



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**

"Procurement That Delivers"

**COMPLIANCE INSPECTION REPORT FOR LYANTONDE DISTRICT LOCAL
GOVERNMENT FOR THE FINANCIAL YEAR 2023/2024**

FEBRUARY 2025

Table of Contents

Contents

List of Tables ii
ACRONYMS iii
EXECUTIVE SUMMARY iv
CHAPTER ONE: INTRODUCTION 1
 1.1 Structure of the Entity 1
 1.2 Background 1
 1.3 Objective of the compliance inspection 1
 1.4 Scope of the Compliance Inspection 2
 1.5 Methodology 2
 1.6 Reporting 2
CHAPTER TWO: FINDINGS OF THE AUTHORITY 3
 2.1.3 Failure to report on micro procurements conducted by the Lower Local Government
 and User Departments at the District 5
 2.1.5 Issuance of solicitation documents with inadequate requirements 7
 2.1.7 Low bidder participation 9
 2.1.11 Missing records on procurement action files 14
 2.1.12 Non-Compliance with beneficial ownership disclosure requirements 16
 2.2.2 Failure to dispose of Lyantonde District Local Government’s obsolete assets 17
CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY 26
 3.1. Overall Compliance Inspection Conclusion 26
 3.2. Entity’s Performance 26
 3.3. Recommended Action Plan 28
ANNEXES 30
 Annex A: Case by case Risk analysis 30
 Annex B: Risk Rating Criteria 31

List of Tables

Table 1: List of the Contracts Committee members	1
Table 2: Status of implementation of previous inspection recommendations.....	3
Table 3: Analysis of Procurement Plan Performance.....	5
Table 4: Procurement transactions with irregularities at initiation.....	6
Table 5: Procurements with inadequate solicitation documents issued.....	7
Table 6: Procurements where bid opening was not witnessed.....	9
Table 7: Procurements with low bidder participation.....	10
Table 8: Procurements with evaluation irregularities.....	11
Table 9: Procurements with irregularities at contracting.....	13
Table 10: Procurements without evidence of submission of Performance Security.....	15
Table 11: List of missing records on procurement action files.....	15
Table 12: Obsolete assets recommended for disposal as per the Board of Survey.....	18
Table 13: Procurements with delays at contract implementation.....	24
Table 14: Risk Score.....	26
Table 15: Risk Rating.....	26
Table 16: Recommended Action Plan	28

ACRONYMS

DLG	District Local Government
ESHS	Environmental, Social, Health and Safety
ESMP	Environmental and Social Management Plan
FY	Financial Year
GCC	General Conditions of Contract
Ltd	Limited
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings
WRKS	Works

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection on the procurement and disposal activities of Lyantonde District Local Government that covered a representative sample of 10 procurement transactions under the Financial Year 2023/24.

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

From the findings of the procurement and disposal inspection exercise, the performance of the Lyantonde District Local Government for the Financial Year 2023/24 was **moderately satisfactory** with an overall weighted average risk rating of **52.3%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the inspection report.

Despite this moderately satisfactory performance, the following key exceptions were noted:

1. Lyantonde District Local Government did not:
 - i. Implement 50% of the previous audit recommendations for FY 2022/23. The Entity fully implemented only 25% of the recommendations and partially implemented 25% contrary to Section 10 (1) (a) of the PPDA Act, Cap 205;
 - ii. Implement 54% of their procurement plan for the Financial Year 2023/2024 worth UGX 2,911,069,732, hence failing effectively to deliver service to the intended beneficiaries and contravening Section 60 (7) of the PPDA Act, Cap 205;
 - iii. Acquire the minimum number of three bidders required for a competitive bidding process in three sampled procurements worth UGX 510,988,914. The Entity received on average only two bidders responding to invitations to bid contrary to Section 49 of the PPDA Act, Cap. 205;
 - iv. Comply with beneficial ownership disclosure requirements in all the 10 sampled procurement transactions worth UGX 1,226,216,901. The bidding documents did not require bidders to disclose beneficial owner information and consequently, the Entity omitted this crucial detail in their monthly reports to the Authority contrary to PPDA Circular No. 1 of 2021. This non-compliance increases the risk of corruption, fraud, and tax evasion by the ultimate beneficiaries of company proceeds; and
 - v. Dispose of obsolete assets recommended by the Board of Survey Report for Financial Year 2022/2023 contrary to Regulation 3 of the PPDA (Disposal) Regulations, 2023.
2. The User Departments and Lower Local Governments handled micro procurements worth UGX 30,000,000 without evidence of submission of monthly reports to the Contracts Committee through the Procurement and Disposal Unit for ratification contrary to Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations 2023.
3. In four procurements worth UGX 499,410,829, inadequate solicitation documents were issued where the evaluation criteria could not effectively fetch value for money for the Entity contravening Regulation 47 (3) of the PPDA (Rules and Methods for Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023.

4. In six procurements worth UGX 815,438,914, the records of bid receipt and bid opening were not signed by a member of the Contracts Committee or representative of the User Department contrary to Regulation 75 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023.
5. The Procurement and Disposal Unit did not maintain complete and accurate procurement files, where seven sampled procurement action files worth UGX 767,725,072 had missing records contrary to Section 41 of the PPDA Act, Cap 205 and Guideline 10 of 2024. Incomplete records affect the inspection trail and hinder transparency and accountability in the procurement process.
6. The Entity did not pay providers within 30 days of certification of their payment claims in 20% of the sampled procurements worth UGX 217,866,500 contrary to Clause 52.1 of the General Conditions of the Contracts. Delayed payments cripple the cash flows of local businesses that deal with the Government and further discourages them from future participation in public procurement.

In light of the above, the Authority recommends the following:

1. The Accounting Officer should:
 - i. Task the Internal Auditor to monitor the status of the implementation of PPDA audit recommendations within the specified time frame so as to improve the Entity's performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205;
 - ii. Ensure that the Entity's procurement plan is reviewed and updated whenever there are changes that affect the work plans from the User Departments in accordance with Section 60 (7) of the PPDA Act, Cap 205;
 - iii. Prevail over User Departments and Lower Local Governments to ensure micro procurement undertaken by the Entity are to the Procurement and Disposal Unit for onward submission to the Authority, by the fifteenth day of the following month in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulation 2023 and Section 48 of the PPDA Act, Cap 205.
 - iv. Ensure that opening of bids is managed by the Procurement and Disposal Unit and witnessed by a member of the Contracts Committee or a person authorised by the User Department in accordance with Regulation 75 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023.
 - v. Ensure that all necessary documentation relevant to the procurement process are submitted to the Procurement and Disposal Unit to enable the Unit close off the respective procurement action file in accordance with Section 33 (o) of the PPDA Act, Cap 205 and PPDA Guideline 10 of 2024.
 - vi. Conduct disposal of all the obsolete items identified by the Board of Survey following Regulations 2 and 3 of the PPDA (Disposal of Public Assets) Regulations, 2023.
2. The Procurement and Disposal Unit should:
 - a) Set evaluation criteria that can assess the technical and financial ability of the bidder to perform the proposed contract in accordance with Regulation 47 (3) of the PPDA (Rules and Methods for Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023.

- b) Require bidders to submit beneficial owner information through bidding forms and company Form 1 and include particulars of beneficial owners in monthly reports submitted to the Authority in accordance with the PPDA Circular No. 1 of 2021.
3. Contract managers should ascertain that the Entity meets all the payment and other obligations in accordance with the terms and conditions of a contract following Regulation 52 (3) (a) (iii) of the PPDA (Contracts) Regulations, 2023.

A recommended action plan for Lyantonde District Local Government is on pages **27-28** of this report.

CHAPTER ONE: INTRODUCTION

1.1 Structure of the Entity

According to Section 28 of the PPDA Act, Cap 205, the overall responsibility for the successful execution of procurement, disposal, and contract management in a Procuring and Disposing Entity is the Accounting Officer. The Accounting Officer of Lyantonde District Local Government during the Financial Year under review was the Chief Administrative Officer (CAO) Mr. Ntimba Edmond.

The approved members of the Contracts Committee are listed in Table 1 below who also acted during the period under review:

No.	Name	Position	Job Title
1.	Mr. Kenneth Twisogomwe	Chairperson	Ag. District Production Officer
2.	Mr. Rukia Naluwugge	Secretary	Inspector of Schools
3.	Mr. Joseph Bills Kakooza	Member	Senior Community Development Officer
4.	Ms. Robert Ibango	Member	Senior Human Resources Officer
5.	Dr. Moses Nkanika	Member	District Health Officer

According to Section 33 (a) of the PPDA Act, Cap 205, all procurement or disposal activities of the Procuring and Disposing Entity except adjudication and the award of contract are to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the financial year under review was headed by Mr. Benjamin Kamalumba, the Senior Procurement Officer who was assisted by Ms. Joan Kiconco, the Procurement Officer.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection of Lyantonde District Local Government that covered a representative sample of 10 procurement transactions under the Financial Year 2023/24. The inspection involved a review of 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 Local Governments (PPDA) Regulations, 2006.

1.3 Objective of the compliance inspection

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

The specific objectives of the inspection were to:

- i. To establish the level of compliance of the Entity with the provisions of the PPDA Act, Cap 205, and the Local Governments (PPDA) Regulations, 2006 with regard to the performance of the procurement structures and conduct of the procurement processes;

- ii. To assess the degree of compliance of the Entity's disposal processes with the provisions of the PPDA Act, Cap 205, and the Local Governments (PPDA) Regulations, 2006; and
- iii. To assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements

1.4 Scope of the Compliance Inspection

PPDA carried out the procurement and disposal compliance inspection of the Lyantonde District Local Government from 30th October 2024 to 1st November 2024. The exercise covered a sample of 10 procurement transactions worth UGX **1,226,216,901** conducted during the Financial Year 2023/2024, a review of procurement structures, and a review of the procurement plan performance. The list of sampled transactions is contained in **Annex C**.

1.5 Methodology

Lyantonde District Local Government was notified about the upcoming exercise on 7th October 2024. A sample of 10 procurement transactions was selected based on stratified random sampling using Contracts Committee minutes, the contracts register, and quarterly procurement and disposal reports.

Two Senior Performance Monitoring Officers conducted the exercise under the supervision of the Regional Manager Western Region. During the exercise, the team examined records and documents for each of the 10 sampled procurement transactions. The team also reviewed the procurement plan for the Financial Year 2023/2024.

On completion of data collection, members of the team met with various stakeholders such as the Accounting Officer, Contracts Committee members, Procurement and Disposal Unit staff, and User Department representatives to discuss and get clarifications on some of the preliminary findings. A debrief meeting was held with the Accounting Officer on **1st November 2024** to share the preliminary findings. A management letter was sent to the Entity on **27th November 2024** with a request to submit a management response by **2nd December 2024** which was submitted on **8th November 2024**. The inspection report presents the key findings and conclusions arising from the inspection.

1.6 Reporting

Reporting is in a format that identifies the findings by exception, the level of risk and the recommendations. The procurements are rated in four categories according to the weakness identified namely; high risk, medium risk, low risk and satisfactory. The definition of the risk rating is in **Annex B**.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.0 COMPLIANCE BY THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT, CAP 205, AND LOCAL GOVERNMENTS (PPDA) REGULATIONS, 2006

The inspection revealed the following exceptions:

2.1.1 Failure to fully implement PPDA recommendations from Financial Year 2021/22

The Authority noted that Lyantonde District Local Government fully implemented only 25% of the previous audit recommendations for FY 2022/23 and 25% partially implemented; 50% not implemented contrary to Section 10 (1) (a) of the PPDA Act, Cap 205. The status of implementation is given in Table 2 below:

Table 2: Status of implementation of previous inspection recommendations

No.	Recommendation	Implementation status
1.	The Accounting Officer should ensure that all recommendations by the Authority are shared with all Departments of the Entity for action and institute a mechanism to ensure 100% implementation in accordance with Section 9 (4) of the PPDA Act, 2003.	Not implemented
2.	The Accounting Officer should submit monthly procurement and disposal reports to the Authority, by the fifteenth day of the following month as stipulated under Regulation 15 (l) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	Implemented
3.	The Accounting Officer should ensure that all assets of the District are labeled to ease identification of obsolete ones to be subjected to disposal in accordance with Regulation 2 (2) of the PPDA (Disposal of public assets) Regulations, 2023.	Implemented
4.	The Accounting Officer should ensure that the persons involved in the procurement and disposal function adhere to the principles of public procurement as stipulated under Section 43 of the PPDA Act, 2003.	Partially implemented
5.	The Head, Procurement and Disposal Unit should only conduct planned procurement transactions except in cases of emergencies in accordance with Section 58 (7) of the PPDA Act, 2003.	Implemented
6.	The Head, Procurement and Disposal Unit should review its evaluation criteria, and requirements and also sensitize bidders to improve the level of confidence bidders have in the procurement processes of the Entity to maximize competition in accordance with Section 46 of the PPDA Act, 2003.	Not Implemented
7.	The Head, Procurement and Disposal Unit should efficiently implement all procurement processes in accordance with Section 48 of the PPDA Act, 2003.	Partially Implemented
8.	The Head, Procurement and Disposal Unit should ensure that the procurement plans are completed within the time estimated for each	Not implemented

No.	Recommendation	Implementation status
	stage of procurement in accordance with Regulation 6 (d) of the PPDA (Procurement Planning) Regulations, 2023.	
9.	The Head, Procurement and Disposal Unit should update the procurement plan whenever there are changes to work plans and extra funding received in accordance with Section 58 (4) of the PPDA Act, 2003.	Not Implemented
10.	The Head, Procurement and Disposal Unit should monitor bid validity periods and notify bidders to extend the bid validity adequately to complete the procurement process in accordance with Regulation 62 (5) & (6) of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023.	Not Implemented
11.	The Head, Procurement and Disposal Unit should ensure that all contract documents are complete in accordance with Regulation 9 of the PPDA (Contracts) Regulations, 2023.	Not Implemented
12.	The Head, Procurement and Disposal Unit should submit all contract documents to the Contracts Committee for approval in accordance with Section 28 (1) (c) of the PPDA Act, 2003.	Implemented
13.	The Works Departments should ensure that accountability of all Force Account activities is carried out and that all Force Account records are archived in accordance with Section 95A (5) (e) of the PPDA Act, 2003.	Partially Implemented
14.	The Evaluation Committee should strictly adhere to the evaluation criteria set out in the solicitation document in accordance with Section 71 (3) of the PPDA Act, 2003.	Not Implemented
15.	The Contracts Committee should review the solicitation documents to ensure quality before approval in accordance with Section 28 (1) (c) of the PPDA Act, 2003.	Not Implemented
16.	The Contract managers should ensure that all contract management records are kept and archived as required and monthly reports submitted to the Accounting Officer and the Procurement and Disposal Unit in accordance with Regulation 52 (3) of the PPDA (Contracts) Regulations, 2023.	Partially Implemented

Implication

Failure to implement audit recommendations raises concerns about the Entity's commitment to improve its procurement processes, addressing identified risks and ensuring accountability.

Management response

Management has taken note of the audit findings and will improve on the implementation of audit recommendations, institutional challenges notwithstanding.

Recommendation

The Accounting Officer should task the Internal Auditor to monitor the status of the implementation of PPDA audit recommendations within the specified time frame to improve the Entity's performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205.

2.1.2 Procurement plan implementation rate

Section 60 (2) of the PPDA Act, Cap. 205 requires Procuring and Disposing Entities to plan their procurement and disposal activities rationally. Section 60 (7) of the PPDA Act, Cap. 205 empowers Procuring and Disposing Entities to review and update their procurement plans on a quarterly basis and in any other case, wherever necessary.

A review of the monthly reports submitted by Lyantonde District Local Government reveals that the Entity did not implement 54% procurement plan for the Financial Year 2023/2024 worth UGX 2,911,069,732. The total procurement spend was UGX 2,438,146,832 (46%) in comparison to the planned activities amounting to UGX 5,349,216,564 as shown in Table 3 below:

Table 3: Analysis of Procurement Plan Performance

Total procurement plan value inclusive of VAT (UGX)	5,349,216,564
Total procurement spend value inclusive of VAT (UGX)	2,438,146,832
Procurement plan implementation rate (%)	46%
Implementation variance (UGX)	(2,911,069,732)

Implication

The Entity did not implement planned procurements worth UGX 2,911,069,732, hence failing the importance of effective service delivery to the intended beneficiaries.

Management response

The planned procurements not implemented were as a result of a lack of funding arising partly from no local revenue collection from planned livestock-related sources that were subjected to a total quarantine due to Foot and Mouth Disease in the district and the wider cattle corridor. Also, some central Government releases fell short of the budget.

Moving forward, management will revise the procurement plan to reflect the actual budget collections.

Recommendations

The Accounting Officer should ensure that the Entity's procurement plan is reviewed and updated whenever there are changes that affect the work plans from the User Departments in accordance with Section 60 (7) of the PPDA Act, Cap 205.

2.1.3 Failure to report on micro procurements conducted by the Lower Local Government and User Departments at the District

Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulation 2023 states that "a Procuring and Disposing Entity shall for each month, using the format of Form 2 of the Schedule, submit to the Authority, by the fifteenth day of the following month, a report on the procurement activities undertaken by the procuring and disposing entity in the month."

The Authority noted that despite User Departments and Lower Local Governments conducting micro procurements, there was no evidence in form of reports and Contracts Committee minutes to show that they submitted monthly reports for the micro procurements conducted to the Contracts Committee through the PDU for ratification and further reporting to the Authority contrary to Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulation 2023.

The audit established that User Departments and Lower Local Governments handled micro procurements worth UGX 30,000,000 without evidence of submission of monthly reports to the Contracts Committee through the PDU for ratification.

Implication

Failure to report on micro-procurements contravenes the principles of transparency and accountability highlighted in Section 48 of the PPDA Act, Cap 205, and Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023 which requires the Entity to report on all procurement activities.

Management Response

Management has written to all User Departments and lower local governments to submit micro procurements as required by Regulation 15 (1) of the PPDA (Procuring and Disposing Entities).

Recommendation

The Accounting Officer should prevail over User Departments and Lower Local Governments to ensure that a report on all the procurement activities undertaken by the Entity is submitted to the Authority, by the fifteenth day of the following month in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations 2023 and Section 48 of the PPDA Act, Cap 205.

2.1.4 Irregularities during the initiation

Section 60 of the PPDA Act requires Procuring and Disposing Entities to document procurement or disposal requirements, confirm availability of funding in the full amount over the required period and obtain the Accounting Officer's approval prior to the commencement of any procurement and disposal process. The Authority noted irregularities during the initiation of two procurement transactions worth UGX 112,000,000 as detailed in Table 4 below:

Table 4: Procurement transactions with irregularities at initiation

No	Subject of procurement	Amount (UGX)	PPDA Finding
1	Construction of a 4000 m3 tank at Makondo village in Kinuuka Sub County	100,000,000	Incomplete procurement requisition form as the sections for: date required and funds availability were left blank. Furthermore, the sections for the request for procurement by the originating officer and approval to procure by the Authorizing Officer were both signed by the District Water Officer, thereby

No	Subject of procurement	Amount (UGX)	PPDA Finding
			disregarding the controls embedded into the PP Form 1 issued by the Authority.
2	Revenue collection: Fees from Kasagama Livestock Market from Kasagama Sub County	12,000,000	The statement of requirements in form of Terms of Reference was not attached to the procurement requisition prior to the confirmation of funding by the Accounting Officer.
Total		112,000,000	

Implications

- The controls embedded within the LG PP Form 1 were not adhered to.
- The Provider may not be given sufficient information to meet the needs of the User Department which may lead to failure to meet the intended purpose of the procurement.

Management response

Management has taken note of the recommendation and will organize an internal training workshop to refresh and train users on how to initiate procurement requisitions and the attachments thereto.

Recommendations

- The Head Procurement and Disposal Unit should ensure that the controls embedded into the approved procedural forms are adhered to in accordance Section 44 of the PPDA Act, 2003.
- The Heads of User Departments should ensure that statements of requirements, that is, specifications for supplies, terms of reference for services, and bills of quantities for works, are prepared and attached to the procurement requisitions before approval in accordance with Section 61 of the PPDA Act 2003.

2.1.5 Issuance of solicitation documents with inadequate requirements

The Authority reviewed the solicitation documents of the sampled procurements and observed that in the procurement for revenue collection fees from Kasagama Livestock Market from Kasagama Sub County worth UGX 12,000,000, the solicitation documents had an inadequate evaluation criteria contravening Regulation 47 (3) of the PPDA (Rules and Methods for Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023.

According to the evaluation criteria in the bidding document issued on 25th May 2023, the financial capacity of the firm (forecasted monthly and annual income/revenue statement, bank statement) was required without stating the qualifying amount, which makes the technical evaluation of the requirement subjective to the evaluator.

Implication

Inadequate evaluation criteria expose the Entity to the risk of awarding contracts to bidder with insufficient capacity, hence leading to delayed execution or shoddy works.

Management response

No response from the Entity.

Recommendations

The Procurement and Disposal Unit should set evaluation criteria that can assess the ability to perform the proposed contract, the technical and financial ability of the bidder in accordance with Regulation 47 (3) of the PPDA (Rules and Methods for Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023.

2.1.6 Failure to witness bid opening

Regulation 75 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023 states that *“the public opening of bids shall be managed by the Procurement and Disposal Unit and shall be witnessed by a member of the Contracts Committee or a person authorised by the User Department.”*

The Authority observed that the records of bid receipt and bid opening were not signed by a member of the Contracts Committee or representative of the User Department in the following six procurements worth UGX 815,438,914 as detailed in Table 6:

No.	Procurement	Contract value (UGX)
1.	Renovation of Planning Unit Department Block	198,798,572
2.	Completion of a two-classroom block at Nakasozi Primary School, completion of Kinuuka Health Center III and installation of sanitary facilities at the District Health Officer's Office	192,450,000
3.	Construction of a 4000 m ³ tank at Makondo village in Kinuuka Sub County	100,000,000
4.	Revenue collection: Fees from Kasagama Livestock Market from Kasagama Sub County	12,000,000
5.	Supply of 5000metres HDPE pipes of 3 inch and two tanks of 10,000 litres for the water sector	139,060,000
6.	Construction of ferro cement tanks, two stance VIP Latrine at Kinuuka CAIP Milk coolers, Completion of Namutamba HC II, Construction of waiting shed at Lyantonde Hospital, renovation of women's ward at Lyantonde Hospital, renovation of eye clinic at hospital, renovation of Kitabo water tank and completion of crop laboratory under Production Department	173,130,342
Total		815,438,914

Implication

This contravenes the principle of transparency highlighted in Section 48 of the PPDA Act, Cap 205.

Management response

Contracts Committee witnessed the record of bid opening for all projects opened during the bid opening session but did not sign off the bid opening records on each procurement action file. Management will in future signoff all the records of bid opening on procurement action files.

Recommendation

The Accounting Officer should ensure that public opening of bids is managed by the Procurement and Disposal Unit and witnessed by a member of the Contracts Committee or a person authorised by the User Department in accordance with Regulation 75 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023.

2.1.7 Low bidder participation

Section 49 of the PPDA Act, Cap. 205 emphasizes the need to maximize competition in all procurement and disposal processes to achieve value for money. However, 30% of the sampled procurements worth UGX **510,988,914** received only two bidders responding to bid invitations as detailed in Table 7 below:

Table 7: Procurements with low bidder participation

No.	Subject of procurement	Amount (UGX)	Number of bidders invited	Number of bids received
1.	Renovation of Planning Unit Department Block	198,798,572	open	2
2.	Supply of 5000metres HDPE pipes of 3 inch and two tanks of 10,000 litres for the water sector	139,060,000	open	2
3.	Construction of ferro cement tanks, two stance VIP Latrine at Kinuuka CAIIP Milk coolers, Completion of Namutamba HC II, Construction of waiting shed at Lyantonde Hospital, renovation of women's ward at Lyantonde Hospital, renovation of eye clinic at hospital, renovation of Kitabo water tank and completion of crop laboratory under Production Department	173,130,342	open	2
Total		510,988,914	Average	2

Implication

The low bidder participation with an average of 2 bids per procurement, falls short of the desired competitive standards, potentially compromising the achievement of value for money in Lyantonde District Local Government's procurement processes.

Management Response

The challenge of low bidder participation was attributed to low value procurements that the Lyantonde Local Government offered. However, with the amended PPDA Regulations (2003) that has provide for high value thresholds, bidder participation will improve.

Recommendations

1. The Accounting Officer should sensitize bidders so as to improve the level of confidence bidders have in the procurement processes of the Entity such that they maximize competition in accordance with Section 49 of the PPDA Act, Cap 205.
2. The Head Procurement and Disposal Unit should ensure that procurement while using the Request for Quotation method, a shortlist of at least six providers should be solicited so as to maximize competition in accordance with Regulation 20 (1) of the PPDA (Rules and Methods for procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.8 Irregularities during the evaluation of bids

Regulation 73 of the (LG) PPDA Regulations, 2006 states that a substantially compliant and responsive bid shall conform to all the instructions, requirements, terms, and conditions of the bid documents without material deviation, or omission. The Authority noted that the above Regulation was flouted by the Evaluation Committee in three procurement transactions worth UGX 487,410,829 as detailed in Table 8 below:

Table 8: Procurements with evaluation irregularities

No.	Subject of procurement	Findings
1.	Construction of staff house at Kabetemere HC III worth UGX 175,220,487 Method: Open Domestic Bidding	Passing non-compliant bidder The best-evaluated bidder, Tonny and Tonny General Construction SMC Ltd, did not have sufficient experience but was found compliant at the preliminary evaluation stage and passed to the next stage. The requirement was for a minimum annual turnover of UGX 200,000,000 calculated as total certified payments received within the last 4 years. However, the bidder submitted evidence of contracts executed worth UGX 32,394,178 which entailed construction and renovation of 5 stance lined latrines. Furthermore, the document required a bidder to have general experience as a contractor or sub-contractor for at least the last 4 years prior to bid submission and with activity within 6 months in each year. However, Tonny and Tonny General Construction SMC Ltd was non-existent 4 years prior to bid submission (18 th December 2019) since the company was incorporated in November 2020 and the bid submission date was 18 th December 2023.

No.	Subject of procurement	Findings
		<p>The requirement was for the bidder to have access to the availability of financial resources such as liquid assets, unencumbered real assets, lines of credit and other financial means to meet the cash flow requirement of UGX 100,000,000. Whereas the bidder indicated a line of credit of UGX 50,000,000, there was no evidence availed in the form of a letter from the bank/ creditor to support this.</p>
2.	<p>Construction of ferro cement tanks, two stance VIP Latrine at Kinuuka CAIP Milk coolers, Completion of Namutamba HC II, Construction of waiting shed at Lyantonde Hospital, renovation of women's ward at Lyantonde Hospital, renovation of eye clinic at hospital, renovation of Kitabo water tank and completion of crop laboratory under Production Department worth UGX 173,130,342</p>	<p>Passing non-compliant bidder</p> <p>The best evaluated bidder, Tonny and Tonny General Construction SMC Ltd, did not have sufficient experience but was found compliant and passed to the next stage. The requirement was for a minimum annual turnover of UGX 200,000,000 calculated as total certified payments received within the last 4 years. However, the bidder submitted evidence of contracts executed worth UGX 42,104,565 which entailed construction and renovation of 5 stance lined latrines.</p> <p>Furthermore, the document required a bidder to have general experience as a contractor or sub-contractor for at least the last 4 years prior to bid submission and with activity within 6 months of each year. However, Tonny and Tonny General Construction SMC Ltd was non-existent 4 years before bid submission (18th December 2019) since the company was incorporated in November 2020 and the bid submission date was 18th December 2023.</p> <p>The requirement was for the bidder to have access to the availability of financial resources such as liquid assets, unencumbered real assets, lines of credit and other financial means to meet the cash flow requirement of UGX 100,000,000. Whereas the bidder indicated a line of credit of UGX 50,000,000, there was no evidence availed in the form of a letter from the bank/ creditor to support this.</p>
3.	<p>Supply of 5000metres HDPE pipes of 3 inch and two tanks of 10,000 litres for the water sector worth UGX 139,060,000</p> <p>Method: Open Domestic Bidding</p>	<p>Failure to carry out post qualification on the best evaluated bidder</p> <p>This was a requirement to establish whether the best evaluated bidder has the capacity and financial resources to execute the procurement, and the post qualification was to focus on;</p> <ul style="list-style-type: none"> • Experience of at least 2 projects of similar nature in the last four immediate years each of not less than UGX 40,000,000. • Average annual turnover of at least UGX 50,000,000 in the past three immediate years.

No.	Subject of procurement	Findings
		However, according to the evaluation report dated 10 th October 2023, it was stated that post qualification was not done.

Implications

- Passing non-compliant bidders contravenes the principles of fairness and accountability in the evaluation of bids.
- This may lead to the awarding of contracts to non-existent companies, or providers without the capacity to undertake the works hence exposing the Entity to a risk of failure to deliver as planned, shoddy works, and loss of time due to repetition of the process.

Management Response

Management has taken note of the audit finding and will implement the audit recommendation.

Recommendations

The Evaluation Committee (s) should strictly adhere to the evaluation criteria set out in the solicitation document in accordance with Section 76 (3) of the PPDA Act, Cap 205.

2.1.9 Irregularities at contracting

The Authority noted that there were irregularities at the contracting stage of the following five procurements worth UGX 839,599,401 detailed in Table 9 below:

Table 9: Procurements with irregularities at contracting

No.	Subject of procurement	Findings
1.	Renovation of Planning Unit Department Block worth UGX 198,798,572	Signing a contract against an expired bid. The bid for Dasphat General Investments Limited was submitted on 18 th December 2023 with a bid validity period of 60 days, ending 17 th February, 2024. However, the contract was signed on 8 th April 2024, 52 days after the bid had expired. Incomplete agreement. The General Conditions of Contract and Bills of Quantities (BOQs) were not part of the contract agreement signed on 8 th April 2024 and therefore were not signed/initialed by the Accounting Officer and Contractor's representative.
2.	Construction of staff house at Kabetemere HC III worth UGX 175,220,487	Signing a contract against an expired bid. The bids expired on 4 th March 2024, the bid security expired on 2 nd April 2024 and yet the contract was signed on 11 th April 2024. Signing inadequate contracts The contract signed on 11 th April 2024 lacked key documents as stipulated in Clause 9 of the agreement; letter of acceptance, General conditions of contract, Drawings, and BOQs.
3.	Construction of ferro cement tanks, two stance VIP Latrine at	Signing inadequate contracts

No.	Subject of procurement	Findings
	Kinuuka CAIP Milk coolers, Completion of Namutamba HC II, Construction of waiting shed at Lyantonde Hospital, renovation of women's ward at Lyantonde Hospital, renovation of eye clinic at hospital, renovation of Kitabo water tank and completion of crop laboratory under Production Department worth UGX 173,130,342	The contract signed on 11 th April 2024 lacked key documents as stipulated in Clause 9 of the agreement; letter of acceptance, General conditions of contract, Drawings, and BOQs.
4.	Completion of a two-classroom block at Nakasazi Primary School, completion of Kinuuka Health Center III and installation of sanitary facilities at the District Health Officer's Office worth UGX 192,450,000	Vague/unclear contract term. GCC 61.1 of the Special Conditions of Contract signed on 11 th December 2023 stated that " <i>Performance Security shall not be required, Equivalent to 10% of the contract price,</i> " this can confuse contract management.
5.	Construction of a 4000 m3 tank at Makondo village in Kinuuka Sub County worth UGX 100,000,000	Vague/unclear contract term. GCC 61.1 of the Special Conditions of Contract signed on 11 th December 2023 simply stated that " <i>Performance Security shall be required.</i> " This can cause confusion or conflict during contract management because the percentage or amount of Performance Security required was not stated to clearly guide the contractor. There was no evidence of submission of Performance Security and yet GCC 61.1 of the Special Conditions of Contract signed on 11 th December 2023 stated that " <i>A Performance Security shall be required.</i> "

Implications

- The inconsistencies in contract conditions also point to a lack of checks and balances by the Contracts Committee.
- Unclear terms of the contract imply that the Entity did not have a mechanism in place to guard itself against non-performing contractors who may abandon or fail to perform the contracts in accordance with the specified terms.

Management response

Management has taken note of the audit finding and will implement the recommendations.

Recommendations

- The Head Procurement and Disposal Unit should see to it that the contract and documents forming part of the contract are representative of the bidding document that was issued to bidders and any changes to the contractual terms and conditions should be justified and approved by the Contracts Committee in accordance with Section 31 (1) (a) (iv) of the PPDA Act, Cap 205.
- The Contracts Committee should thoroughly review contract documents for completeness, consistency, correctness, and accuracy before approval, as required by Section 31 (1) (a) (iv) of the PPDA Act, Cap 205.

2.1.10 Failure to enforce the requirement of submission of Performance Security

The Entity did not enforce the requirement for submission of a Performance Security by the contractor in the following two procurements worth UGX 239,060,000. This was contrary to Clause GCC 61.1 of the Special Conditions of the Contract that required the providers to submit Performance Securities within 21 days. However, by the time of the inspection, there was no evidence on the procurement action files that these securities were submitted as detailed in Table 10 below:

No.	Procurement	Contract value (UGX)
1.	Construction of a 4000 m3 tank at Makondo village in Kinuuka Sub County	100,000,000
2.	Supply of 5000metres HDPE pipes of 3 inch and two tanks of 10,000 litres for the water sector	139,060,000
Total		239,060,000

Implication

The Entity has no recourse for compensation for any loss resulting from the contractor's non-performance of the contract.

Management Response

Management has taken note of the audit finding and will implement the recommendation.

Recommendation

The Accounting Officer should ensure that all providers submit Performance Securities if it's a requirement in the signed contract in accordance with Regulation 13 (1) (a) of the PPDA (Contracts) Regulations 2023.

2.1.11 Missing records on procurement action files

Section 41 of the PPDA Act, Cap 205 and Guideline 10 of 2024 requires the Entity to maintain records on the procurement and disposal proceedings. However, the inspection revealed that 7

sampled procurement action files worth UGX 767,725,072 were incomplete with the following missing records detailed in Table 11 below:

Table 11: List of missing records on procurement action files

No.	Subject of Procurement	Amount (UGX)	Records missing
1.	Renovation of Planning Unit Department Block	198,798,572	<ul style="list-style-type: none"> • Contract offer • Acceptance • Notice of best-evaluated bidder • Contract implementation plan • Completion certificate and handover report
2.	Completion of a two-classroom block at Nakasozi Primary School, completion of Kinuuka Health Center III and installation of sanitary facilities at the District Health Officer's Office	192,450,000	<ul style="list-style-type: none"> • Notice of best-evaluated bidder • Outstanding balance of UGX 86,199,500 • Completion certificate and handover report
3.	Construction of a 4000 m3 tank at Makondo village in Kinuuka Sub County	100,000,000	<ul style="list-style-type: none"> • Notice of best-evaluated bidder • Contract management records • Payment records • Completion certificate and handover report
4.	Revenue collection: Fees from Kasagama Livestock Market from Kasagama Sub County	12,000,000	<ul style="list-style-type: none"> • Contract management records • Completion certificate and handover report
5.	Design, Supply and Installation of micro scale irrigation system for Abaho Frank	25,416,500	<ul style="list-style-type: none"> • Contract management records • Completion certificate and handover report
6.	Supply of 5000metres HDPE pipes of 3 inch and two tanks of 10,000 litres for the water sector	139,060,000	<ul style="list-style-type: none"> • No payment vouchers • Goods Received Note • Delivery note
7.	Emergency maintenance of Keith Muhakanizi Memorial Road	100,000,000	Payment vouchers
Total		767,725,072	

Implication

This affected the inspection trail since the inspection failed to establish whether contracts were effectively managed and payments made as per the contractual obligations.

Management Response

The documents in the entity are kept at different centers, Procurement and Disposal Unit, Finance department, Contract Managers and Stores. At the time of the inspection, whose time was short, records were not quickly put on the procurement action file but the documents are available for review.

Authority's response

Evidence of availability of the documents highlighted in Table 11 was not provided as attachments in the Entity's response. Therefore, the query still stands.

Recommendation

The Accounting Officer should ensure that all necessary documentation relevant to a procurement process is submitted to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action file in accordance with Section 33 (o) of the PPDA Act, Cap 205 and PPDA Guideline 10 of 2024.

2.1.12 Non-Compliance with beneficial ownership disclosure requirements

PPDA Circular No. 1 of 2021 requires Procuring and Disposing Entities to submit beneficial ownership information for awarded contracts in their monthly reports to the Authority. The Authority found in all the 10 sampled procurement transactions worth UGX 1,226,216,901, Lyantonde District Local Government did not enforce the above requirement. Specifically, bidders were not required to disclose beneficial owner information and consequently, the Entity omitted this crucial detail in their monthly reports to the Authority.

Implication

This non-compliance increases the risk of corruption, fraud, and tax evasion by the ultimate beneficiaries of company proceeds.

Management Response

Management has taken note of the audit finding and recommendation.

Recommendation

The Procurement and Disposal Unit should:

1. Require bidders to submit beneficial owner information through bidding forms and company Form 1; and
2. Include particulars of beneficial owners in monthly reports submitted to the Authority in accordance with the PPDA Circular No. 1 of 2021.

2.2 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, CAP. 205 AND PPDA REGULATIONS

The inspection revealed the following exceptions:

2.2.1 Inadequate Disposal Planning

Section 60 (2) of the PPDA Act, 205 requires a Procuring and Disposing Entity to plan its procurement and disposal rationally. The inspection revealed that the Procurement and Disposal Unit did not prepare a disposal plan for the Financial Year 2023/2024, despite having obsolete assets recommended for disposal by the Board of Survey Report for the Financial Year 2022/2023.

Implication

Failure to prepare a disposal plan prevents the Entity from effectively disposing of obsolete assets, resulting in further deterioration and loss of value.

Management response

Management has taken note of the audit finding and recommendation.

Recommendation

The Head Procurement and Disposal Unit should prepare a disposal plan for all assets that were recommended by the board of survey report in accordance with Section 60 (1) of the PPDA Act, Cap 205.

2.2.2 Failure to dispose of Lyantonde District Local Government's obsolete assets

Lyantonde District Local Government did not dispose of obsolete assets recommended by the Board of Survey Report for Financial Year 2022/2023 contrary to Regulation 3 of the PPDA (Disposal) 2023. The details of these assets are shown in Table 12 below:

Table 12: Obsolete assets recommended for disposal as per the Board of Survey FY 2022/2023

S/N	ITEM	Quantity	Details/Registration number
1.	Used tyres	24	Several
OTHER ITEMS			
S/N	MOTORCYCLES	QUANTITY	
1.	Jialing Model: JH125 III YOM 2009/4	1	
2.	Jialing	1	LAAAJKJG790001972
3.	Jialing	1	LAAAJKJG380000669
4.	Suzuki	1	Engine No. k50-394091 Chasis: k50-368906
5.	Honda	1	Reg No.: LG-0007-77 Chasis: LWBPCJ1F671056484
6.	Yamaha: YOM 2008/11	1	Reg No.: LG-0020-77 Chasis: LBPKE129490032575
7.	Suzuki TF	1	Chasis: TF125-137126
8.	Yamaha AG	1	Chasis: 3HA-087953
9.	Suzuki TF	1	Chasis: TF125-144432
10.	Suzuki TF	1	Chasis: TF125-136843
11.	Suzuki TF	1	Chasis: TF125-151882

S/N	ITEM	Quantity	Details/Registration number
12.	Jialing Model: JH125LI YOM 2000/3	1	Chasis: LAAAJCJLB3Y0000791
13.	Jialing	1	Chasis: LAAAJKJG510002994
14.	Jialing	1	Chasis: JH125LII960000653
15.	Yamaha DT125	5	Chasis: DE0XX2X-027975
16.	Unknown	1	Reg. No.: LG 0004 070
17.	Unknown	1	Reg. No.: LG 0007 77 Chasis: LWBPCJ1F671056484
18.	Unknown	1	Reg. No.: UG 183R Chasis: LAAAJKJG884001404
19.	Unknown	1	Reg. No.: UG 1744A Chasis: TF125-151884
20.	Maruti Suzuki	1	Reg. No.: UG 094S
21.	Yamaha	1	Reg. No.: LG 0021-77
22.	Yamaha DT	1	Reg. No.: UG 028S
23.	Yamaha DT	1	Reg. No.: UG UDA0017-77
	ENGINES		
1.	Engine block	1	No. 3L-4309280
2.	Engine block	1	No. WLAT-1116826
3.	Engine block	1	No. 6BD1-487079
4.	Engine block	1	No. WLAT-873305
	GENERAL ITEMS		
1.	Bell housing	1	
2.	Propeller shaft	1	
3.	Air cleaner housing	1	
4.	Radiator assy	3	
5.	Wedges	3	
6.	Front guard	2	
7.	Mould blades	Many	
8.	Drag link	1	
9.	Battery (N100,N70)	Many	
10.	Head lamps	Many	
11.	Rear lamps	Many	
12.	Shock absorbers	2	
13.	Rear guard assy	1	
14.	Rim	1	
15.	Printers	2	
16.	Uninterrupted Power Supply (UPS)	Many	
17.	Air cleaner elements	2	
18.	Scraps of replaced vehicle parts	Many	
	MOTOR VEHICLES		
1.	Isuzu Dump Truck	1	Engine No.: 6BD1-487079 VIN JALHTR 11HJ3000594
2.	Ford Ranger	1	LG 0023 77

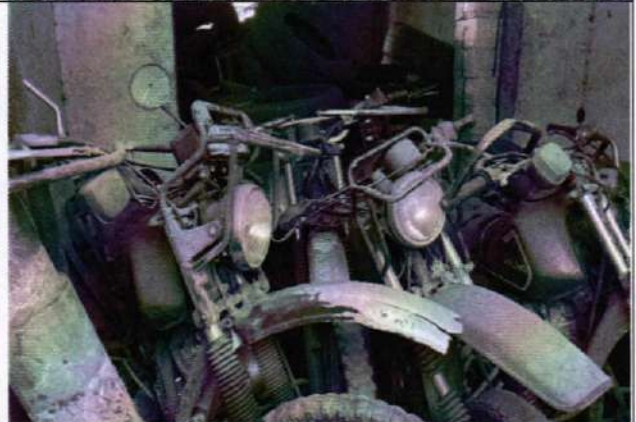
S/N	ITEM	Quantity	Details/Registration number
3.	Ford Pickup	1	UG 1245R
4.	JMC Pickup	1	LG 0003 070
5.	Mercy Ferguson	1	LG 0015 77
6.	Dump truck	1	LG 002 070
7.	Toyota Hilux	1	LG 0001 77
8.	Nissan Hardbody	1	UG 1186R
9.	Mitsubishi double cabin	1	UG 1115E
10.	Tractor	1	285G/TMOO
	IT RELATED ITEMS		
1.	Chassis frame	1	
2.	Cutting edges	1	
3.	G box	1	
4.	Network-Switch case	1	
5.	Tool box (used parts)	1	
6.	Various booklets	Many	
7.	Borehole pipe	38	
8.	Borehole scrap	5	
9.	Fridges	2	
10.	Metallic tanks	3	
11.	Council hall benches	3	
12.	Desktop computer	1	
13.	Photocopier	1	
14.	Typewriters	2	
15.	Rotating Office chair	1	
16.	Safes	2	
17.	Louvers and louver frames	100	
18.	Sofa set	1	
19.	Typewriter omega type	2	
20.	Laptop	1	
21.	CAIIP Generator	1	

Some of the obsolete assets are pictured below in Figure 1:

Figure 1: Obsolete assets









Implication

Failure to dispose of inhibits the achievement of value for money as funds are held up in assets and also further lost through continuous deterioration of the assets.

Management response

In the Financial Year 2022/2023, Lyantonde DLG disposed of assets, but some assets did not attract bidders. Others belong to line ministries like Works, Education and Local Government. However, in the Board of Survey report for the Financial Year 2024/2025, most of the assets appearing in the photos have been recommended for disposal.

Recommendation

The Accounting Officer should conduct disposal of all the obsolete items identified by the Board of Survey following Regulations 2 and 3 of 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

The following non-conformities were noted:

2.3.1 Delays at contract implementation

Section 51 of the PPDA Act, Cap 205 requires all procurement and disposal processes within an Entity to be conducted in a manner that promotes economy, efficiency and value for money. Delays were noted at contract implementation in four procurements worth UGX 530,056,842 as detailed in Table 13 below:

Table 13: Procurements with delays at contract implementation

No.	Procurement subject	Observation
1.	Completion of a two-classroom block at Nakasozi Primary School, completion of Kinuuka Health Center III and installation of sanitary facilities at the District Health	Delayed payment. Goase Enterprises Ltd's invoice was dated 19 th April 2024 but payment was effected on 12 th and 17 th July 2024, two months after, a yet GCC 43.1 of the Special Conditions of Contract required the Entity to pay

No.	Procurement subject	Observation
	Officer's Office worth UGX 192,450,000	the contractor within 30 days of receipt of the invoice.
2.	Design, Supply and Installation of micro scale irrigation system for Abaho Frank worth UGX 25,416,500	Delayed payment. Bekunda Investments Ltd's claim or invoice was dated 24 th May 2024 but payment was made on 12 th July 2024, two months after, a yet GCC 43.1 of the Special Conditions of Contract required the Entity to pay the contractor within 30 days of receipt of the invoice.
3.	Construction of ferro cement tanks, two stance VIP Latrine at Kinuuka CAIP Milk coolers, Completion of Namutamba HC II, Construction of waiting shed at Lyantonde Hospital, renovation of women's ward at Lyantonde Hospital, renovation of eye clinic at hospital, renovation of Kitabo water tank and completion of crop laboratory under Production Department worth UGX 173,130,342	Delay to award contract and sign According to the planned procurement schedule, contracts were to be signed on 31 st October 2023, however, evaluation was concluded on 27 th October 2023, the contract was awarded on 16 th November 2023 and signed on 5 th December 2023, thereby creating a delay of 35 days. No evidence of the commencement and completion of works: The inspection noted that the contract expired on 11 th March 2024. However, there was no evidence availed to show that the following works had commenced as required: <ul style="list-style-type: none"> • Two stance VIP Latrine at Kinuuka CAIP Milk coolers • Completion of Namutamba HCII and completion of Crop Laboratory under Production Department This was contrary to Clause CSCC GCC 1.1 ee which required the site handover date to be not later than 14 days from the date signing of contract.
4.	Supply of 5000metres HDPE pipes of 3 inch and two tanks of 10,000 litres for the water sector worth UGX 139,060,000	Delay in awarding contract: According to the planned procurement schedule, the contract award was to be undertaken on 17 th October 2023. However, the evaluation was concluded on 10 th October 2023 and the contract was awarded on 16 th November 2023 causing a delay of 30 days.

Implications

- Delayed payments affect the provider's cash flow and could lead to bidder's loss of confidence in the Entity thereby affecting the level of participation in the advertised opportunities.
- Delayed contract award and implementation leads to delayed delivery of the much-needed services to the intended beneficiaries and is a sign of inefficiency of the procurement function.

Management Response

Management has taken note of the audit findings and recommendations.

Recommendations

Contract managers should ascertain that;

1. The Entity meets all the payment and other obligations in accordance with the terms and conditions of a contract following Regulation 52 (3) (a) (iii) of the PPDA (Contracts) Regulations, 2023.
2. Providers meet all their performance or delivery obligations following the terms and conditions of the contract in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section presents graphically the compliance inspection scores.

3.1. Overall Compliance Inspection Conclusion

The performance of Lyantonde District Local Government for the Financial Year 2023/24 was **Moderately Satisfactory** with an overall weighted average risk rating of **52.3%**.

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 detailed in Table 14 below:

Table 14: Risk Score

Risk Rating	No.	%No	Value (UGX)	%Value	Weights	Total Weighted Score	
						By No.	By Value
High	2	20	348,333,829	28	0.6	12	16.8
Medium	5	50	655,725,072	54	0.3	15	16.2
Low	2	20	124,249,000	10	0.1	2	1
Satisfactory	1	10	97,909,000	8	0	0	0
Total	10	100	1,226,216,901	100	1	29	34

$$\text{Performance by Number} = \frac{29 \times 100}{60} = 48\%$$

$$\text{Performance by Value} = \frac{34 \times 100}{60} = 56.6\%$$

$$\text{The average weighted risk rating} = \frac{48 + 56.6}{2} = 52.3\%$$

Since 52.3% falls within the 31% - 70% risk range, the performance of the Entity is rated **Moderately Satisfactory** as detailed in Table 15 below.

Table 15: Risk Rating

Risk Rating	Description of Performance
0-30%	Satisfactory
31-70%	Moderately Satisfactory
71-100%	Unsatisfactory

Figure 5: Risk Rating by Number

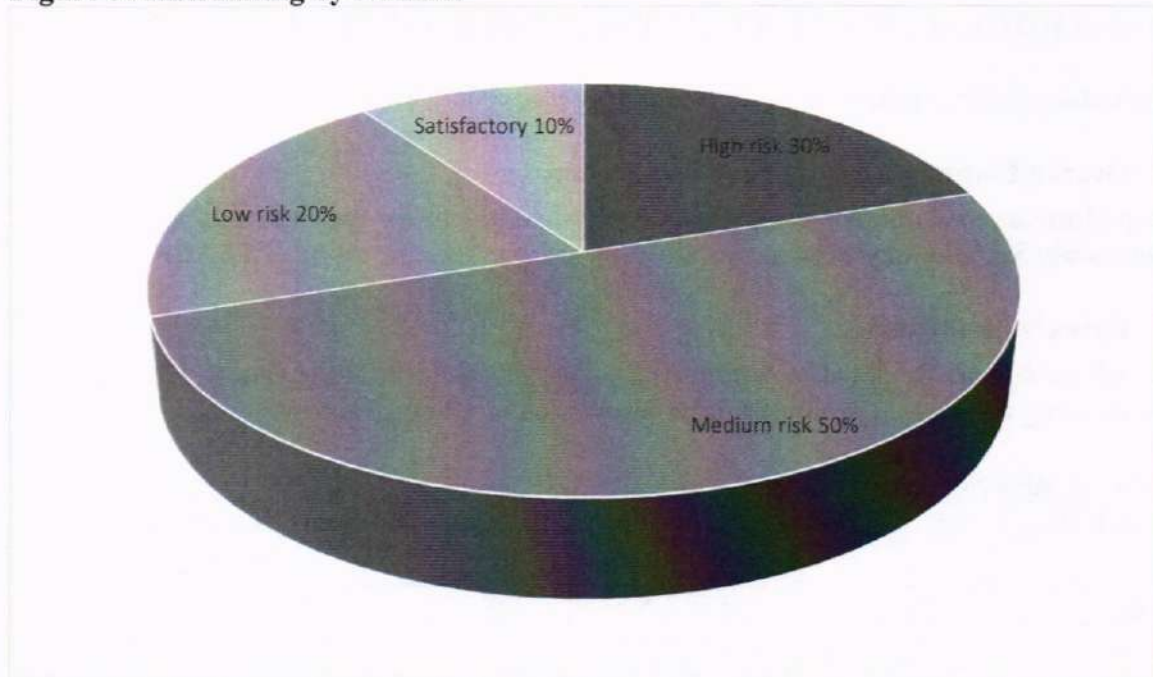
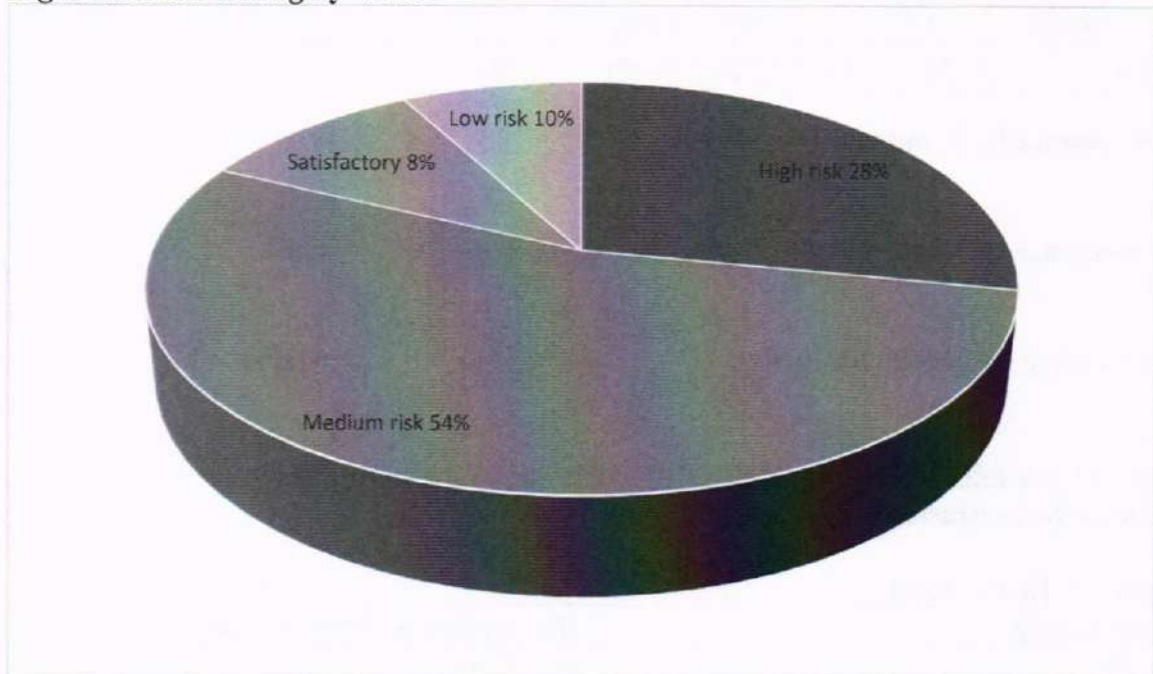


Figure 6: Risk Rating by Value



3.3. Recommended Action Plan

Lyantonde District Local Government should implement the following recommendations detailed in Table 16 within the time frame given in order to improve its performance in Procurement and Disposal.

Table 2: Recommended Action Plan

No.	Recommended Action	Target Date
1.	<p>The Accounting Officer should:</p> <ul style="list-style-type: none"> i. Task the Internal Auditor to monitor the status of the implementation of PPDA audit recommendations within the specified time frame to improve the Entity's performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205; ii. Ensure that the Entity's procurement plan is reviewed and updated whenever there are changes that affect the work plans from the User Departments in accordance with Section 60 (7) of the PPDA Act, Cap 205; iii. Prevail over User Departments and Lower Local Governments to ensure that a report on all the procurement activities undertaken by the Entity is submitted to the Authority, by the fifteenth day of the following month in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulation 2023 and Section 48 of the PPDA Act, Cap 205; iv. Ensure that the Entity's procurement plan is reviewed and updated whenever there are changes that affect the work plans from the User Departments in accordance with Section 60 (7) of the PPDA Act, Cap 205; v. Ensure that public opening of bids is managed by the Procurement and Disposal Unit and witnessed by a member of the Contracts Committee or a person authorised by the User Department in accordance with Regulation 75 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023; vi. Ensure that all necessary documentation relevant to a procurement process is submitted to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action file in accordance with Section 33 (o) of the PPDA Act, Cap 205 and PPDA Guideline 10 of 2024; and vii. Conduct disposal of all the obsolete items identified by the Board of Survey following Regulations 2 and 3 of the PPDA (Disposal of Public Assets) Regulations, 2023. 	July 2025
2.	The Head Procurement and Disposal Unit should;	July 2025

No.	Recommended Action	Target Date
	<ul style="list-style-type: none"> i. Set evaluation criteria that can assess the ability to perform the proposed contract, the technical and financial ability of the bidder in accordance with Regulation 47 (3) of the PPDA (Rules and Methods for Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023. ii. Require bidders to submit beneficial owner information through bidding forms and company Form 1 and include particulars of beneficial owners in monthly reports submitted to the Authority in accordance with the PPDA Circular No. 1 of 2021. 	
3.	Contract managers should ascertain that the Entity meets all the payment and other obligations in accordance with the terms and conditions of a contract following Regulation 52 (3) (a) (iii) of the PPDA (Contracts) Regulations, 2023.	July 2025

ANNEXES

Annex A: Case by case Risk analysis

No	HIGH RISK	REASONS FOR HIGH RISK
1.	Construction of staff house at Kabetemere HC III worth UGX 175,220,487	<ul style="list-style-type: none"> • Inadequate evaluation criteria and contract • Passing non-compliant bidder • Signing a contract on expired bid
2.	Construction of ferro cement tanks, two stance VIP Latrine at Kinuuka CAIIP Milk coolers, Completion of Namutamba HC II, Construction of waiting shed at Lyantonde Hospital, renovation of women's ward at Lyantonde Hospital, renovation of eye clinic at hospital, renovation of Kitabo water tank and completion of crop laboratory under Production Department worth UGX 173,130,342	<ul style="list-style-type: none"> • Inadequate evaluation criteria and contract • Passing non-compliant bidder • Signing a contract on expired bid • No evidence of the commencement and completion of works.

No	MEDIUM RISK	REASONS FOR MEDIUM RISK
3.	Supply of 5000metres HDPE pipes of 3 inch and two tanks of 10,000 litres for the water sector worth UGX 139,060,000	<ul style="list-style-type: none"> • Low bidder participation • Failure to carry out post qualification on the best evaluated bidder • Failure to enforce the requirement for performance security
4.	Renovation of Planning Unit Departmental Block worth UGX 198,798,572	<ul style="list-style-type: none"> • Low bidder participation • Signing a contract against an expired bid. • Missing records:
5.	Completion of a two-classroom block at Nakasozi Primary School, completion of Kinuuka Health Center III and installation of sanitary facilities at the District Health Officer's Office worth UGX 192,450,000	<ul style="list-style-type: none"> • Vague/unclear contract term • Delayed payment • Missing records
6.	Construction of a 4000 m3 tank at Makondo village in Kinuuka Sub County worth UGX 100,000,000	<ul style="list-style-type: none"> • Incomplete procurement requisition form • No evidence of submission of performance security • Vague/unclear contract term • Missing records

No	MEDIUM RISK	REASONS FOR MEDIUM RISK
7.	Design, Supply and Installation of micro scale irrigation system for Abaho Frank worth UGX	<ul style="list-style-type: none"> • Delayed payment • Missing records: contract management records

No	LOW RISK	REASONS FOR LOW RISK
8.	Rehabilitation and maintenance of Kabingo-Bugobe-Kabutetera Road 6.5km (Gravel, fill material, culverts and billboards) worth UGX 112,249,000	No ESHS provisions in the cost estimate schedule
9.	Revenue collection: Fees from Kasagama Livestock Market from Kasagama Sub County worth UGX 12,000,000	Inadequate evaluation criteria

No	SATISFACTORY CONTRACTS
10.	Emergency works on Keith Muhakanizi Memorial Road 16km (Fuel, lubricants, culverts, fill materials and billboards) worth UGX 97,909,000

Annex B: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry a risk to the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management. Significant deviations from	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and the 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 the use of less competitive methods which affects transparency, accountability, and value for money.
		Evaluation: Use of inappropriate	This implies financial loss caused by awarding

RISK	DESCRIPTION	AREA	IMPLICATION
	<p>established policies and principles and/or generally accepted industry standards will normally be rated "high".</p>	<p>evaluation methodologies or failure to conduct an evaluation.</p>	<p>contracts at higher prices or shoddy work caused by failure to recommend an award to a responsive bidder.</p>
<p>Record Keeping: Missing procurement files and missing key records on the files namely; solicitation documents, submitted bids, evaluation reports, and contracts.</p>		<p>This implies that one cannot ascertain the compliance inspection trail namely; whether there was competition and fairness in the procurement process.</p>	
<p>Fraud/forgery: Falsification of Documents</p>		<p>This implies a lack of transparency and value for money.</p>	
<p>Contract Management: Payment for shoddy work or work not delivered.</p>		<p>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</p>	
<p>MEDIUM</p>	<p>Procurements that were considered to have weaknesses, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such</p>	<p>Planning: Lack of initiation of procurements and confirmation of funds.</p>	<p>This implies committing the Entity without funds thereby causing domestic arrears.</p>
<p>Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms, and splitting procurement requirements.</p>		<p>This implies a lack of efficiency, standardization, and avoiding competition.</p>	

RISK	DESCRIPTION	AREA	IMPLICATION
	<p>procurements would normally be graded “medium” provided that there is sufficient evidence of “hands-on management control and oversight” at an appropriate level of seniority.</p>	<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>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 are not covered by the contractor during contract implementation.</p>	<p>This implies a lack of independence of functions and powers and interference in the procurement process.</p> <p>This implies that one cannot ascertain the compliance inspection trail namely; whether the necessary approvals were obtained in a procurement process.</p> <p>This leads to unjustified contract amendments and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.</p>

RISK	DESCRIPTION	AREA	IMPLICATION
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practices. 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.	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record-keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare a conflict of interest and a 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.		

Annex C: Lyantonde District Local Government compliance inspection sample list for the Financial Year 2023/2024

NO	REFERENCE	SUBJECT OF PROCUREMENT	PROCUREMENT METHOD	PROVIDER	AMOUNT (UGX)	RISK RATING
1.	LYAN580/WRKS/23-24/00001	Completion of a two-classroom block at Nakasozi Primary School, completion of Kinuuka Health Center III and installation of sanitary facilities at the District Health Officer's Office	Open Domestic Bidding	Goase Enterprises Ltd	192,450,000	Medium risk
2.	LYAN580/WRKS/23-24/00002	Construction of ferro cement tanks, two stance VIP latrine at Kinuuka CAIP milk coolers, completion of Namutamba Health Center II, construction of waiting shed at Lyantonde Hospital, renovation of Women's Ward at Lyantonde Hospital, renovation of Eye Clinic at Lyantonde Hospital, renovation of Kitabo water tank and completion of crop laboratory under Production Department.	Open Domestic Bidding	Tonny & Tonny General Construction SMC Ltd	173,113,342	High risk
3.	LYAN580/WRKS/23-24/00006	Renovation of Planning Unit Departmental Block	Open Domestic Bidding	Dasphat Investments Ltd	198,798,572	Medium risk
4.	LYAN580/WRKS/23-24/005	Construction of staff houses at Kabetemere Health Centre III	Open Domestic Bidding	Tonny & Tonny General Construction SMC Ltd	175,220,487	High risk
5.		Rehabilitation and maintenance of Kabingo-Bugobe-Kabutetera	Force Account	Stabex International	112,249,000	Low risk

NO	REFERENCE	SUBJECT OF PROCUREMENT	PROCUREMENT METHOD	PROVIDER	AMOUNT (UGX)	RISK RATING
		Road 6.5km (Gravel, fill material, culverts and billboards)		Ltd, Omacs Lyan Services Ltd		
6.		Emergency works on Keith Muhakanizi Memorial Road 16km (Fuel, lubricants, culverts, fill materials and billboards)	Force Account	Stabex International Ltd, Omacs Lyan Services Ltd	97,909,000	Satisfactory
7.	LYAN580/WRKS/23-24/00004	Construction of a 4000 m3 tank at Makondo in Kinuuka Sub County	Open Domestic Bidding	Wanaik Construction Co. Ltd	100,000,000	Medium risk
8.	LYAN580/SPLS/23-24/00009	Supply of HDPE pipes of 3" and two HDPE tanks for the water sector	Open Domestic Bidding	Crestanks Ltd	139,060,000	Medium risk
9.	LYAN580/SRVCS/23-24/00002	Revenue collection: Fees from Kasagama Livestock Market from Kasagama Sub County	Open Domestic Bidding	Tibareka James	12,000,000	Low risk
10.	LYAN580/WRKS/23-24/00007	Design, Supply and Installation of micro scale irrigation system for Abaho Frank	Open Domestic Bidding	Bekunda Investments Ltd	25,416,500	Medium risk
		TOTAL			1,226,216,901	

Annex D: Physical verification pictures as of 1st November 2024

LYAN580/WRKS/23-24/00006	Contract value (UGX): 198,798,572
Contract: Renovation of Planning Unit Departmental Block	
Provider: Dasphat Investments Ltd	
Status of works: The renovation works were complete	



