA Act Cap 205. This denies the Entity attainment of competitive prices and may also be a pointer that bidders have no confidence in the Entity's procurement processes;
10. Failure to submit monthly reports to the Authority for the months of January and February 2024 contrary to PPDA Guideline 8/2024 on periodic reporting on procurement and disposal activities. Failure to report procurement transactions carried out in a given period inhibits proper monitoring of procurement spend, poses compliance risk by the Entity and may be an indicator of inefficiencies in the procurement processes;
11. Failure to dispose obsolete items including three motor vehicles, a motor cycle, 12 metallic window frames, 2 metallic doors, 19 door frames, 19 wooden door shutters, 11 window frames and 80 pieces of iron sheets contrary to Regulation 3 (2) the PPDA (Disposal of Public Assets) Regulations 2023. Failure to conduct timely asset disposal exposes the assets to the risk of damage, obsolescence, theft, destruction and loss of value, thereby denying the Entity the chance of getting maximum value from the assets during disposal;
12. Poor contract management, such as not preparing progress reports and obtaining performance securities from bidders were noted two procurements valued at UGX 449,374,600, as well as project defects that were identified during physical verification in four procurements totaling UGX 639,297,861 such as shoddy work with cracked floors and failure to deliver as per contract requirements. This was contrary to Regulation 52 (1)(b) of the PPDA (Contracts) Regulations 2023. Weak contract management practices contribute to poor or substandard performance by service providers;
13. Poor record keeping evidenced by missing records such as bidding documents, evaluation report and procurement requisition documents which was noted in two procurements worth UGX 217,793,480. Lack of records on the procurement action files contravenes section 44 of the PPDA Act, Cap 205 and affects the audit trail as well compromising accountability of public funds;
14. Under payment to the contractor was noted in the procurement of construction of a sick bay worth UGX 55,000,000 where only UGX 41,186,875 had been paid to the contractor at the time of audit contrary to Regulation 49 (3) of the PPDA (Contracts) Regulations 2023. Under payment of service providers may make the Entity become undesirable to bidders, resulting into low bidder participation in procurement processes for the Entity; and
15. Failure to account for funds worth UGX 4,153,750 for fuel consumed during implementation of Force Account projects. This may inhibit the achievement of transparency, fairness and accountability of public funds contrary to Section 48 of the PPDA Act, Cap 205.

Key Recommendations:

1. The Accounting Officer should;
 - i. Ensure that the Contracts Committee is fully constituted, staffed at an appropriate level in accordance with Section 29 (2) of the PPDA Act, Cap 205 and fully inducted in to its roles and responsibilities by the Authority;
 - ii. Regularly carry out a review of the implementation of the procurement plan and update it in accordance with Section 60 (7) of the PPDA Act, Cap 205;

- iii. Put in place a strong mechanism to implement recommendations made by the Authority so as to improve the Entity's performance in accordance with Section 10 of the PPDA Act, Cap 205. This could include appointing a task force that will be responsible for ensuring full implementation of the Authority's recommendations;
 - iv. Forward the bidder, Navo General Enterprises Limited that was involved in an unauthentic tax clearance certificate to the Authority for suspension hearings in line with Section 128 of the PPDA Act, Cap 205;
 - v. Task the Heads of User Departments to ensure that procurement are initiated in accordance with planned timelines and further task the Head of finance to ensure timely payment of providers in line with Section 51 of the PPDA Act, Cap 205;
 - vi. Ensure that all procurement activities undertaken by the Entity are reported to the Authority in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
 - vii. Should task Heads of User Departments to prepare adequate Statements of Requirements that are clear precise and inclusive of ESHS issues to enable PDU prepare better quality SBDS that will attract many more responsive bidders in accordance with Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - viii. The Accounting Officer should task the members of the evaluation committees to show cause why disciplinary action should not be taken against them for failure conduct evaluation in line with the evaluation criteria stated in accordance with Regulations 5 (1) and (2) of the PPDA (Evaluation) Regulations, 2023;
 - ix. Strengthen contracts management in the Entity through training User Departments and contacts managers on their roles and responsibilities and obligations of contractors that will address gaps such as poor-quality works and incomplete procurement action files;
 - x. Ensure that bidders are promptly paid within thirty days from certification of invoices, except where this is varied in the special conditions of contract in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023;
 - xi. Task the Force Account supervisor to ensure that the financial loss of UGX 4,153,750 is recovered from the provider (Shell Elgon Limited worth UGX. UGX 2,375,150 and Total Pallisa Ltd worth UGX. 1,778,600) for the fuel for Namiyembe-Nalidi-Spartan and Kabwangasi -Putiti road.
2. The Head Procurement and Disposal should;
- i. Ensure that the bidding documents issued to bidders have all the relevant required information including adequate specifications in accordance with Regulation 25 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2023;
 - ii. Ensure that Best Evaluated Bidder Notices are displayed for ten working days as required under Regulation 5 (1) of the PPDA (Contracts) Regulations, 2023; and
 - iii. Ensure that the bid validity period is sufficient to cater for the entirety of the procurement process. In the event that bids are due to expire, bidders should be requested to extend their bid validity period in accordance with Regulation 62 (5) of the PPDA (Rules and Methods Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2023;
 - iv. Should ensure that a complete action file is maintained for all procurements in accordance with Section 33 (0) of the PPDA Act Cap, 205; and

3. The Contracts Committee should ensure that bidding documents are scrutinized for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023; and
4. The Accounting Officer and the Head, Procurement and Disposal Unit should ensure that the assets due for disposal are disposed of in a timely manner in accordance with Regulation 3 (2) the PPDA (Disposal of Public Assets) Regulations 2023.

Butebo District Local Government should implement the recommended action plan on pages **29** and **30** of the compliance inspection report.

CHAPTER ONE: INTRODUCTION

1.1 Background.

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Butebo District Local Government that covered a representative sample of 11 procurement transactions worth UGX 1,305,706,329 under the Financial Year 2023/24. The audit involved a review of the procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act 2003 and the Local Governments (PPDA) Regulations 2006.

1.2 Overall Objective

The overall objective of the procurement and disposal compliance inspection was to assess and establish the degree of compliance of Butebo District Local Government's procurement system and process with the provisions of the PPDA Act 2003 and the Local Governments (PPDA) Regulations 2006 and assess the level of procurement performance over the inspection period.

The specific objectives were to:

1. Establish the level of compliance by the Entity with the general provisions of the PPDA Act, 205, Cap 205 and the Local Governments (PPDA) Regulations 2006 with regard to the performance of the procurement structures and the conduct of the procurement process;
2. Assess the degree of compliance of the Entity's disposal process with the provisions of the PPDA Act, 205, Cap 205 and the Local Governments (PPDA) Regulations 2006; and
3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

1.3 Inspection Scope

The inspection involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The inspection covered a representative sample of 11 procurement transactions under the Financial Year 2023/24. The list of sampled transactions is contained in **Annex 2**.

1.4 Methodology

The Authority examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive inspection conclusions. This involved a review of the Entity's procurement and disposal planning, initiation, bidding, evaluation, contract placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fitness for purpose.

During the inspection, the auditors held interviews with the staff from the Procurement and Disposal Unit and User Departments that were necessary in obtaining crucial qualitative information about the internal control systems and processes in place.

A debrief meeting to clear all pending issues that arose during the inspection was held with the Entity management and staff on **11th September 2024** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **15th October 2024** with a request to submit a management response by **25th October 2024** which was submitted on **31st October 2024**.

On completion of data collection and before writing the report, the Regional Manager reviewed the working papers for completeness. The working papers contain detailed chronology of findings on each of the sampled transactions. The inspection report presents the key findings and conclusions arising from the inspection.

1.5 Procurement structures

The key players in the procurement structure at Butebo District Local Government include the Chief Administrative Officer as Accounting Officer, the Contracts Committee, the Procurement and Disposal Unit and the User Departments.

The Authority noted the following regarding the Entity's procurement structures:

i. Accounting Officer

Section 28 (1) of the PPDA Act, Cap 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The Chief Administration Officer; Ms. Florence Nabukwasi was designated as the Accounting Officer of the Entity during the Financial Year 2023-2024.

ii. Composition and tenure of the Contracts Committee

During the inspection period, the Entity's Contracts Committee was not fully constituted contrary to the provisions of Section 29 of the PPDA Act, Cap 205. The composition of the Contracts Committee at the time of the compliance inspection was comprised of only four members as shown in Table 1 below:

Table 1: List of Contracts Committee Members

No.	Name	Position	Date of appointment	End of term of office	Job Title
1.	Mr. Muhammed Galya	Chairperson	12 th February 2024	12 th February 2027	District Natural Resource officer
2.	Mr. Musa Talenga	Member	12 th February 2024	12 th February 2027	Senior Community Development officer
3.	Mr. Everest Emong	Member	12 th February 2024	12 th February 2027	District Inspector of schools
4.	Ms. Christine Kiyayi	Secretary	12 th February 2024	12 th February 2027	Inspector of schools

Implication

Failure to fully constitute the Contracts Committee may negatively affect adjudication of recommendations from the Procurement and Disposal Unit as well as award of contracts due to lack of sufficient expertise/experience. The Committee may also face challenges in decision making especially where voting is needed to conclude the process.

Management Response

One member was rejected on the first submission but the district made another submission for the remaining member here attached for verification.

Authority's comment

The Authority reviewed the Entity's response and found it unsatisfactory. The Accounting officer should fast track the submission for approval of the Contracts Committee member in order to fully constitute the committee.

Recommendation

The Authority has noted the Entity's response, however; the Accounting Officer should ensure that the Contracts Committee is fully constituted and staffed at an appropriate level in accordance with Section 29 (2) of the PPDA Act, Cap 205.

iii. Staffing of the Procurement and Disposal Unit

The Authority noted that the Entity's Procurement and Disposal Unit was staffed as per the structure of the Entity. Details of the Procurement and Disposal Unit staff are shown in Table 2 below:

Table 2: Staff in the Procurement and Disposal Unit

S/no	Name	Job Title	Academic Qualification
1.	Ms. Beatrice Naula	Senior Procurement Officer	Post Graduate Diploma, CIPS, Bachelors in Procurement and Logistics Management
2.	Mr. Simon Peter Okalebo	Procurement Officer	Post Graduate Diploma, Bachelors of Commerce

CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

2.1 Compliance by the Entity with the general provisions of the PPDA Act, Cap 205 and Local Governments (PPDA) Regulations 2006 with regard to the performance of the procurement structures and the conduct of the procurement process.

2.1.1 Procurement Plan Implementation Rate

Assessment of the procurement plan and utilization of funds revealed that the procurement plan implementation rate of the Entity for FY 2023/24 was 76.5%. Whereas, the Entity planned to spend UGX 3,408,125,334 on procurement, the Authority noted that the Entity carried out procurements worth UGX 2,683,006,057 creating an implementation variance of UGX 820,944,126. Table 3 below summarizes information about the procurement plan, budget and utilization of funds.

Table 3: Procurement Plan Implementation

Analysis of procurement spend	
Total procurement plan value inclusive of VAT (UGX)	3,503,950,183
Total procurement spend value inclusive of VAT (UGX)	2,683,006,057
Procurement plan implementation rate (%)	76.5%
Implementation variance (UGX)	820,944,126

Implication

Low procurement plan implementation rate denies delivery of services to the intended beneficiaries and also exposes the Entity to risks of budgetary cuts for subsequent periods due to non-performance thus failure to meet planned objectives.

Management Response

The Entity stated that there was reallocation of funds by production department and other activities were conducted at micro procurement by departments where they did not submit the reports to Procurement and Disposal Unit.

Recommendation

The Accounting Officer should regularly carry out a review of the implementation of the procurement plan and update it in accordance with Section 60 (7) of the PPDA Act, Cap 205.

2.1.2 Failure to fully implement previous audit recommendations

The Entity was issued its previous compliance inspection report for the Financial Year 2022/2023 on 31st January 2024. The inspection noted that out of the 14 previous recommendations, two (14%) were fully implemented, ten (72%) were partially implemented, while two (14%) remained un-implemented as indicated in Table 4 below:

Table 4: Status of Implementation of previous audit recommendations

S/No	Recommended Action	Status of Implementation
1.	The Accounting Officer should ensure that the Procurement and Disposal Unit is adequately facilitated with a sufficient budget to enable the unit to conduct its activities effectively in accordance with Section 26 (1) (c) of the PPDA Act, 2003 as amended.	Partially implemented

S/No	Recommended Action	Status of Implementation
2.	The Accounting Officer with support from Internal Audit should come up with a strong mechanism and task force that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others.	Partially implemented
3.	The Accounting Officer should always disseminate audit reports and recommendations during Top Management meetings of the district to enable discussion and adoption of strategies on how to implement the recommendations for continuous process improvements	Partially implemented
4.	The Accounting Officer should along with Management regularly carry out a review and update of the implementation of the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 as amended to ensure improved performance.	Partially implemented
5.	The Accounting Officer should address irregularities in the procurement process such as poor-quality bidding documents, irregularities at evaluation and failure to fully pay providers in order to increase the Entity's attractiveness to potential bidders.	Partially implemented
6.	The Accounting Officer should strengthen contracts management in the Entity and ensure that in future the Contractors fulfil their contractual obligations including adhering to the implementation of Gender Equality and Social Inclusion (GESI), and Environmental, Social, Health and Safety (ESHS) requirements including provision of personal protective gear to workers, employment contracts, HIV and Aids awareness, among others.	Partially implemented
7.	The Accounting Officer should ensure that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations 2006.	Not Implemented
8.	The Accounting Officer should direct the Finance Department to always share copies of payments records with the Procurement and Disposal Unit in order for procurement action files to be closed off	Not Implemented
9.	Ensure that the bidding documents approved are of appropriate quality in terms of having well defined specifications, evaluation criteria and contract terms and conditions in a manner that promotes competition in accordance with Regulation 48 of the LG (PPDA) Regulations. 2006.	Partially Implemented
10.	Ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act. 2003 before approving the evaluation reports	Partially Implemented

S/No	Recommended Action	Status of Implementation
11.	The Head. Procurement and Disposal Unit should ensure that Evaluation Committees adhere to the set evaluation criteria in the solicitation document in accordance with Section 71 (3) of the PPDA Act, 2003	Partially Implemented
12.	Heads of User Departments should charge all Contract Supervisors to submit progress reports/contract management reports and all contract implementation documentation in accordance with the Local Governments (PPDA) Regulations, 2006.	Partially Implemented

Implication

Failure to fully implement audit recommendations affects improved performance of the procurement function.

Management response

The Entity was in agreement with the finding and agreed to comply with the recommendation.

Recommendation

The Accounting Officer should ensure that a strong mechanism is put in place to implement recommendations made by the Authority so as to improve the Entity's performance in accordance with Section 10 of the PPDA Act, Cap 205. This could include appointing a task force that will be responsible for ensuring full implementation of the Authority's recommendations.

2.1.3 Poorly prepared bidding documents

The Authority noted poorly prepared bidding documents in eight procurements worth UGX 941,925,501 as detailed in Table 5 below;

Table 5: Procurements with inadequacies in the bidding documents

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
1.	Completion of Kanginima Town Council administration	94,935,015	<ul style="list-style-type: none"> • The bidding document did not include requirements for pre bid meeting nor site meetings which denied bidders a chance to understand the site and the requirements. • The document did not incorporate the requirement for personnel, equipment and financial capacity of the bidder.

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
2.	Construction of staff house at Butebo HC IV	74,913,480	<p>The following provisions in the special conditions of the contract were left incomplete as the Entity did not clearly specify its stance:</p> <ul style="list-style-type: none"> • GCC 2.1: Documents included in the contract • GCC 14.1: Schedule of key personnel • GCC 26: Site possession date • GCC 16.1: Performance security requirements.
3.	Construction of a Sick Bay at Kachuru Seed S.S in Education Department	55,000,000	<p>The bidding document lacked detailed technical evaluation criteria requirements such as provisions for experience and technical personnel.</p>
4.	Construction of Kakoro TC administration block	94,965,062	<ul style="list-style-type: none"> • The required staff, i.e Environment Officer and Social Development Officer did not have specific experience accorded to them. • Under Section 3; B-Equipment; the required equipment was not stated. • The site possession date was not indicated in the bidding document under Special Conditions of Contract-GCC 26 • The bidding document did not state the documents which form part of the contract under GCC 2.1. • The bidding document, under Special Conditions of Contract lacked additional Special Conditions of Contract (i.e beyond GCC 29).
5.	Construction of the admin block at Akpunyansi	94,958,199	<ul style="list-style-type: none"> • The required staff, i.e Environment officer and Social Development Officer did not have specific experience accorded to them. • The required equipment under Section 3; B-Equipment; was not stated. • The document lacked the site possession date Special Conditions of Contract-GCC 26 • The Defects Liability Period was not stated under GCC 35.1 in the Special Conditions of Contract.
6.	Construction of the District	249,796,560	<ul style="list-style-type: none"> • ITB 9.3 Stated that site visit shall not be a mandatory requirement.

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
	administration block		<ul style="list-style-type: none"> The experience of the Environment and Social Development Officers were not captured under Section 3; Evaluation methodology; 6.1 A personnel and experience. The required equipment from the bidder was not stated under Section 3; Evaluation methodology; 6.1 Equipment. Failure to state the documents which form part of the contract under GCC 2.1 The bidding document lacked the requirement of experience from bidders
7.	Fencing of Kachuru Seed S.S in Education Department	217,357,185	The amount/value of Liquidated damages was not indicated.
8.	Supply of Science Kits and Lab Reagents to Kachuru Seed S.S under Education department	60,000,000	Statement of requirements were not captured under list of services and price schedule.
Total		941,925,501	

Implication

Provision of inadequate, inaccurate and contradictory information in the bidding document may lead to bidders misunderstanding the Entity's requirements and thereafter submitting poorly prepared and nonresponsive bids. Similarly, it may confuse bidders and may become a source of potential conflicts with the Entity.

Management response

Bidding documents have been improved following the recommendation from bid preparatory Audit exercise conducted by the Authority.

Recommendations

- The Head, Procurement and Disposal Unit should ensure that the bidding documents issued to bidders have been properly prepared in line with Regulation 42 of the PPDA (Rules and Methods for procurement of supplies, works, and consultancy services) Regulations 2023.
- The Contracts Committee should ensure that the bidding documents are scrutinized for quality before approval in line with Regulation 10 of the PPDA (PDEs) Regulations 2023.

2.1.4 Irregularities during bid evaluation

Irregularities at evaluation were noted in four procurements worth UGX 537,193,926, such as failure to follow the set evaluation criteria contrary to Regulation 78 (3) and (4) of the Local

Governments (PPDA) Regulations 2006 and acceptance of unauthentic tax clearance certificates. The details are provided in Table 6 below:

Table 6: Irregularities during evaluation

S/No	Subject of Procurement	Contract Amount (UGX)	Issues
1.	Construction of a staff house at Butebo HC IV	74,913,480	<ul style="list-style-type: none"> • Failure to communicate arithmetic error corrections, the bidder's read out price was changed from UGX 50,000,000 to UGX 74,913,480, however there was no communication of the same to the concerned bidders contrary to Regulation 74 (1) (b) of the LG (PPDA) Regulations 2006. • The Best Evaluated Bidder, Navo General Enterprises Limited submitted an unauthentic tax clearance certificate referenced MB01240055402. • Failure to provide proof of possession of equipment. Whereas the contractor Navo General Enterprises stated that they leased equipment from ACME Logistics Limited. There were no log books attached from ACME logistics Limited.
2.	Construction of a Sick Bay at Kachuru Seed S.S in Education Department	55,000,000	<ul style="list-style-type: none"> • Submission of wrong tax clearance certificate. The certificate submitted by the contractor, referenced MB01240082304 was in the name of ECO Pic Uganda Limited and not Kaderema Investments Limited. • The Best Evaluated Bidder, Kaderema Investments Limited did not provide any documentation relating to experience, possession of technical personnel and financial capacity.
3.	Construction of Kakoro TC administration block	94,965,062	Failure to eliminate Mutbarisa Construction Limited for submitting an invalid/unregistered Power of attorney, contrary to ITB 22.2 in the bidding document which required a registered Power of Attorney.
4.	Construction of administration block at Akapunyansi	94,958,199	Poorly drafted evaluation report which did not clearly state the cause of variation of the bid price between what was read out and the corrected bid price, i.e from 93,860,000 to 94,958,199. Furthermore, there was no evidence of communication

S/No	Subject of Procurement	Contract Amount (UGX)	Issues
			of any arithmetic error corrections to the bidder.
Total		319,836,741	

Implications

- This is an indicator that members of the Evaluation Committee may have had unethical tendencies or may have lacked adequate capacity to review bids which could have compromised fairness and transparency in the evaluation process.
- This may lead to award of contracts to non-compliant bidders which could result into substandard work and failure to attain value for money.

Management Response

The Entity takes note and evaluation committee shall be verifying the income tax clearance certificate before recommending bidder for the award and since the new law does not allow arithmetic error correction bids with errors shall be disqualified automatically, bidders which forged legal documents shall be submitted to Authority for Suspension.

Recommendations

- The Accounting Officer should task the members of the evaluation committees to show cause why disciplinary action should not be taken against them for failure conduct evaluation in line with the evaluation criteria stated in accordance with Regulations 5 (1) and (2) of the PPDA (Evaluation) Regulations, 2023; and
- The Accounting Officer should forward bidders that were involved in unauthentic tax clearance certificates to the Authority for suspension hearings in line with Section 128 of the PPDA Act, Cap 205.

2.1.5 Signing of contract after expiry of the bid validity period

In the procurement for construction of the District administration block worth UGX 249,796,560, the contract was signed on 10th January 2024 yet the bid validity period had expired on 22nd December 2023 contrary to regulation 49 (3) (d) of the Local Governments (PPDA) Regulations 2006. Signing contracts against expired bids renders the contracts null and void which exposes the Entity to the risk of potential litigation.

Implication

Signing a contract beyond the bid validity period renders the contract null and void which exposes the Entity to the risk of potential litigation.

Management response

Going forward contracts shall be signed with bids that are still valid, the Head Procurement and Disposal Unit shall always endeavour to confirm bid validity before signing the contract

Recommendation

The Head, Procurement and Disposal Unit should ensure that the bid validity period is sufficient to cater for the entirety of the procurement process. In the event that bids are due to expire, bidders should be requested to extend their bid validity period in accordance with Regulation 62 (5) of the PPDA (Rules and Methods Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2023.

2.1.6 Failure to seek Solicitor General's Clearance

Whereas Statutory Instrument Supplement No. 97 dated 17th November 2023 requires Entities to seek Solicitor General's clearance for contracts above UGX 200,000,000, the Authority noted that the Entity did not seek clearance from the Solicitor General for the procurement of Fencing of Kachuru Seed School worth 217,357,185.

Implication

Failure to obtain Solicitor General's clearance exposes the Entity to the risk of signing poorly drafted contracts, putting the Government at risk of litigation or financial loss due to non-performance of contracts.

Management response

This was an oversight by Procurement and Disposal Unit due to new procurement laws and threshold but going forward no contract shall be signed before Solicitor General's approval. Construction of piped water system was awarded at less than 200,000,000= which does not require solicitor Generals approval.

Recommendation

The Accounting Officer and Head, Procurement and Disposal Unit should ensure that all contracts above UGX 200,000,000 are submitted to the Solicitor General for clearance prior to contract signing in accordance with Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.

2.1.7 Short display period of the Best Evaluated Bidder Notice

The Authority noted that in the procurement of Construction of a Sick Bay at Kachuru Seed S.S in Education Department worth UGX 55,000,000. The Entity provided insufficient period of five days for the display of the Best Evaluated Bidder Notice instead of the ten working days contrary to Regulation 85 (4) of the Local Governments (PPDA) Regulations 2006.

Implication

Displaying the Best Evaluated Bidder Notice for an insufficient period may deny bidders sufficient time to prepare and apply for Administrative Reviews in case they are dissatisfied with the outcome of the evaluation process.

Management Response

Last Financial Year the entity followed the old procurement law but going forward Best Evaluated Bidder Notice shall be displayed for ten working days.

Authority's comment

The Authority has noted the Entity's response as unsatisfactory since even the old law provided for display period of 10 working days

Recommendation

The Head, Procurement and Disposal Unit should ensure that Best Evaluated Bidder Notices are displayed for ten working days as required under Regulation 5 (1) of the PPDA (Contracts) Regulations, 2023.

2.1.8 Inefficiencies in the procurement process

The Authority noted that there were delays at different stages of the procurement process of four sampled procurements worth UGX 319,836,741 from initiation of procurement to contracting as shown in Table 7 below:

Table 7: Delayed procurements at the different stages

S/N	Subject of Procurement	Contract Amount (UGX)	Procurement stage	Issues Noted
1.	Construction of a Sick Bay at Kachuru Seed S.S in Education Department	55,000,000	Initiation	Planned initiation date was 20 th July 2023 yet actual was 4 th March 2024. 28 weeks later.
2.	Construction of the Administration block at Akapunyansi	94,958,199	Initiation	Delayed bid invitation by 4 weeks, planned invitation was 19 th June 2023, however bid invitation was done on 20 th July 2023.
3.	Construction of Kakoro TC administration block	94,965,062	Initiation	
4.	Procurement of Construction of staff house at Butebo HC iv	74,913,480	Payment	Payment request was made on 27 th November 2023 and fully certified by 18 th December 2023, however payment was effected on 11 th March 2024. 11 weeks later.
Total		319,836,741		

Implication

Delays at different stages in the procurement processes impede timely service delivery and affects the principle of efficiency as provided under Section 51 of the PPDA Act, Cap 205.

Management Response

The entity appreciates the recommendation and going forward all projects will be initiated as planned to avoid delays in the procurement process.

Recommendation

The Accounting Officer should task the Heads of User Departments to ensure that procurement are initiated in accordance with planned timelines and further task the Head of finance to ensure timely payment of providers in line with Section 51 of the PPDA Act, Cap 205.

2.1.9 Low bidder participation

Section 49 of the PPDA Act, Cap 205 states that all procurement and disposal shall be conducted in a manner to maximise competition and achieve value for money. The Authority noted that the Entity had low bidder participation in seven procurements worth UGX 881,990,486 with an average of 1.6 bids received per procurement, as tabulated in Table 8 below:

Table 8: Procurements with low bidder participation

S/No	Details of procurements	Contract Amount (UGX)	Method used	Number of bidders who responded
1.	Procurement of Construction of Administration block at Kanginima	95,000,000	Open Bidding	1
2.	Procurement of Construction of staff house at Butebo HC IV	74,913,480	Open Bidding	2
3.	Procurement of Construction of sick bay at Kachuru SS	55,000,000	Open Bidding	2
4.	Procurement of Construction of Kakoro TC Administration block	94,965,062	Open Bidding	2
5.	Construction of the admin block at Akpunyansi	94,958,199	Open Bidding	1
6.	Construction of the district administration block	249,796,560	Open Bidding	1
7.	Fencing of Kachuru Seed S.S in Education Department	217,357,185	Open Bidding	2
Total/Average		881,990,486		1.6

Implication

Low bidder participation denies the Entity attainment of competitive prices. It may also be a pointer that bidders have no confidence in the Entity, or that an Entity is undesirable to bidders.

Management response

These projects were advertised widely using open bidding but going forward using new regulation the entity shall be inviting as many as possible and bidders shall be encouraged to participated in order to improve on competitiveness.

Recommendation

The Accounting Officer should improve on engagements with bidders with the view of encouraging them to participate in the Entity's procurement and disposal processes. The Head,

Procurement and Disposal Unit should also endeavour to encourage competitive bidding in accordance to Section 49 of the PPDA Act, Cap 205.

2.1.10 Failure to report procurements undertaken to the Authority

The Authority observed that the Entity did not make monthly report submissions for two months. Based on the Entity's submissions, no procurement reports were submitted for January and February 2024, which is in violation of Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

Implication

Failure to report procurement transactions carried out in a given period inhibits proper monitoring of procurement spend, poses compliance risk by the Entity and may be an indicator of inefficiencies in the procurement processes.

Management Response

The entity used old procurement law of quarterly reporting

Recommendation

The Authority has noted the Entity's response however; The Accounting Officer should ensure that all procurement activities undertaken by the Entity are reported to the Authority on a monthly basis by the 15th day of each proceeding month in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.2 Compliance of the Entity's disposal process with the provisions of the PPDA Act, 205 and the Local Governments (PPDA) Regulations 2006

2.2.1 Failure to plan and conduct disposal of obsolete assets

The board of survey report for FY 22/23 recommended several items for disposal including motor vehicles, a motorcycle, solar system and other scrap items. The entity did not make any efforts to prepare a disposal plan for the assets and subsequently, at the time of the inspection, no disposal process had been commenced to ensure that these items are disposed of as indicated in Table 9 below:

Table 9: Items to be disposed

No	Item	Engraved Code/ Reg. No.	Condition
1.	JMC; Light duty truck	LG-0008-099	Grounded
2.	Double cabin pickup-Nissan	UG 1849M	Grounded
3.	Double cabin pickup-Hillux	UG 0082-40	Grounded
4.	Double cabin pickup-Ford	UG 2958R	Grounded
5.	Motor cycle	LG-0095-40	Grounded
6.	Window frames-metallic (12pieces)	None	Old
7.	Door frames (19 pieces)	None	Old
8.	Door shutters-wooden (19 pieces)	None	Old
9.	Window frames (11 pieces)	None	Old
10.	Metallic door (2 pieces)	None	Old

No	Item	Engraved Code/ Reg. No.	Condition
11.	Iron sheets 1.5m (26 gauge)-80 pieces	None	Old
12.	Iron sheets 3m (26 gauge)-40 pieces	None	Old
13.	Old motor vehicle tyres (28 pieces)	None	Used
14.	Solar system (2 pieces)	None	Old
15.	Borehole spare parts	None	Scrap
16.	Un identified scrap	None	Old items

Pictorial of some items due for disposal



Old pickup motor vehicles



Old used tyres

Implication

Failure to conduct timely asset disposal exposes the assets to the risk of damage, obsolescence, theft, destruction and loss of value, thereby denying the Entity the chance of getting maximum value from the assets during disposal.

Management Response

The Entity invited the Government Valuer but by the time of audit the Entity had not yet received the report.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should follow up with the Government Valuer and ensure that the assets due for disposal are disposed of in a timely manner in accordance with Regulation 3 (2) the PPDA (Disposal of Public Assets) Regulations 2023.

2.3 Efficiency and effectiveness in contract implementation including the application of environmental, social, health and safety (ESHS) requirements in the procurement process

2.3.1 Failure to have clear provisions regarding Environment, Social, Health and Safety issues including Gender issues in the Bills of Quantities

Three procurements worth UGX 224,848,495 did not have clear provisions pertaining environmental, social, health and safety issues in the Bills of Quantities which might have left doubt to the bidders regarding the requirements of the Entity. The details are provided in Table 10 below:

Table 10: Procurements for which the Environment, Social, Health and Safety issues were not clearly stipulated

No.	Subject of Procurement	Contract Amount UGX)	Observations
1.	Procurement of Completion of Kanginima Town Council administration	94,935,015	The Bills of Quantities in the document did not indicate requirements for ESHS issues such as environmental mitigation, social safeguards among others.
2.	Procurement of Construction of staff house at Butebo HC IV	74,913,480	The requirement simply stated that “Environmental mitigation measures and social safeguards are a must” without elaborating what this entailed.
3.	Construction of a Sick Bay at Kachuru Seed S.S in Education Department	55,000,000	
Total		224,848,495	

Implication

Unclear environment, social, health and safety requirements can potentially lead to environmental harm, worker and public health risks, delays in contract implementation and may result into outcomes which do not meet the end user requirements.

Management Response

The Entity takes note and the District Community Development Officer, Natural Resources Officer or Environmental Officer will liaise with Engineers to include the detailed Environment, Social, Health and Safety safeguards in the Bills of Quantities.

Recommendation

The Accounting Officer should task Heads of User Departments to prepare adequate Statements of Requirements that are clear precise and inclusive of ESHS issues to enable PDU prepare better quality SBDS that will attract many more responsive bidders in accordance with Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.3.2 Poor contract management

The Authority noted that there was laxity in contract management as denoted by poor keeping of contract management records, poor workmanship at construction sites, delays in deliveries, failure to prepare contract management plans, failure to ensure full delivery of items, among others. This was noted in two procurements worth UGX 449,374,600 as indicated in table 11 below:

Table 11: Weak contract management

	Subject of Procurement	Contract Amount (UGX)	Issues at contract management	Management responses
1.	Construction of piped water system under water sector	199,578,040	<ul style="list-style-type: none"> • No progress reports • Performance security not seen • Payment period not indicated in the contract 	<i>The implementation plan was prepared and here available for verifications.</i>
2.	Construction of the District Administration Block	249,796,560	<ul style="list-style-type: none"> • Performance security was not submitted • No minutes evidencing site meetings • No indication of approval of contractual variations by Contracts Committee made (it should be noted that the fence was not constructed since all funds were diverted towards construction of the administration block) 	<ul style="list-style-type: none"> • 2 Site meetings were held and minutes are available for verification. • There was no diversion of funds. The reallocation and rescoping of activities was approved by District Executive Committee and minutes available for verification.
	Total	449,374,600		

Implication

Weakness in contract management leads to poor/ under performance of contracts by service providers.

Management Response

Responses captured in table above

Authority's comment

The Authority has noted the Entity's responses in table 10, however; contrary to the response about the procurement of Construction of piped water system under water sector where the Entity submits that the contract implementation plan was prepared, key areas such as the payment period was not indicated in the contract and neither was the Performance security

submitted by the bidder and only one report was presented contrary to three reports which should have been submitted. Also, in the procurement of Construction of the District Administration Block, no site meeting minutes were availed to the Authority for verification as per the Entity's response neither were the Contracts Committee minutes submitted for the Authority to verify the reallocation and rescoping of activities.

Recommendations

The Accounting Officer should:

- i. Ensure that Contract Managers perform their roles and responsibilities as provided for in Regulation 52 of the PPDA (Contracts) Regulations 2023; and
- ii. Request for capacity building on contract management from the Authority.

2.3.3 Missing records

Section 44 (1) of the PPDA Act, Cap 205 requires the Procurement and Disposal Unit to maintain and archive records of the procurement and disposal process. During the inspection, it was noted that in two procurement transactions worth UGX 217,793,480, the documents in Table 12 below were missing:

Table 12: Procurements with missing documents

S/No	Details of procurements	Contract Amount (UGX)	Missing documents	Management responses
1.	Supply of ICT equipment to Kachuru Seed SS under Education Department	142,880,000	<ul style="list-style-type: none"> • bidding document, • evaluation report 	<i>Here are documents for verification</i>
2.	Construction of staff house at Butebo HC IV	74,913,480	No Requisition form on file. The form available was for supply of motorcycles	<i>There was misplacement of forms but here provided for verification</i>
Total		217,793,480		

Implication

Lack of records on the procurement action files affects the audit trail and is an indicator of poor accountability of public funds.

Management response

The entity has taken note and going forward all project documentations shall be filed in order to make complete action file and also with payment vouchers for closing off the file.

Authority's comment

The Authority has noted the Entity's response, however; in the procurement of Supply of ICT equipment to Kachuru Seed SS under Education Department, only the contract document was submitted to the Authority for verification while the bidding document and evaluation report were not submitted. In the procurement of Construction of staff house at Butebo HC IV, the requisition form was not submitted to the Authority for verification to back the Entity's responses in table 12.

Recommendations

- The Head of Procurement and Disposal Unit should ensure that a complete action file is maintained for all procurements in accordance with Section 33 (0) of the PPDA Act Cap, 205.
- Heads of User Departments should charge all Contract Supervisors to submit progress reports/contract management reports and all contract implementation documentation in accordance with Regulation 52 of the PPDA (Contracts) Regulations 2023.

2.3.4 Poorly drafted contracts

The Authority noted that the Entity poorly drafted three contracts worth UGX 484,436,317. There were deficiencies in some contracts which included lack of contract completion period, lack of payment period, lack of site possession dates and irrational contractual terms as indicated in table 13 below:

Table 13: Procurements with poorly drafted contracts

S/No	Details of procurements	Contract Amount (UGX)	Issues
1.	Construction of Kanginima Town Council administration block	94,935,016	No contract completion date
2.	Construction of piped water system under water sector	199,578,040	Failure to indicate the payment period in the contract
3.	Construction of the admin block at Akapunyansi	94,958,199	<ul style="list-style-type: none">• Poorly drafted contract which lacked the site possession date GCC 26.• Irrational contractual terms such as period of 100,000 days for period between program updates under GCC 36.3
4.	Construction of Kakoro TC administration block	94,965,062	The amount of performance security was not stated under GCC 61.1
Total		484,436,317	

Implication

Lack of clear information in the contract may result into unnecessary conflicts between the service provider and the Entity, which may ultimately lead to litigation.

Management response

Following the bid preparatory exercise conducted all missing information in Special Terms of Conditions are addressed and going forward all that missing information shall be indicated for proper contract management.

Recommendation

The Authority has noted the Entity's response; however, the Head, Procurement and Disposal Unit should ensure that contract documents prepared are comprehensive and clear on key

contract deliverable in the special conditions of contract such as contract start and end accordance to Regulation 9 of the PPDA (Contracts) Regulations 2023.

2.3.5 Physical verification of selected projects

The Authority conducted physical verification on seven procurement transactions worth UGX. 1,113,086,329. Four of the sampled procurements worth UGX 639,297,861 had anomalies for management attention as indicated in table 14 below:

Table 14: Findings at Physical Verification conducted for five sampled procurements

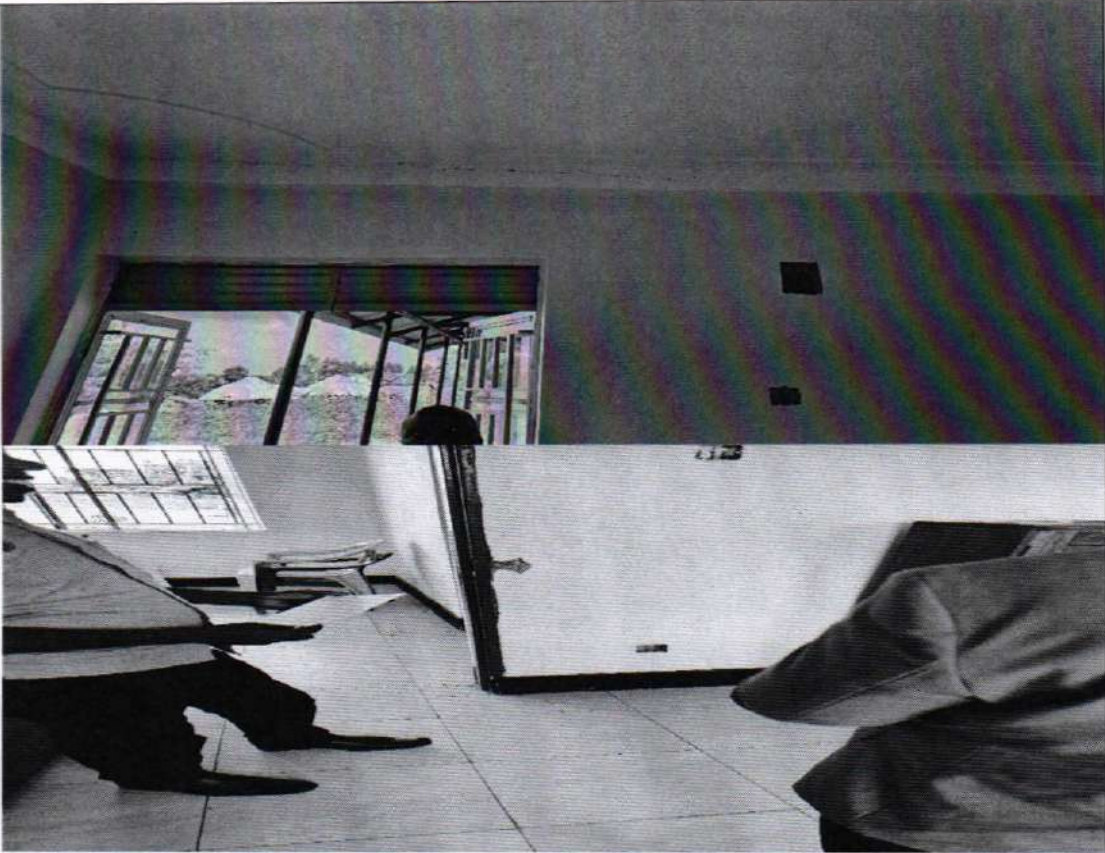
Subject of Procurement	Issues Noted at Physical Verification
<p>Subject: Construction of Kakoro TC administration block Contract Amount: 94,965,062 Procurement method: Open Bidding Status: Completed</p>	<p>Poor workmanship evidenced by;</p> <ul style="list-style-type: none"> • Side door cracks. • Defunct door locks where one key opens all the wooden doors. • Non-functional front door. • Hole in the roof which may lead to potential leakage.



Subject of Procurement	Issues Noted at Physical Verification
<p>Subject: Construction of piped water system under water sector Contract Amount: 199,578,040 Procurement method: Open Bidding Status: Completed</p>	<ul style="list-style-type: none"> • Very low water flow rate at the 4 verified water points. • The 11 solar panels stated in the Bills of Quantities were not installed.



Subject of Procurement	Issues Noted at Physical Verification
<p>Subject: Construction of the admin block at Akpunyansi Contract Amount: 94,958,199 Procurement method: Open Bidding Status: Completed</p>	<ul style="list-style-type: none"> • One of the metallic doors could not close due to lack of a hole on the floor. • No lightning conductor was installed (only the air terminal was installed but lacked the lightning rod, lightning rod mounting base, copper cable, copper cable strap, ground rod, ground rod clamp). • Cracking ceiling on the cornice. • No waste water soak pits for pit latrines (as per stated in the bidding document)



Subject: Construction of District Administration block
Contract Amount: 249,796,560
Procurement method: Open Bidding
Status: Completed

- There was no fence constructed as observed yet it was part of the scope of works.
- Failure to adhere to safety measures on site. It was observed that the 1st floor construction (in an abandoned state) lacks barricades at the staircase to deter non-authorized persons from accessing the area.



Implication

Failure to execute works as per agreed contractual terms inhibits attainment of value for money and exposes Government to the risk of financial loss due to none or unsatisfactory performance of a contract.

Management response

Contractors were called to rectify the defects since the entity had not yet paid them retention and they were still within the defects liability period and here is the report for verification.

Authority's comment

The Authority has noted the Entity's response, however; there was no pictorial evidence or report that the defects identified during physical verification were rectified.

Recommendation

The Accounting Officer should ensure that Contract Management teams closely monitor contractors to perform contracts as per the terms and condition specified in the Contract in accordance with PPDA Regulation 52 (Contracts) Regulations, 2023.

2.3.6 Under payment to the contractor

The Authority noted that there was under payment to the contractor in the procurement of Construction of a Sick Bay at Kachuru Seed S.S in Education Department-bidding document worth UGX 55,000,000. Only UGX 13,813,126 and 27,373,749 totaling to UGX 41,186,875 was paid out of a contract price of UGX 55,000,000 and yet the progress report dated 21st June 2024 indicated that works were complete.

Implication

Under payment of service providers may make the Entity become undesirable to bidders, resulting into low bidder participation in procurement processes for the Entity.

Management Response

There was IFMS network problem so money was taken back to the treasury but it was revoted and payment in process.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should ensure that the contractor is promptly paid the balance in line with the special conditions of contract and Regulation 49 (3) of the PPDA (Contracts) Regulations 2023.

2.3.7 Poor needs assessment

The Authority revealed that there was poor needs assessment in the procurement of Construction of District Administration block and fence worth UGX 249,796,560. This was caused by evolving user needs which led to a scope creep. Whereas the scope of works included construction of an administration block and a fence, the Authority observed that only the first floor of the administration block was partially constructed and roofed while no construction on the fence was done. As per the submission from the Operations Manager to the Chief Administrative Officer, the variations were on construction of a wall plate and roofing with a potential combined variation of UGX 146,367,899.

Implications

Poor needs assessment leads to unnecessary contract variations, project delays, increased risk of project failure and potential creation of domestic arrears.

Management Response

The user departments and works have taken note of this and going forward needs assessment shall be conducted in order to avoid risks that may arise during implementation of the project.

Recommendation

The Accounting Officer should ensure that User Departments prepare comprehensive work plans in accordance with Regulation 36 (2) of the PPDA Act, Cap 205.

2.3.8 Mismanagement of procurements for works undertaken under Force Account

The Authority noted that the Entity's Uganda Road Fund work plan amounted UGX. 150,663,310 of which UGX. 142,666,311 was received. The following was noted regarding the utilisation of these funds:

- i. Regulation 3 of the PPDA (Force Account Mechanism) Regulations requires an Entity to determine that the direct, indirect and overhead costs to be incurred in using the Force Account Mechanism are less than would be incurred if the assignment was executed by a contractor. The Authority found that the Entity did not comply with this requirement in all the procurement conducted using the Force Account Mechanism.
- ii. Inadequate accountability under the Force Account Mechanism

Table 15: Inadequate accountability under Force Account

No	Observation	Details
1.	Failure to fully account for fuel.	<ul style="list-style-type: none">• Whereas UGX 33,359,200, was paid to the provider (Total Pallisa Ltd) for Namiyembe-Nalidi-Spartan Road, only UGX 31,580,600 was accounted for as per the consumption sheet, thus indicating a potential financial loss of UGX 1,778,600.• In the procurement for fuel for Kabwangasi -Putiti, whereas UGX 46,474,950 was paid to the provider (Shell Elgon Limited.), only UGX 44,099,800 was accounted for causing a shortfall of UGX 2,375,150.

Implication

This may inhibit the achievement of value for money and led to a financial loss of UGX 4,153,750.

Management Response

The amount that led to shortfall in accounted funds was deducted as withholding taxes and it taken by URA not the service provider.

Authority's comment

The Authority found the Entity's response unsatisfactory, since withholding tax is supposed to be deducted at source and not after effecting payment to the provider.

Recommendations

- The Accounting Officer and the Head of works department should ensure that works under Force Account are executed in accordance with PPDA (Force Account Mechanism) Regulations 2014.
- The Accounting Officer should task the Force Account supervisor to ensure that the financial loss of UGX 4,153,750 is recovered from the providers, (Shell Elgon Limited worth UGX. UGX 2,375,150 and Total Pallisa Ltd worth UGX. 1,778,600)

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present graphically the scores per area assessed under different inspection questions.

3.1 Overall Compliance Inspection Conclusion

The performance of Butebo District Local Government for the Financial Year 2023/24 was Unsatisfactory with an overall weighted average risk rating of **81.4%**.

The risk rating is as follows:

Risk Rating

Risk Rating (%)	Description of Performance
0 – 30	Satisfactory
31 – 70	Moderately Satisfactory
71 – 100	Unsatisfactory

3.2 Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in Table 16 below:

Table 16: Summary of performance of Butebo District Local Government

Risk Category	Number of Sampled Procurements	% No	Value (UGX)	% Value	Weights	Total weighted average	
						By No.	By Value
High	7	63.6	929,297,861	71.3	0.6	38.2	42.8
Medium	3	27.3	314,912,200	24.1	0.3	8.2	7.2
Low	1	9.1	60,000,000	4.6	0.1	0.9	0.5
Satisfactory					0		
Total	11	100.0	1,304,210,061	100.0	1	47.3	50.5

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{47.3 \times 100}{60} = 78.8\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{50.5 \times 100}{60} = 84\%$$

$$\text{The average weighted risk rating} = \frac{78.8 + 84}{2} = 81.4$$

3.3 Chart Representation of Risk Rating

Figure 1: Chart Representation of Risk Rating by Value

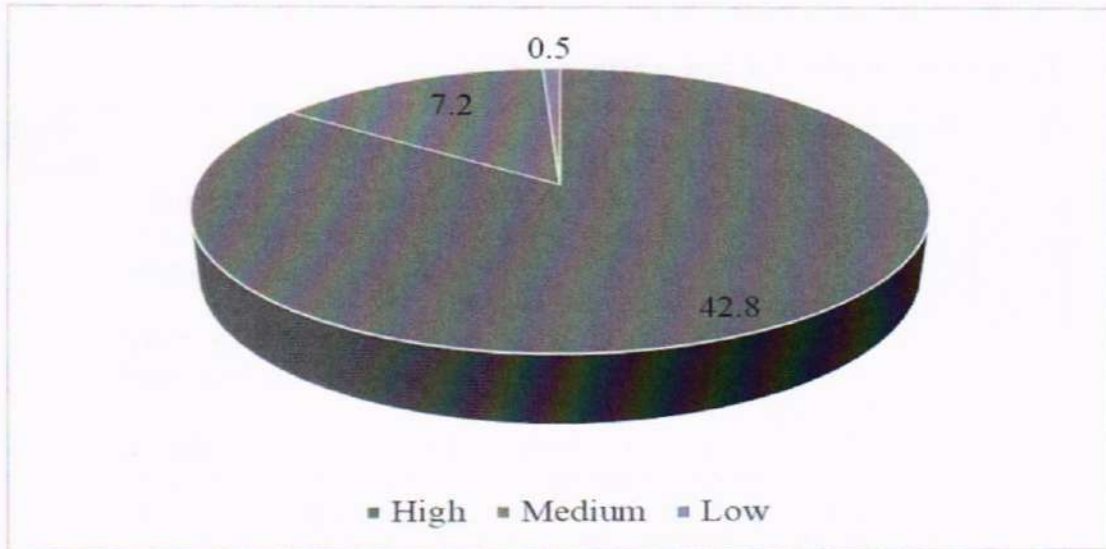
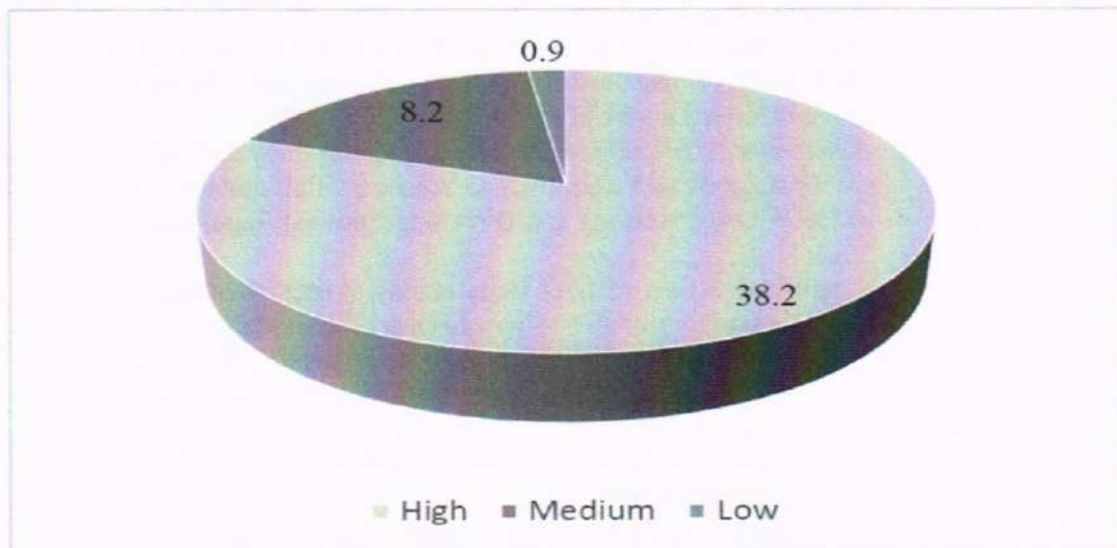


Figure 2: chart Representation of Risk Rating by Number



Recommended Action Plan

Butebo District Local Government should implement the following recommendations in Table 17 within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 17: Recommended Action plan

No.	Recommendation	Target Date
1.	<p>The Accounting Officer should;</p> <ul style="list-style-type: none">i. Ensure that the Contracts Committee is fully constituted, staffed at an appropriate level in accordance with Section 29 (2) of the PPDA Act, Cap 205 and fully inducted in to its roles and responsibilities by the Authority;ii. Regularly carry out a review of the implementation of the procurement plan and update it in accordance with Section 60 (7) of the PPDA Act, Cap 205;iii. Put in place a strong mechanism to implement recommendations made by the Authority so as to improve the Entity's performance in accordance with Section 10 of the PPDA Act, Cap 205. This could include appointing a task force that will be responsible for ensuring full implementation of the Authority's recommendations;iv. Forward the bidder, Navo General Enterprises Limited that was involved in an unauthentic tax clearance certificates to the Authority for suspension hearings in line with Section 128 of the PPDA Act, Cap 205;v. Ensure that all procurement and disposal processes are conducted in a manner that promotes economy and efficiency in line with Section 51 of the PPDA Act, Cap 205;vi. Ensure that all procurement activities undertaken by the Entity are reported to the Authority in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;vii. Should task Heads of User Departments to prepare adequate Statements of Requirements that are clear precise and inclusive of ESHS issues to enable PDU prepare better quality SBDS that will attract many more responsive bidders in accordance with Regulation 34 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;viii. Strengthen contracts management in the Entity through training User Departments and contacts managers on their roles and responsibilities and obligations of contractors that will address gaps such as poor-quality works and incomplete procurement action files;ix. Ensure that bidders are promptly paid within thirty days from certification of invoices, except where this is varied in the special conditions of contract in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations 2023; and	March 2025

No.	Recommendation	Target Date
	<ul style="list-style-type: none"> x. Task the Force Account supervisor to ensure that the financial loss of UGX 4,153,750 is recovered from the providers (Shell Elgon Limited worth UGX. UGX 2,375,150 and Total Pallisa Ltd worth UGX. 1,778,600) for the fuel for Namiyembe-Nalidi-Spartan and Kabwangasi -Putiti road. 	
2.	<p>The Head Procurement and Disposal should;</p> <ul style="list-style-type: none"> i. Ensure that the bidding documents issued to bidders have all the relevant required information including adequate specifications in accordance with Regulation 25 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2023; ii. Ensure that Best Evaluated Bidder Notices are displayed for ten working days as required under Regulation 5 (1) of the PPDA (Contracts) Regulations, 2023; iii. Should ensure that a complete action file is maintained for all procurements in accordance with Section 33 (0) of the PPDA Act Cap, 205; and iv. Ensure that Evaluation Committees strictly adhere to the evaluation criteria outlined in the solicitation documents. Firms that do not comply should be eliminated in accordance with Regulations 5 (1) and (2) of the PPDA (Evaluation) Regulations, 2023. 	March 2025
3.	<p>The Contracts Committee should ensure that bidding documents are scrutinized for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.</p>	March 2025
4.	<p>The Accounting Officer and the Head, Procurement and Disposal Unit should ensure that the assets due for disposal are disposed of in a timely manner in accordance with Regulation 3 (2) the PPDA (Disposal of Public Assets) Regulations 2023.</p>	March 2025

ANNEXES

Annex 1: Findings and rating on the individual files reviewed

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH-RISK
1.	<p>Subject: Construction of the admin block at Akpunyansi Contract Amount: 94,958,199 Procurement method: Open Bidding Contractor: Mwamba Enterprises Limited Status: Completed</p>	<ul style="list-style-type: none"> • Delayed bid invitation by 4 weeks, planned invitation was 19th June 2023, however bid invitation was done on 20th July 2023 • The required staff, i.e Environment officer and Social Development Officer did not have specific experience accorded to them. • Section 3; B-Equipment; the required equipment is not stated. • The site possession date is not indicated in the bidding document under Special Conditions of Contract-GCC26 • The Defects Liability Period is not stated under GCC 35.1 in the Special Conditions of Contract. • Low bidder participation. only one bidder, Mwamba Enterprises submitted a bid. • Submission of an invalid Tax Clearance Certificate by Mwamba Enterprises yet the bidder was approved by the evaluation committee. • Poorly drafted evaluation report which does not clearly state the cause of variation of the bid price between what was read out and the corrected price, i.e from 93,860,000 to 94,958,199 <p>Physical verification issues</p> <ul style="list-style-type: none"> • One of the metallic doors could not close due to lack of a hole on the floor. • No lightning conductor was installed (only the air terminal was installed but lacked the lightning rod, lightning rod mounting base, copper cable, copper cable strap, ground rod, ground rod clamp). • Cracking ceiling on the cornice. No waste water soak pits for pit latrines (as per requirements in the bidding document)
2.	<p>Subject: Construction of District Administration block Contract Amount: 249,796,560 Contractor: Nviolupa Business access Limited Procurement method: Open Bidding Status: Completed</p>	<ul style="list-style-type: none"> • Low bidder participation; despite an advert published on 20th July 2023, only one bidder participated in the bidding process, i.e. Nviolupa Business Access Limited. • Section 3; Evaluation methodology; 6.1 A. personnel and experience; the experience of the environment and social development officers are not captured.

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH-RISK
		<ul style="list-style-type: none"> • Section 3; Evaluation methodology; 6.1 Equipment; the required equipment from the bidder is not stated. • The bidding document lacked the requirement of experience from bidders. • Evaluation of bids by a member; Mr. Arikosi Levi who was not approved by the Contracts Committee; the approved member was Kooli Sam • Signing of contract beyond the bid validity period. Contract signed on 10th January 2024. Bid validity period was up to 22nd December 2023. • Poor needs assessment (evidenced by incomplete works in which all funds were diverted towards the construction of the administration block neglecting the fence). <p>Physical verification</p> <p>Failure to adhere to safety measures on site. It was observed that the 1st floor construction (in an abandoned state) lacks barricades at the stare cases to deter non-authorized persons from accessing the area.</p>
3.	<p>Subject: Construction of a Sick Bay at Kachuru Seed S.S in Education Department-bidding document not available</p> <p>Contractor: Kaderema Investments Limited</p> <p>Procurement method: Request for Quotation</p> <p>Contract Amount: 55,000,000</p>	<ul style="list-style-type: none"> • Delayed initiation: Planned initiation date was 20th July 2023 but actual was 4th March 2024. • Low bidder participation: Only two bids received from Three Angels General Enterprises Limited and Kaderema Investments SMC Limited were received out the six invited bidders • Inadequate detailed technical evaluation criteria. It did not include the detailed technical evaluation criteria requirements such as experience, technical personnel among others. • Unclear requirements in the BOQs. The requirement simply provided for Environmental mitigation measures and social safeguards without elaborating what this entailed. • Submission of wrong tax clearance certificate. The certificate submitted by the contractor, referenced MB01240082304 was in the name of ECO Pic Uganda Limited and not Kaderema investments limited

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH-RISK
		certified by 18th December 2023 but payment was effected on 11th March 2024.
5.	<p>Subject: Construction of Kakoro TC administration block Contract Amount: 94,965,062 Contractor: Muthrisa Construction Limited Procurement method: Open Bidding Status: Completed</p>	<ul style="list-style-type: none"> • Delayed bid invitation by 4 weeks, planned invitation was 19th June 2023, however bid invitation was done on 20th July 2023. • Inadequate evaluation: The required staff, i.e Environment officer and Social Development Officer did not have specific experience accorded to them, the required equipment is not stated. • Inadequate contract. The site possession date is not indicated in the bidding document under Special Conditions of Contract-GCC26, the contract does not state the documents which form part of the contract under GCC 2.1 • Low bidder participation, only two bidders, Mutabarisa Construction Limited and Malcom Investments Limited submitted their bids. • Failure to eliminate Mutbarisa Construction Limited for submitting an invalid/unregistered Power of attorney, contrary to ITB 22.2 which required a registered Power of Attorney. <p>Physical verification issues noted: Poor workmanship evidenced by;</p> <ul style="list-style-type: none"> • Side door cracks. • Defunct door locks where one key opens all the wooden doors. • Failure by front door to lock. • Hole in the roof which may lead to potential leakage.
6.	<p>Subject: Supply of ICT equipment to Kachuru Seed SS under Education Dept-bidding document not available Contractor: Munaja Group Contract Amount: 160,000,000 Status: Completed</p>	<p>Missing records</p> <ul style="list-style-type: none"> • bidding document, • evaluation report • Contract document
7.	<p>Subject: Construction of piped water system under water sector Procurement method: Open Bidding Contractor: Fayce Consults Limited Contract amount: 199,578,040</p>	<ul style="list-style-type: none"> • Payment period not indicated in the contract <p>Missing records</p> <ul style="list-style-type: none"> • No contract implementation plan • No progress reports • Performance security not seen • Payment period not indicated in the contract <p>Physical verification issues</p>

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH-RISK
		<ul style="list-style-type: none"> • Very low water flow rate at the 4 verified water points. • The 11 solar panels stated in the Bills of Quantities were not installed.

NO	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	<p>Subject of procurement: Management and collection of local revenue from Kanyum weekly market</p> <p>Procurement method: Open Bidding</p> <p>Contract Amount: 2,620,000 per month</p>	<p>The BEB Kira Kito Associates Limited;</p> <ul style="list-style-type: none"> • submitted a forged tax clearance certificate in the names of BDG Investments (U) Limited and others that were expired. • was not resident in the market in question as it was registered I Bweyogere Wakiso District, which was contrary to the guidance from the ministry of local government that provides that such services should be reserved for local associations of the traders working in the market. was not compliant of the requirement of submitting a certified list of the members of the association together with their National IDs.
2.	<p>Subject of procurement: Completion of Kanginima</p> <p>Method of procurement: Open Bidding</p> <p>Contractor: Roofline construction</p> <p>Contract Amount: 94,935,015</p>	<ul style="list-style-type: none"> • Low bidder participation. Only one bid was received yet it was an open advert. • The bid document did not include requirements for pre bid meeting nor site meetings which denied bidders a change to understand the site and the requirements. • The detailed technical evaluation criteria was not elaborated. The document did not incorporate the requirement for personnel, equipment and financial capacity. <p>The BOQs in the document did not indicate requirements for ESHS issues such as environmental mitigation, social safeguards among others.</p>
3.	<p>Subject Fencing of Kachuru Seed S.S in Education Department</p> <p>Procurement Method: RFQ</p> <p>Contractor: Mt Garizim General Enterprises Ltd</p> <p>Contract Amount: 217,357,185</p>	<ul style="list-style-type: none"> • Low bidder participation, out of the 6 invited firms, only 2 returned their bids. <p>Missing records</p> <ul style="list-style-type: none"> • No contract manager had been appointed. • No solicitor general's approval

NO	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	Subject Supply of Science Kits and Lab Reagents to Kachuru Seed S.S under Education Procurement method: Request for Quotation Contractor: Batala General Suppliers Ltd Contract Amount: 60,000,000 (After negotiation)	Statement of requirements were not captured under list of services and price schedule.

Annex 2: Butebo District Local Government sample list for financial year 2023/2024 and risk rating

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
1.	BUTE828/WRKS/23-24/00009	Construction of Kakoro TC administration block	Open Bidding	Muthrisa Construction Limited	94,965,062	High
2.	BUTE828/WRKS/23-24/00012	Construction of the admin block at Akpunyansi	open	Mwamba Enterprises	94,958,199	High
3.	BUTE828/wrks/23-24/000013	Construction of the district administration block	Open Bidding	Nviolupa Business access Limited	249,796,560	High
4.	BUTE828/SUPLS/23-24/00008	Supply of ICT equipment to Kachuru Seed SS under Education Dept-bidding document not available	Framework Contract (Call-Of-Order)	Munaja Group	160,000,000	High
5.	BUTE828/WRKS/23-24/00015 (xiii)	Construction of a Sick Bay at Kachuru Seed S.S in Education Department-bidding document not available	Quotation	Kaderema Investments (U) SMC Ltd	55,000,000 (After negotiation)	High
6.	BUTE828/WRKS/23-24/00015 (xiv)-IAN	Fencing of Kachuru Seed S.S in Education Department	Quotation	Mt Garizim General Enterprises Ltd	217,357,185	Medium
7.	BUTE828/SRVCS/23-24/00001	Management of revenue collection from Kanyum Weekly market	Open Bidding	Ricom Vocational Institute Ltd	2,620,000	Medium
8.	BUTE828/SUPLS/23-24/00013	Supply of Science Kits and Lab Reagents to Kachuru Seed S.S under Education Department	Quotation	Batala General Suppliers Ltd	60,000,000 (After negotiation)	Low

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
9.	BUTE828/WRKS/23-24/00007	Construction of piped water system under water sector	Open Bidding	Fayce Consults Limited	199,578,040	High
10.	BUTE828/WRKS/23-24/-	Completion of Kanginima Town Council administration block	Open Bidding	Roofline construction Limited	94,935,015	Medium
11.	BUTE828/WRKS/23-24/000014	Construction of staff house at Butebo HC IV	Open Biding	Navo General Enterprises	75,000,000	High
	TOTAL				1,304,210,061	

Annex 3: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard	This implies lack of efficiency, standardisation and avoiding competition.

RISK	DESCRIPTION	AREA	IMPLICATION
	management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would	formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	
	normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.	<p>Procurement Structures: Lack of procurement structures</p> <p>Record Keeping: Missing Contracts Committee records and incomplete contract management records.</p> <p>Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.</p>	<p>This implies lack of independence of functions and powers and interference in the procurement process.</p> <p>This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.</p> <p>This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.</p>
		<p>Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.</p> <p>Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.</p>	
LOW	Procurements with weaknesses where resolution within the	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which

RISK	DESCRIPTION	AREA	IMPLICATION
	normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.		leads to poor record keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

SATISFACTORY

Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.