



COMPLIANCE INSPECTION REPORT

FINANCIAL YEAR 2023-2024

LIRA DISTRICT LOCAL GOVERNMENT

FEBRUARY 2025

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ACRONYMS

BOQ	Bills of Quantities
FY	Financial Year
Ltd	Limited
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act
(U)	Uganda
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the compliance inspection of Lira District Local Government that covered a sample of 10 procurement transactions conducted in the Financial Year 2023-2024. The overall objective of the compliance inspection was to assess and establish the degree of compliance of Lira District Local Government's procurement and disposal system and processes with the provisions of the PPDA Act, 2003 and the PPDA Regulations, and assess the level of procurement performance over the compliance inspection period.

From the findings of the compliance inspection exercise, the performance of Lira District Local Government for the Financial Year 2023/2024 was **moderately satisfactory** with an average weighted risk rating of **57.5%** as per the ranking in Table 16 in Chapter 3 of this compliance inspection report.

The following key exceptions were noted:

1. Irregularities in the conduct of micro procurements contrary to Regulation 41 of the Local Governments (PPDA) Regulations, 2006 including failure to evidence delegation by the Accounting Officer to User Departments to undertake micro procurements and User Departments not following the correct procedures when conducting micro procurements evidenced by lack of original invoices or receipts for these micro procurements. Subsequently, all micro procurements undertaken in the financial year under review were not reported to the Authority in the quarterly report submissions by the Entity. The Authority was unable to determine the number and value of micro procurements for the financial year under review which affected the transparency and accountability of the processes;
2. Irregularities in implementing works under Force on Account Mechanism including failure by the District Engineer to provide the Authority with the budget, plan and quarterly reports for the activities under the Uganda Road Fund; lack of evidence to prove that the Entity procured any supplies or inputs other than fuel for works under Force Account, following the procurement rules and methods outlined in Section 130 of the PPDA Act Cap. 205 and no procurement action file for the above routine mechanized maintenance activities in the Procurement and Disposal Unit containing records and reports on works undertaken using the Force Account Mechanism, contrary to Circular No. 3 of 2012 to Local Governments on use of Force Account Mechanism. There was a risk that resources allocated for the mechanized maintenance of roads were mismanaged and the works were not done in accordance with the PPDA regulations on Force on Account Mechanism;
3. The Entity issued bidding documents with irregularities including failure to issue bidders with bidding documents in three procurements worth UGX 665,587,642; inclusion of supervision costs in the BOQs in two procurements worth UGX 201,688,749; issuing ambiguous requirement for experience of the contractor and incomplete bidding document in two procurements worth UGX 201,688,749 which exposed bidders to the risk of preparing non-responsive bids and also increasing the risk of contract failure due to inadequate requirements in the bidding document;

4. Evaluation irregularities in five procurements worth UGX 867,576,391, for example, passing of non-compliant bidders, change of evaluation criteria and inclusion of new evaluation criteria during evaluation contrary to Regulation 73 (1) and (3) of the Local Governments (PPDA) Regulations, 2006 which exposed the Entity to the risk of contracting providers that could fail to execute the works/supplies with competence;
5. The Entity failed to obtain Performance Securities in five procurements worth UGX 886,904,979, contrary to GCC 61.1 which required that a Performance Security of 8% and ES Performance Security of 2% of the contract price be submitted. Lack of Performance Securities exposes the Entity to risks associated with non-performance of the contracts.
6. The issued bidding document and the signed contract had conflicting terms for four procurement transactions worth UGX 768,971,913 which had two different sets of Special Conditions of Contract as a result, the terms stated in the two SCCs contradict one another which could lead to litigation issues;
7. The Entity did not prepare and submit the disposal plan for FY 2023/2024 to the Authority contrary to Section 60 (1) of the PPDA Act Cap. 205. Furthermore, the Entity did not conduct a board of survey, lack of which could have hindered disposal planning and could lead to continued loss of value of assets; and
8. The Entity had irregularities at contract management in three procurements worth UGX 414,468,507 such as failure to deduct 5% retention, delayed site handover, irregular payment and failure to appoint a Contract Manager which casts doubt on the effectiveness of the Entity in the supervision of contracts and contravenes Regulation 119 of the Local Governments (PPDA) Regulations, 2006

In light of the above findings, the Authority recommends that:

1. The Accounting Officer should:
 - i. Where the need arises, formally delegate authority to User Departments to undertake micro procurements up to the maximum value specified in the guidelines or a lower limit prescribed by the Contracts Committee in accordance with Regulation 22 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023;
 - ii. Submit monthly reports to the Authority on works implemented under the Force on Account Mechanism in Financial Year 2023/2024 in accordance with Regulation 15 (1) of the PPDA (PDEs) Regulation, 2023;
 - iii. Task the District Engineer to show cause why disciplinary action should not be taken against him for the failure to effectively implement Force on Account activities in accordance with Circular No. 3 of 2012 to Local Governments on the application of the use of Force on Account Mechanism to ensure value for money;
 - iv. Instruct the District Engineer to share all copies of records and reports on Force on Account Mechanism with the Procurement and Disposal Unit and maintain and manage the records of the works, equipment and supplies in accordance with Section 130 (5) (e) of the PPDA Act Cap. 205;

- v. Task the Evaluation Committees to show cause why disciplinary action should not be taken against them for the failure to effectively evaluate the bids in accordance with the set evaluation criteria in the bidding document.
 - vi. Task contractors to fulfil the conditions of contract effectiveness, such as obtaining the required performance securities from contractors, before they are allowed access to the sites in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023;
 - vii. Terminate the contract in the event the contractor does not provide the performance securities within the stipulated time in accordance with Regulation 12 (2) of the PPDA (Contracts) Regulations, 2023;
 - viii. Only sign contract documents after satisfying himself on the correction of any contradictions that may be contained therein and that the contracts are complete;
 - ix. Ensure that a board of survey is conducted to determine assets to be disposed of and the Procurement and Disposal Unit prepares a disposal plan and submits it to the Authority in accordance with Section 60 (1) of the PPDA Act Cap. 205; and
 - x. Prevail over the Contract Managers to submit monthly progress /contract management reports to the Accounting Officer and Procurement and Disposal Unit as required under Regulation 52 (3) (g) of the PPDA (Contracts) Regulation 2023.
2. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.
3. The Procurement and Disposal Unit should:
- i. Submit to the Authority monthly procurement and disposal reports and performance data of all procurement transactions including micro procurements undertaken by the Entity not later than the fifteenth day of the following month in accordance with Regulation 15 (1) of the PPDA (PDEs) Regulations, 2023;
 - ii. Issue bidding documents to all participating bidders in accordance with Regulation 57 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - iii. Prepare solicitation documents that define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 42 (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - iv. Set evaluation criteria that is appropriate and suits the objectives of the procurement in accordance with Regulation 42 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - v. Prepare bidding documents that adhere to the PPDA Circular No. 1 of 2015 (VAT Registration of Bidders); and
 - vi. Prior to forwarding the evaluation report to the Contracts Committee all approved Evaluation Committee members attended the evaluations or are absent with justification in accordance with Regulations 4 (3 to 7) of the PPDA (Evaluation) Regulations, 2023.

4. The Evaluation Committee should:

- i. Evaluate the bids following the criteria set in the bidding document and waive any non-material deviations in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023;
- ii. Verify the accuracy, validity and authenticity of the documents submitted by a bidder during preliminary examination in accordance with Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2023; and
- iii. Be vigilant while reviewing the information submitted by the bidders for conformity with the set criteria, before passing bidders in accordance with Section 76 (3) of the PPDA Act Cap. 205.

5. The User Departments should:

- i. Plan and budget for supervision fees under costs of investment as opposed to including them in contracts where the funds are first paid to the contractors who then make payments to the contract supervisors;
- ii. Submit monthly progress /contract management reports to the Accounting Officer and Procurement and Disposal Unit as required under Regulation 52 (3) (g) of the PPDA (Contracts) Regulation 2023;
- iii. Ensure timely handover of works as well as supervise contractors to perform contracts in a way that promotes efficiency in accordance with Section 51 of the PPDA Act Cap. 205.

Lira District Local Government should implement the recommendations in the action plan on pages **42 to 46**.

CHAPTER 1: INTRODUCTION

1.1. Structure of the Entity

Section 28 (1) of the PPDA Act Cap. 205, gives the Accounting Officer the overall responsibility for successfully executing the procurement and disposal processes in Lira District Local Government. The Accounting Officer of Lira District Local Government during the Financial Year under inspection was the Chief Administrative Officer, Mr. Ismael Ochengel. The composition of the Contracts Committee and Procurement and Disposal Unit are detailed in Appendix III.

1.2. Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance inspection of Lira District Local Government that covered a sample of 10 procurement transactions conducted in the Financial Year 2023/2024, vide Appendix I.

1.3. Objective of the Compliance inspection

The overall objective of the compliance inspection exercise was to assess the effectiveness and efficiency of the procurement and disposal processes at the Entity and adherence to the PPDA Act Cap. 205, attendant PPDA regulations and public procurement policies so as to determine the procurement performance over the compliance inspection period.

The specific objectives were to assess the:

- i. Compliance of the Entity's procurement processes with the provisions of the PPDA Act Cap. 205 and PPDA Regulations with regard to the performance of the procurement structures and conduct of procurement processes;
- ii. Degree of compliance of the Entity's disposal processes with the provisions of the PPDA Act Cap. 205 and PPDA Regulations;
- iii. Level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process; and
- iv. Assess the progress and performance of the Micro-scale Irrigation Program in Lira District Local Government.

1.4. Compliance inspection Scope

The compliance inspection involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The compliance inspection covered a sample of 11 procurement and disposal transactions worth UGX 1,666,877,755 conducted during the Financial Year 2023/2024, vide **Appendix I**.

1.5. Methodology

The compliance inspection examined records and documents for each sampled transaction and obtained relevant and sufficient evidence to derive the compliance inspection conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and management.

During the compliance inspection, the auditors met with the staff from the Procurement and Disposal Unit (PDU), Contracts Committee, Internal Compliance inspection, and User Departments where necessary, to obtain crucial qualitative information about the internal control

system and processes in place.

A debrief meeting to discuss preliminary findings that arose during the inspection was held with the Entity management and staff on **10th October 2024** before the auditors could embark on preparation of the management letter. The management letter was sent to the Entity on **21st November 2024** with a requirement to submit a management response by **29th November 2024**, but the Entity submitted its response to the Authority on **10th December 2024**.

This report presents the key findings and conclusions arising from the compliance inspection exercise.

CHAPTER 2: COMPLIANCE INSPECTION FINDINGS AND RECOMMENDATIONS

2.1.COMPLIANCE OF THE ENTITY WITH THE PROVISIONS OF THE PPDA ACT CAP.205 AND PPDA REGULATIONS WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT PROCESSES.

2.1.1. Procurement plan implementation rate

The Authority found that the Entity procured items worth UGX 2,020,828,749 for the Financial Year 2023-2024. This amounted to 76.3% of the planned procurement value worth UGX 629,037,735. Procurements worth an estimated UGX 629,037,735 were not implemented. The details are given in the table 1 below:

Table 1: Procurement plan implementation rate

Total procurement plan value inclusive VAT (UGX)	2,649,866,484
Total procurement spend value inclusive VAT (UGX)	2,020,828,749
Procurement plan implementation rate (%)	629,037,735
Budget Variance (UGX)	76.3%

Implication

The Entity failed to deliver goods and services worth UGX 620,037,735 to the intended beneficiaries.

Management Response

Other planned activities were not implemented because of review of work plan as per parliament resolution by changing from road rehabilitation grant to road maintenance grant. The Entity updated the procurement plan and here in attached.

Authority's comment

The Authority noted the Entity's response however the procurement plan reviewed was the most updated plan.

Recommendations

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

2.1.2. Irregularities in the conduct of micro procurements

The Authority found that User Departments undertook micro-procurements and observed the following irregularities:

1. There was no evidence of delegation by the Accounting Officer to User Departments to undertake micro procurements contrary to Regulation 41 (7) of the Local Governments (PPDA) Regulations, 2006.

2. The User Departments did not submit to the Procurement and Disposal Unit, monthly reports on micro procurements undertaken for onward submission to the Contracts Committee for ratification contrary to Regulation 41 (8) of the Local Governments (PPDA) Regulations, 2006.
3. User Departments did not follow the correct procedures when conducting micro procurements contrary Regulation 41 (5) of the Local Governments (PPDA) Regulations, 2006 evidence by lack of original invoices or receipts for these micro procurements.
4. The User Departments did not maintain records for the micro procurements undertaken throughout the financial year.

Subsequently, all micro procurements undertaken in the financial year under review were not reported to the Authority in the quarterly report submissions by the Entity. The Authority was unable to determine the number and value of micro procurements for the financial year under review which affected transparency and accountability of the processes.

Implications

- Failure to report to the Authority all procurements undertaken by the Entity contravenes the principles of transparency and accountability in public procurement.
- The Authority was unable to determine whether the Entity achieved value for money in conducting micro procurements contrary to Regulation 41 (6) of the Local Governments (PPDA) Regulations, 2006.

Management Responses

- *This is true and management will ensure that the User Departments report to the Procurement and Disposal Unit all their undertakings under micro procurements.*
- *The monthly reports have always been submitted except for micro procurements and management will ensure it is improved upon.*

Recommendations

1. The Accounting Officer should where the need arises, formally delegate authority to User Departments to undertake micro procurements up to the maximum value specified in the guidelines or a lower limit prescribed by the Contracts Committee in accordance with Regulation 22 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023.
2. The Head Procurement and Disposal Unit should submit to the Authority monthly procurement and disposal reports and performance data of all procurement transactions including micro procurements undertaken by the Entity not later than the fifteenth day of the following month in accordance with Regulation 15 (1) of the PPDA (PDEs) Regulations, 2023.

2.1.3. Understaffing of the Procurement and Disposal Unit

The Procurement and Disposal Unit was not staffed to an appropriate level contrary to Regulation 14 (b) of the Local Governments (PPDA) Regulations, 2006. The Unit only has a Senior Procurement Officer, which indicates an increased workload.

Implication

Understaffing of the Procurement and Disposal Unit affects the efficiency and effectiveness of the procurement function within the Entity thus affecting service delivery.

Management Response

The process to recruit a Procurement Officer was altered by Public Service and the communications are awaited for verification.

Authority's comment

The Authority noted the Entity's response however the issue is not yet addressed and should continue to pursue it as it is for the good of the Entity.

Recommendation

The Accounting Officer should in accordance with the Entity's staffing structure, ensure that the Procurement and Disposal Unit is fully staffed in accordance with Section 28 (1) (c) of the PPDA Act Cap. 205.

2.1.4. Failure by Internal Audit to audit the procurement function

The Authority was not granted access to the internal audit reports for the FY 2023/24 indicating that the Entity's Internal Auditor did not perform an audit of the procurement function for the FY 2023/2024 contrary to Regulation 28 of the Local Governments (PPDA) Regulations, 2006.

Implication

There was no assurance of value for money for all supplies, works, or services procured during the period under review thus undermining the principles of accountability and transparency.

Management responses

- *Internal audit has always carried out procurement audit, but last financial year the department was understaffed since the Head of Internal Audit was assigned to the head of Finance as acting CFO. Management has handled this by seconding another officer from the sub-county to help and the document is attached for review.*
- *There will be a need for capacity building.*

Authority's comment

The Authority noted the Entity's response however the Entity should hire a substantive Internal Auditor to ensure that the internal audit function is performed satisfactorily.

Recommendations

1. The Accounting Officer should seek for capacity building in review of procurement transactions from the Authority for the Internal Auditor(s).
2. The Head, Internal Audit should audit the procurement function in accordance with Regulation 27 of the PPDA (PDEs) Regulation, 2023.

2.1.5. Irregularities in implementing works under Force on Account Mechanism

The Authority found irregularities in the routine mechanized maintenance of district roads conducted under Force Account Mechanism. The monthly reports submitted to the Authority detailed amounts spent on fuel for various roads under force account for routine maintenance. For example, the fuel costs for the following roads were recorded: - Ober-Abunga-Obot road (24.8 km) fuel worth UGX 49,350,000 - Barlonyo to Akano via Morese Gaii road fuel worth UGX 26,100,000 - Baroganda to Dimdem Swamp Road fuel worth UGX 8,400,000 - Abatoadi Town

Council to Kekere Town Council (Ocokean) road (4.2 km) fuel worth UGX 12,000,000 etc. The following exemptions were noted:

The Uganda Road Fund released UGX 226,727,035 for Quarter 2 and 4 (according to the URF website) however the releases for Quarter 1 and 3 were not recorded on the Uganda Road Fund website as detailed in Table 2 below:

Table 2: Uganda Road Fund releases for the FY 23/24

No.	Quarter	Routine Manual (Kms)	Routine Maintenance (Kms)	Releases (UGX)
1.	Quarter 2	-	-	127,424,594
2.	Quarter 4	21.4	42.8	99,302,441
	Total	21.4	42.8	226,727,035

- i) Failure by the District Engineer to provide the Authority with the budget, plan and quarterly reports for the activities under Uganda Road Fund
The Authority was not provided with the budget, plan and quarterly reports for the activities under Uganda Road Fund including routine manual maintenance and routine mechanized maintenance activities;
- ii) The monthly progress reports for routine mechanized maintenance activities implemented using Force on Account Mechanism were not prepared hence not shared with the Accounting Officer, Procurement and Disposal Unit and the Authority;
- iii) There was no evidence to prove that the Entity procured any supplies or inputs other than fuel for works under Force Account, following the procurement rules and methods outlined in Section 130 of the PPDA Act Cap. 205;
- iv) There was no procurement action file for the above routine mechanized maintenance activities in the Procurement and Disposal Unit containing records and reports on works undertaken using the Force Account Mechanism, contrary to Circular No. 3 of 2012 to Local Governments on use of Force Account Mechanism;
- v) There was no evidence to prove that Contracts Committee adjudicated over submissions on works undertaken under Force Account Mechanism. This implies that the Contracts Committee did not play an oversight role in monitoring the activities conducted under Force Account Mechanism; and
- vi) The Entity did not maintain accountability records and reports for the above routine mechanized maintenance activities implemented. The following records were not available:
 - Call off orders for materials;
 - Invoices/ payment requests;
 - Amount of fuel utilized in terms of litres for each road;
 - Progress reports; and
 - Completion reports/completion certificates.

Implications

- There was a risk that resources allocated for the mechanized maintenance of roads were mismanaged and the works were not done in accordance with the PPDA regulations on Force on Account Mechanism.

- The anomalies noted above were in contravention of the principles of accountability and transparency in the application of the Force on Account Mechanism.

Management Response

We note this, and some have attached some evidence for review.

Authority’s comment

The Authority notes the Entity’s response however the evidence did not provide adequate response to the issues raised above.

Recommendations

The Accounting Officer should:

1. Task the District Engineer to show cause why disciplinary action should not be taken against him for the failure to effectively implement Force on Account activities in accordance with Circular No. 3 of 2012 to Local Governments on the application of the use of Force on Account Mechanism to ensure value for money;
2. Submit monthly reports to the Authority on works implemented under the Force on Account Mechanism in Financial Year 2023/2024 in accordance with Regulation 15 (1) of the PPDA (PDEs) Regulation, 2023; and
3. Instruct the District Engineer to share all copies of records and reports on Force on Account Mechanism with the Procurement and Disposal Unit and maintain and manage the records of the works, equipment and supplies in accordance with Section 130 (5) (e) of the PPDA Act Cap. 205.

2.1.6. Failure to fully implement the PPDA audit recommendations for FY 2020/21

The Authority found that the Entity did not fully implement the Authority’s FY 2020/2021 procurement and disposal audit recommendations contained in the report issued in June 2022. Out of the 17 recommendations made, two (11.8%) were implemented, seven (41.2%) were partially implemented and eight (47.1%) were not implemented as indicated in Table 3:

Table 3: Audit recommendations implementation status

Action Party	Recommended Action	Status of implementation
Accounting Officer	<p>The Accounting Officer should delegate all micro procurements and task all Heads of User Departments to report to the Procurement and Disposal Unit all procurements executed for reporting in the quarterly procurement and disposal reports submitted to the Authority.</p> <p><u>Management Response</u> <i>The departmental heads have been duly notified to report to the Procurement and Disposal Unit all procurements executed for the monthly reporting and warning letters have been written to them to that effect.</i></p>	Not Implemented

Action Party	Recommended Action	Status of implementation
	<p>The Accounting Officer should prevail over the Internal Audit Department following up with the responsible User Departments to implement the Internal Audit recommendations promptly.</p> <p><u>Management Response</u> <i>Management is doing so in the current financial year.</i></p>	Not Implemented
	<p>The Accounting Officer should caution the Evaluation Committees on the errors and omissions observed during evaluation and liaise with the Authority to provide capacity-building training for all Users on identified gaps in public procurement.</p> <p><u>Management Response</u> <i>The Evaluation Committees were cautioned. Capacity building training would be of so much help in improving on some gaps in public procurement and a written request will soon be sent to the Authority.</i></p>	Partially Implemented
	<p>The Accounting Officer should follow up closely with all the contractors to plant and maintain the trees as provided for in the contractual terms and conditions.</p> <p><u>Management Response</u> <i>Most of the implemented contracts have trees planted but the maintenance is not being done but the Accounting Officer has written to the contract managers to ensure that the trees are maintained.</i></p>	Not Implemented
	<p>The Accounting Officer desist from paying contractors for internal costs intended to be met by the contractors' task. The responsible User Departments to provide accountabilities for how the UGX 20,000,000 was spent on supervision of the three (3) contracts above.</p> <p><u>Management Response</u> <i>This has been noted as a bad practice to include supervision cost is the BOQ which infringes on the entity's integrity.</i></p>	Not Implemented
	<p>The Accounting Officer should closely follow up with the implementation of the Authority's recommendations made in section 2 of this report and submit an implementation status report within two (2) months from issue of the report.</p>	Partially Implemented

Action Party	Recommended Action	Status of implementation
	<p><u>Management Response</u> <i>Management will ensure that all subsequent reports on implementation status submitted on time to the authority.</i></p>	
Contracts Committee	<p>The Contracts Committee should quality assure and conduct due diligence on all solicitation documents with emphasis on instructions to bidders, evaluation criteria and methodology, statement of requirements and the special conditions of the contract.</p> <p><u>Management Response</u> <i>This will be done as advised.</i></p>	Partially Implemented
	<p>The Contracts Committee should desist from altering the bid prices at contract award without proof of holding negotiations.</p>	Implemented
Procurement and Disposal Unit	<p>The Procurement and Disposal Unit should include all revenue collection sources in the Entity's proceeding procurement plans to maximize transparency and accountability.</p>	Implemented
	<p>The Procurement and Disposal Unit should on a quarterly basis and in any other case, whenever necessary, review, update and submit the Entity's procurement plan to the Authority.</p> <p><u>Management Response</u> <i>The entity has implemented this through review and updating the procurement plan.</i></p>	Partially Implemented
	<p>The Procurement and Disposal Unit should report on all procurement and disposal requirements including micro procurements handled by the Entity to the Authority on a quarterly basis.</p> <p><u>Management Response</u> <i>This shall be improved upon</i></p>	Not implemented
	<p>The PDU should maintain and archive all records including the contract management records on the respective procurement and disposal action files.</p> <p><u>Management Response</u> <i>This has been implemented though not fully, but in the subsequent years this will be better.</i></p>	Not Implemented

Action Party	Recommended Action	Status of implementation
Evaluation Committee	<p>The Evaluation Committee should conduct evaluation in accordance with the provisions of Section 76 of the PPDA Act Cap. 205.</p> <p><u>Management Response</u> <i>The Evaluation Committee has tremendously improved though not to the maximum.</i></p>	Partially Implemented
User Departments	<p>The User Departments should recommend clear and detailed Statements of Requirements at initiation of the procurement.</p> <p><u>Management Response</u> <i>This is noted for action</i></p>	Not Implemented
	<p>The contract supervisors should prepare and share contract implementation plans with the required stakeholders for monitoring purposes.</p> <p><u>Management Response</u> <i>This shall be improved upon</i></p>	Partially Implemented
User Departments	<p>The User Departments should submit all contract management records to the Procurement and Disposal Unit for maintaining and archiving.</p> <p><u>Management Response</u> <i>There is need for adherence and a strong warning has been passed to all departments on the need to submit all contract management records to PDU for archiving.</i></p>	Not Implemented
	<p>The User Departments should take overall responsibility for contract performance and take corrective action, when necessary.</p> <p><u>Management Response</u> <i>It shall be enforced to the user departments to take overall responsibility for contract performance.</i></p>	Partially Implemented

Implication

Failure to fully implement the Authority's audit recommendations is a red flag for weak internal controls and affects the performance of the procurement and disposal function in the Entity.

Management response

Management will discuss this in Technical Planning Committee to develop strategies on how best to implement recommendations from the Authority.

Recommendation

The Accounting Officer should take corrective action and engage all stakeholders to develop strategies for the implementation of all the Authority's recommendations in accordance with Section 10 (1) (a) of the PPDA Act Cap. 205.

2.1.7. Failure by User Departments to recommend statements of requirements at the time of initiating procurements

The Authority found that in seven of the sampled procurement transactions worth UGX 1,434,559,555, the User Departments initiated procurements without recommending statement of requirements, drawings and designs to the Procurement and Disposal Unit contrary to Section 36 (1) (c) of the PPDA Act Cap. 205 as detailed in Table 4 below:

Table 4: Procurement with no statement of requirements at requisition

No.	Subject of procurement	Amount (UGX)
1.	Construction /rehabilitation of low-cost double seal road at Agweng Town Council (0.5km)	395,781,964
2.	Construction of the doctor's house	186,454,576
3.	Renovation of a 4-classroom block at Oketkwer Primary School and the renovation of a 2-classroom block at Agak Primary School worth UGX 110,018,865	117,933,066
4.	Construction of Adyaka piped water supply phase II	171,501,200
5.	Partial construction of a staff house Onywako HC II	110,080,865
6.	Sitting and drilling of 2 production wells and 2 deep boreholes	91,607,884
7.	Collection of revenue from Amach market	361,200,000
	Total	1,434,559,555

Implication

The Entity's procurement processes were irregularly commenced with incomplete requisition forms and failure to recommend statement of requirements at the time of requisitioning increased delays in the procurement processes and could result in the purchase of items that are not fit for purpose.

Management Response

Management will improve on the issue of confirmation of funding by ensuring that complete statements of requirements are attached.

Recommendation

The Accounting Officer should not confirm funding for incomplete procurement requisitions and without complete statements of requirements proposed/ recommended by the User Department in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.8. Irregularities in the issuance of bidding documents

The Authority found the following irregularities in the issuance of bidding documents as detailed below:

1. Failure to issue bidders with bidding documents

The Authority did not find bidding documents issued to bidders in three procurements worth UGX 665,587,642 contrary to Section 33 (k) of the PPDA Act Cap. 205 as detailed in Table 5 below:

Table 5: Procurements with no bidding document

No.	Subject of procurement	Contract Value (UGX)
1.	Construction of the doctor's house in Barlonyo Health Centre III	186,454,576
2. +	Renovation of a 4-classroom block at Oketkwer Primary School and the renovation of a 2-classroom block at Agak Primary School worth UGX 110,018,865	117,933,066
3.	Collection of revenue from Amach market	361,200,000
	Total	665,587,642

Implication

Failure to issue bidding documents exposes the Entity to the risk of contracting firms without the capacity to execute contracts with the Government of Uganda, procuring items that do not meet the needs of the Users and higher life cycle costs for the procured items.

Management Response

1. Construction of the doctor's house in Barlonyo Health Centre III was an additional work to the contract for construction of a new health facility which was awarded to MS Alliance Enterprises Limited for conformity and good quality work by the contractor and still had a running contract.
2. The proper procedure was not adhered which could have exposed the Entity to the risk of contracting firms without the capacity to execute contracts. Nevertheless, the Renovation of a 4-classroom block at Oketkwer Primary School and the renovation of a 2-classroom block at Agak Primary School came about due to the need for maintenance of over ten schools which was overdue for maintenance and the District Executive Committee picked on the six which was found to be more venerable for renovation and the funds available could not be enough to be contracted out except it be done under force account. The contracts committee through coopting the district engineer and the DEO agreed that there were not enough human resources to handle the implementation and the committee advised that the entity could request their loyal contractors who had completed their works on time to help and implement. This will be improved upon.
3. There was an invitation for the collection of revenue from Amach Market as per the attachment for review.

Authority's comments

- i. The Authority noted the Entity's response however for the construction of the doctor's house in Barlonyo Health Centre III, the Authority noted that it was conducted as a new procurement process therefore it should have had a bidding document attached to it.
- ii. The Authority also noted that for Amach Market, the issue was a lack of bidding document not bid invitation.

Recommendation

The Procurement and Disposal Unit should issue bidders for all procurement with bidding documents in accordance with Regulation 57 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2. Inclusion of supervision costs in the BOQs

The Authority found that the Entity irregularly included internal (supervision) costs for the District Engineer within the BOQs in two procurements worth UGX 201,688,749.

Table 6: Procurements with supervision costs

No.	Subject of procurement	Contract Amount (UGX)	Supervision cost (UGX)
1.	Partial construction of a twin staff house at Onywako HC II (2 bedrooms, 1 sitting room, bathroom, toilet, kitchen, store and veranda (2 stance drainable toilets and 2 bathroom shelters out door)	110,080,865	4,000,000
2.	Sitting, drilling and installation of 2 production wells and 2 deep boreholes	91,607,884	2,000,000
	Total	201,688,749	6,000,000

Implication

Inclusion of supervision costs in the BOQs casts doubt on the Entity's integrity and may affect the effective supervision of the project due to complacency.

Management Response

Management will take up on the guidance and start budgeting for supervision fees under costs of investment.

Recommendation

The User Departments should plan and budget for supervision fees under costs of investment as opposed to including them in contracts where the funds are first paid to the contractors who then make payments to the contract supervisors.

3. Other bidding document irregularities

The Authority found that two procurements worth UGX 201,688,749 had anomalies in the bidding documents as detailed in Table 7 below:

Table 7: Procurements with irregular bidding documents

No.	Subject of procurement	Finding
1.	Partial construction of a twin staff house at Onywako HC II (2 bedrooms, 1 sitting room, bathroom, toilet, kitchen, store and verandar (2 stance	i. Ambiguous requirement for experience of the contractor The Authority found that Section 6.2.1 of the bidding stated that " <i>History of non-performing contracts Non-performance of a contract did not occur within the last 3 years prior to the deadline for application submission, based on all information on fully settled disputes or litigation</i> " and 6.2.8

No.	Subject of procurement	Finding
	drainable toilets and 2 bathroom shelters out door) worth UGX 110,080,865	stated that “ <i>Specific Experience (a) Participation as contractor, management contractor, or subcontractor, in at least 3 contracts within the last 3 years , each with a value of at least 80 million shillings, that have been successfully and substantially completed (at least 50 percent complete) and that are similar to the proposed Works. The similarity shall be based on the physical size, complexity.</i> ”
2.	Sitting, drilling and installation of two production wells and two deep boreholes- worth UGX 91,607,884	<p>The requirement was ambiguous on whether the Entity meant calendar year or financial year or whether it included the current financial year or not.</p> <p><u>Management Response</u> <i>Management has taken note of this and improvement will be made</i></p> <p>ii. Incomplete bidding document The Authority found that the bidding document was incomplete i.e., the following special conditions were not completed GCC 22.1 which stated that “<i>The Intended Completion Date for the whole of the Works shall be.....</i>” and GCC 26.1 which stated that “<i>The Site Possession Date shall be after signing of the contract</i>”.</p> <p><u>Management Response</u> <i>Management is improving on this.</i></p> <p>iii. Irregular Special Conditions of Contract The Authority found that GCC 58.1 stated that “<i>The liquidated damages for the whole of the Works are 0.5% per day. and the maximum amount of liquidated damages for the whole of the Works is 0.5% Percent of the final Contract Price</i>” which was irregular both cannot have the same percentages.</p> <p><u>Management Response</u> <i>Management is improving on this.</i></p> <p>This has been observed and will be improved upon.</p> <p>iv. Irregular evaluation criteria The Authority found that the bidding document irregularly included requirements on submission of “Evidence that a company is VAT registered OR VAT exempt” contrary to the PPDA circular No. 1of 2015 (VAT Registration for Bidders).</p> <p><u>Management Response</u></p>

No.	Subject of procurement	Finding
		<i>Management is improving on this.</i>

Implications

- Failure to clearly state key requirements in the bidding documents makes it difficult for bidders to submit satisfactory bids.
- Setting inappropriate criteria exposes the Entity to the risk of inappropriate evaluation of bids, hence, awarding contracts to ineligible and unsuitable bidders.
- The bidders were exposed to the risk of preparing non-responsive bids and also increasing the risk of contract failure due to inadequate requirements in the bidding document.
- The requirement for submission of evidence that a company is VAT registered in the bidding document is irregular and could discourage bidders who are VAT ineligible from participating in the Entity's bidding processes.

Recommendations

1. The Head Procurement and Disposal Unit should prepare solicitation documents that define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 42 (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. The Head Procurement and Disposal Unit should set evaluation criteria that is appropriate and suits the objectives of the procurement in accordance with Regulation 42 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
3. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.
4. The Head Procurement and Disposal Unit should prepare bidding documents that adhere to the PPDA Circular No. 1 of 2015 (VAT Registration of Bidders).

4. Deviation from the approved information on Part II Form 1/5

The Authority found that the Procurement and Disposal Unit in three procurements worth UGX 373,189,949 deviated from what the Contracts Committee approved in Part II of Form 1/5 and what was issued in the advert. Whereas the Contracts Committee approved that there would be no bid fees the Procurement and Disposal Unit during the invitation of bidders through advertising indicated that the bid fee would be UGX 100,000 contrary to Regulation 37 (5) of the Local Governments (PPDA) Regulations, 2006 as detailed in Table 8 below:

Table 8: Procurements with Deviation from the approved information on Part II Form 1/5

No.	Subject of Procurement	Contract (UGX)	Amount
1.	Partial construction of a twin staff house at Onywako HC II (2 bedrooms, 1 sitting room, bathroom, toilet, kitchen, store and verandar (2 stance drainable toilets and 2 bathroom shelters out door)		110,080,865

No.	Subject of Procurement	Contract (UGX)	Amount
2.	Sitting, drilling and installation of 2 production wells and 2 deep boreholes-		91,607,884
3.	Construction of piped water supply scheme (phase 2) at Adyaka Trading centre in Lira DLG during financial year 2023/24		171,501,200
	Total		373,189,949

Implication

This is irregular and an indication of usurpation of the powers of the Contracts Committee during the bidding process.

Management Response

This was an omission, and it will not be repeated.

Recommendation

The Procurement and Disposal Unit should ensure that the Contracts Committee approves the bid fee in accordance with Regulation 14 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.9. Irregularities during bidding

The Authority found the following irregularities during the bidding process of three procurements worth UGX 665,587,642 as detailed in Table 9 below:

Table 9: Procurements with irregularities during the bidding process

No.	Subject of Procurement	Finding
1.	Construction of the Doctors house in Barlonyo HC III worth UGX 186,454,576	<p>i. Failure to invite bidders The Authority did not find a bid invitation for the bidders to participate in this process.</p> <p><u>Management Response</u> <i>This was done on request from the contract manager for continuation of works to improve on conformity and quality of works by the incumbent contractor who still had a running contract except that the real details were not mentioned in the minutes.</i></p> <p>ii. Failure to evidence bid submission There was no evidence that Alliance Technical Services Limited submitted a bid.</p> <p><u>Management Response</u> <i>This is true because management considered it as an extension of contract, this will be improved upon.</i></p>

No.	Subject of Procurement	Finding
2.	Revenue collection from Amach Market worth UGX 361,200,000	<p>Delayed bid invitation The Authority found that the Procurement and Disposal Unit delayed to invite bidders after approval of the procurement. Whereas the procurement was approved by the Accounting Officer on 1st August 2023, the bid invitation notice was issued on 17th November 2023</p> <p>Management Response <i>Delays are created by so many factors like; running contracts, lack of terms of reference, quorum for contracts committee sittings etc attached is evidence that the contract was still running.</i></p>
3.	Renovation of a four-classroom block at Oketkwer Primary School and Renovation of a 2-classroom block at Agak Primary School worth UGX 117,933,066	<p>Irregular use of direct method The Authority did not find evidence of approval by the Contracts Committee for the use of the direct procurement method nor the justification that was given for the use of the same method. Furthermore, there was no evidence of bid invitation as well as bid receipt and opening. There was no bid submitted by Canaganda Ventures Limited on file.</p> <p>Management Response <i>The approval of the method was done except other processes were not adhered to and management will improve on such anomalies.</i></p>

Implications

- Failure to evidence bid invitation inhibits transparency during the bidding process and may be a red flag for fraudulent practices during bidding.
- Delay to invite bidders to participate in procurement increases the procurement lead times, which delay service delivery to the intended beneficiaries and also exposes the Entity to the risk of failure to utilize funds by the end of the financial year.
- Irregularities at bidding inhibits transparency and accountability during the bidding process and may be an indication of fraudulent practices during bidding.
- Use of direct procurement method without justification risks maximization of competition and the achievement value for money for the Government of Uganda.

Recommendations

The Procurement and Disposal Unit should:

1. Maintain copies of acknowledged bid invitations to ensure transparency and accountability in accordance with Section 48 of the PPDA Act Cap. 205.
2. Invite bidders in a timely manner to promote efficiency in public procurement in accordance with Section 51 of the PPDA Act Cap. 205.

3. Use direct procurement in accordance with the conditions set in Regulation 25 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
4. Choose procurement methods for each of the procurements in accordance with Regulation 6 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 and Guideline 1/2024 of the PPDA Guidelines, 2024.

2.1.10. Evaluation irregularities

The Authority found evaluation irregularities in five procurements worth UGX 867,576,391, for example, passing of non-compliant bidders, change of evaluation criteria and inclusion of new evaluation criteria during evaluation contrary to Regulation 73 (1) and (3) of the Local Governments (PPDA) Regulations, 2006 as detailed in Table 10 below:

Table 10: Procurements with irregular evaluation

No.	Subject of Procurement	Findings
1.	Construction of the Doctors' house in Barlonyo HC III worth UGX 186,454,576	<p>Failure to conduct evaluation The Authority did not have access to the evaluation report implying that the Entity did not conduct evaluation.</p>
2.	Renovation of a 4-classroom block at Oketkwer Primary School and Renovation of a 2-classroom block at Agak Primary School worth UGX 117,933,066	<p>Management Response <i>There was no evaluation because it was considered as a continuation of works for conformity and quality of works by the incumbent contractor who still had a running contract.</i></p> <p>Authority's comment These were new procurements</p>
3.	Revenue collection from Amach Market worth UGX 361,200,000	<p>i. Evaluation conducted by an unapproved team The Authority found that Mr Patrick Okello (Senior Finance Officer) and Mr. Moses Ogwal Eyal (Senior Accounts Assistant) conducted the evaluation of bids however there was no evidence that they were nominated by the Head Procurement and Disposal Unit and subsequently approved by the Contracts Committee contrary to Section 39 (2) of the PPDA Act Cap. 205.</p> <p>Management Response <i>Head Procurement and Disposal Unit nominated Mr Patrick Okello (Senior Finance Officer) and Mr. Moses Ogwal Eyal (Senior Accounts Assistant) and was duly approved by the Contracts Committee in accordance to Section 39 (2) of the PPDA Act Cap. 205.</i></p>

No.	Subject of Procurement	Findings
		<p>Authority's comment The approval attached did not have a subject of procurement, therefore, making it inadequate.</p> <p>ii. Inadequate composition of the evaluation team The Authority found that the bids were irregularly evaluated by only two people contrary to Section 39 (3) of the PPDA Act Cap. 205. The evaluation report dated 27th November 2023 showed that only two members evaluated the bids i.e., Okello Patrick (Senior Finance Officer) and Ogwal Moses Eyal (Senior Accounts Assistant).</p> <p><u>Management Response</u> <i>This was done in accordance to the magnitude of the requirements which were very few and was handled in one day. But management will ensure that we improve in order not to contravene Section 39 (3) of the PPDA Act Cap. 205.</i></p> <p>iii. Failure to adequately evaluate the bids The Authority found that the evaluation report dated 27th November 2023 showed that the Evaluation Committee did not evaluate the eligibility criteria, administrative criteria and detailed technical criteria of the bids however only focused on the financial aspects of the bids submitted.</p> <p><u>Management Response</u> <i>This was only a financial comparison since the eligibility, technical and commercial was already handled during prequalification, but management has recommended that management of revenue sources be advertised as open domestic bidding and sign contracts.</i></p>
4.	Partial construction of a twin staff house at Onywako HC II (2 bedrooms, 1 sitting room, bathroom, toilet, kitchen, store and verandar (2 stance drainable toilets and 2 bathroom shelters outdoor) worth UGX 110,080,865	<p>i. Passing of a non-compliant bidder The Authority found that the best-evaluated bidder (BEB) submitted an expired NSSF clearance certificate, the BEB submitted a certificate which expired on 6th August 2023 yet the bid was submitted on 31st August 2023. Furthermore, the NSSF clearance indicated that the BEB had last</p>

No.	Subject of Procurement	Findings
		<p>made NSSF contributions for their employees for the month of May 2023.</p> <p><u>Management Response</u> <i>This was an unfortunate occurrence and strongly condemned by the management</i></p>
5.	Sitting, drilling and installation of 2 production wells and 2 deep boreholes worth UGX 91,607,884	<p>Absenteeism of one of the Evaluation Committee members without justification or communication</p> <p>The Authority found that Mr. Francis Ariong, the civil engineer did not participate in evaluation and no justification was made nor was there a reason given for his absence as evidenced by the details in the evaluation report contrary to Regulation 81 (2) of the of the Local Governments (PPDA) Regulations, 2006.</p> <p><u>Management Response</u> <i>Mr. Francis Ariong participated in the evaluation and the evidence is attached for verification.</i></p> <p>Authority's comment The attachment was for an attendance sheet which had no subject of procurement however he did not sign on the evaluation report.</p>

Implications

- Passing non-compliant bidders exposed the Entity to the risk of contracting providers that could fail to execute the works/supplies with competence.
- Irregularities during evaluation raise a red flag on the credibility of the Entity's procurement processes and on whether the evaluation was fairly conducted.

Recommendations

1. The Accounting Officer should task the Evaluation Committees to show cause disciplinary action should not be taken against them for the failure to effectively evaluate the bids in accordance with the set evaluation criteria in the bidding document.
2. The Procurement and Disposal Unit should prior to forwarding the evaluation report to the Contracts Committee ensure that all approved Evaluation Committee members attended the evaluations or are absent with justification in accordance with Regulations 4 (3 to 7) of the PPDA (Evaluation) Regulations, 2023.
3. The Evaluation Committees should:
 - i. Evaluate the bids following the criteria set in the bidding document and waive any non-material deviations in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023.
 - ii. Verify the accuracy, validity and authenticity of the documents submitted by a bidder

during preliminary examination in accordance with Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2023.

- iii. Be vigilant while reviewing the information submitted by the bidders for conformity with the set criteria, before passing bidders in accordance with Section 76 (3) of the PPDA Act Cap. 205.

2.1.11. Failure by the Entity to obtain Performance Security

The Authority found that in five procurements worth UGX 886,904,979, the Entity did not obtain the 10% Performance Security contrary to GCC 61.1 which required that a Performance Security of 8% and ES Performance Security of 2% of the contract price be submitted as detailed in Table 1 below:

Table 11: Procurements without Performance Security

No.	Subject of procurement	Contract Amount (UGX)
1.	Partial construction of a twin staff house at Onywako Health Centre II	110,080,865
2.	Sitting, drilling and installation of two production wells and two deep boreholes	91,607,884
3.	Construction of piped water supply scheme (phase 2) at Adyaka Trading Centre in Lira DLG during financial year 2023/24	171,501,200
4.	Construction of low-cost double seal road in Agweng town council (road alignment, bush clearing, grubbing, shaping, formation and double seal tarmac	395,781,964
5.	Renovation of a four-classroom block at Oketkwer Primary School and Renovation of a 2-classroom block at Agak Primary School	117,933,066
	Total	886,904,979

Implication

Failure to obtain performance securities exposes the Entity to risks associated with non-performance of the contracts.

Management Response

The performance security was not provided by the contractors, this calls for proper drafting of the contract to avoid ambiguity because the entity did not require performance security, but it was indicated in the contract, especially for the above-mentioned projects.

Recommendations

The Accounting Officer should:

1. Task contractors to fulfil the conditions of contract effectiveness, such as obtaining the required performance securities from contractors, before they are allowed access to the sites in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023; and
2. Terminate the contract in the event the contractor does not provide the performance securities within the stipulated time in accordance with Regulation 12 (2) of the PPDA (Contracts) Regulations, 2023.

2.1.12. Conflicting terms in the issued bidding document and the signed contract

The Authority found that the bidding document and the signed contract for four procurement transactions worth UGX 768,971,913 had two different sets of Special Conditions of Contract. As a result, the terms stated in the two SCCs contradict one another as detailed in Table 12 below:

Table 12: Irregularities in the issued bidding documents

No	Subject of Procurement	Findings		
		GCC	SBD	Contract
1.	Partial construction of a twin staff house at Onywako Health Centre II worth UGX 110,080,865	1.1 (ee)	The Start Date shall be within seven days after contract signature	The Start Date shall be: within 10 days after contract signature
		36.3	The period between Program updates is 7 days. The amount to be withheld for late submission of an updated Program is: 2% per day	The period between Program updates is 2 days. The amount to be withheld for late submission of an updated Program is: 2% per day
2.	Sitting, drilling and installation of two production wells and two deep boreholes worth UGX 91,607,884	1.1 (ee)	The Start Date shall be within seven days after contract signature	The Start Date shall be within 10 days after contract signature
		36.3	The period between Program updates is 7 days. The amount to be withheld for late submission of an updated Program is: 2% per day	The period between Program updates is 2 days. The amount to be withheld for late submission of an updated Program is: 2% per day
3.	Construction of piped water supply scheme (phase 2) at Adyaka Trading centre in Lira DLG during financial year 2023/24 worth UGX 171,501,200	1.1 (ee)	The Start Date shall be within seven days after contract signature	The Start Date shall be within 10 days after contract signature
		22.1	The Intended Completion Date for the whole of the Works shall be: 25th January 2023,	The Intended Completion Date for the whole of the Works shall be: 18th January 2023
		36.3	The period between Program updates is 7 days. The amount to be withheld for late submission of an updated Program is: 2% per day	The period between Program updates is 2 days. The amount to be withheld for late submission of an updated Program is: 2% per day

4.	Construction of low-cost double seal road in Agweng town council (road alignment, bush clearing, grubbing, shaping, formation and double seal tarmac worth UGX 395,781,964	GCC	SBD	Contract
		1.1 (ee)	The Start Date shall be within seven days after contract signature	The Start Date shall be within 10 days after contract signature
		22.1	The Intended Completion Date for the whole of the Works shall be: 25th January 2023,	The Intended Completion Date for the whole of the Works shall be: 18th January 2023
		36.3	The period between Program updates is 7 days. The amount to be withheld for late submission of an updated Program is: 2% per day	The period between Program updates is 2 days. The amount to be withheld for late submission of an updated Program is: 2% per day
		SBD		Contract
		GCC 6.1 - Languages		GCC 3.1-Languages
		GCC 39.1-Insurance		GCC 13.1-Insurance
GCC 45.1-Performance Security of 10%		GCC Performance Security		

Implication

Irregularities in the signed contracts expose the Entity to the risk of contract disputes between the Entity and the contractors.

Management response

Management will take up the advice for improvement.

Recommendation

The Accounting Officer should only sign contract documents after satisfying himself on the correction of any contradictions that may be contained therein and that the contracts are complete.

2.1.13. Other irregularities at contracting

The Authority found that there were other contracting irregularities in three procurements worth UGX 665,587,642 as detailed in Table 13 below:

Table 13: Procurements with contracting irregularities

No.	Subject of procurement	Findings
1.	Construction of the Doctors house in Barlonyo HC III worth UGX 186,454,576	i. Irregular contract award The Authority found that the Contracts Committee irregularly awarded the contract to Alliance Technical Service Limited on 28 th February 2024 without an evaluation process being undertaken. This was contrary to Regulation 84 (1) of the of
2.	Renovation of a four-classroom block at Oketkwer Primary School and Renovation of a 2-classroom block at	

No.	Subject of procurement	Findings
	Agak Primary School worth UGX 117,933,066	<p data-bbox="868 241 1528 315">the Local Governments (PPDA) Regulations, 2006.</p> <p data-bbox="868 353 1528 387"><u>Management Response</u></p> <p data-bbox="868 392 1528 465"><i>Management has taken note of the irregularities and will ensure that the right methods are used.</i></p> <p data-bbox="868 504 1528 537">ii. Irregular signing of a contract</p> <p data-bbox="868 542 1528 757">The Authority found that the Accounting Officer signed the contract with Alliance Technical Service Limited at UGX 186,454,576 on 5th March 2024 without a bid to base the contract on. This was contrary to Regulation 88 (1) of the of the Local Governments (PPDA) Regulations, 2006.</p> <p data-bbox="868 795 1528 828"><u>Management Response</u></p> <p data-bbox="868 833 1528 1048"><i>This was an extended contract to Alliance Technical Service Limited who had still had a running contract for the construction of a new facility in Barlonyo and was a presidential pledge, however, management has noted the irregularities in the process and shall improve.</i></p> <p data-bbox="868 1086 1528 1120">Authority's comment</p> <p data-bbox="868 1124 1528 1198">These were conducted as stand-alone procurements.</p>

Implication

Irregularities at contracting is an indication of lack of transparency and makes the contract terms voidable and could become unenforceable in case they are challenged by either party.

Recommendations

1. The Accounting Officer should sign contracts with bidders that have submitted bids in response to the bidding document issued to them in accordance with Regulation 9 (2) of the PPDA (Contracts) Regulations, 2023.
2. The Contracts Committee should only award a contract that has been evaluated in accordance with Regulation 2 (1) of the PPDA (Contracts) Regulations, 2023.

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

2.2.1. Failure to submit the disposal plan for the FY 2023/203

The Authority found that the Entity did not prepare and submit the disposal plan for FY 2023/2024 to the Authority contrary to Section 60 (1) of the PPDA Act Cap. 205. Furthermore, the Entity did

not conduct a board of survey, lack of which could have hindered disposal planning in accordance with Regulation 122 (1) of the Local Governments (PPDA) Regulations, 2006.

Implication

In the absence of a disposal plan and board of survey, assets could be depreciated more than they should due to the fact that not all the items being disposed of are identified and recorded and this could ultimately lead to continued loss of value of assets.

Management Response

The board of survey was conducted for FY 2023/24 and duly submitted the disposal plan to the Authority.

Authority’s comment

The Authority noted the Entity’s response however the board of survey required was for the FY 2022/2023, not FY 2023/2024.

Recommendation

The Accounting Officer should ensure that a board of survey is conducted to determine assets to be disposed of and the Procurement and Disposal Unit prepares a disposal plan and submits it to the Authority in accordance with Section 60 (1) of the PPDA Act Cap. 205.

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. Irregularities in contract management

The Authority found irregularities in contract management in the following three procurements worth UGX 414,468,507 which casts doubt on the effectiveness of the Entity in the supervision of contracts and contravenes Regulation 119 of the Local Governments (PPDA) Regulations, 2006 as detailed in Table 14 below:

Table 14: Procurements with irregularities in contract management

No.	Subject of Procurement	Findings
1.	Construction of the Doctors house in Barlonyo Health Centre III worth UGX 186,454,576	<p>Failure to deduct 5% retention GCC 57.1 stated that the proportion of payment retained is 5%, however on 11th July 2024 the Entity paid UGX 186,454,576 without deducting the retention.</p> <p><u>Management Response</u> <i>This was irregularly done to save money from being swept back to the treasury in contrary to GCC 57.1.</i></p>
2.	Partial construction of a twin staff house at Onywako Health Centre II worth UGX 110,080,865	<p>Delayed site handover The Authority found that the Entity delayed to handover site by 98 working days. Whereas the contract was signed on 18th October 2023, the site was handed over to the contractor on 1st March 2024.</p>

No.	Subject of Procurement	Findings
		<p><u>Management Response</u> <i>The delay was not intentional, but in the quest to follow up on a directive by Permanent Secretary MOH, that all planned construction works be sent to NEC for implementation. The communication between the entity and MOH was delayed not until the threshold was asserted to be below 300 million shillings which was when the handover was made.</i></p> <p>Irregular payment The Authority found that on 11th July 2024, the Entity paid UGX 110,080,865 inclusive of the 5% retention and 2% contingency without justification.</p> <p><u>Management Response</u> <i>Although this was contrary to GCC 57.1, it was done to save the money from being swept back to the treasury.</i></p>
3.	Renovation of a four-classroom block at Oketkwer Primary School and Renovation of a 2-classroom block at Agak Primary School worth UGX 117,933,066	<p>i. Failure to appoint a Contract Manager The Authority found that there was no evidence of the appointment of a Contract Manager on file and as a result there was no contract implementation plan and consequently contract management reports.</p> <p><u>Management Response</u> <i>The contract manager was appointed.</i></p> <p>Authority's comment No evidence was availed to prove the appointment.</p> <p>ii. Irregular payment The Authority found that on 11th July 2024, the Entity paid UGX 117,933,066 inclusive of supervision and 5% monitoring costs worth UGX 3,402,575 for Oketkwer Primary School and 10% supervision and monitoring worth UGX 5,248,267 for Agak Primary School.</p> <p><u>Management Response</u> <i>The supervision and monitoring costs were all paid at 5% which was irregular and management will take action on this.</i></p>

Implications

- Delays in contract implementation result in the commitment of more resources in terms of staff and time by the Entity to projects that ought to have been completed earlier and also affect the Government's performance in the delivery of services to the public.
- There is an inability by the Entity to achieve budget objectives as a result of failure to realize local revenue required to fund particular budget lines.
- Making payments for works or services not done or failure to account for money paid to the contractor is a red flag for potential fraudulent practices within the Entity.

Recommendations

- i) The Accounting Officer should:
 - a) Prevail over Contract Managers for to submit monthly progress /contract management reports to the Accounting Officer and Procurement and Disposal Unit as required under Regulation 52 (3) (g) of the PPDA (Contracts) Regulation 2023.
 - b) Put in place effective revenue collection mechanisms so as to address the issue of poor revenue collections in the Entity.
- ii) User Departments should ensure timely handover of works as well as supervise contractors to perform contracts in a way that promotes efficiency in accordance with Section 51 of the PPDA Act Cap. 205.

2.3.2. Missing contract management records

The Authority found in six procurement transactions worth UGX 1,038,777,591 there were missing records relating to the procurements contrary to Section 44 of the PPDA Act Cap. 205 as detailed in Table 15 below:

Table 15: Missing contract management records

No.	Subject of procurement	Missing records
1.	Construction of the Doctors house in Barlonyo Health Centre III worth UGX 186,454,576	<ul style="list-style-type: none">• Invoice from the provider• Contract management/ progress reports on file. <p><u>Management Response</u> <i>The missing records are herein all attached for verifications.</i></p>
2.	Revenue collection from Amach Market worth UGX 361,200,000	<ul style="list-style-type: none">• Evidence of remittance of the revenue collected i.e. receipts issued to the provider by the Entity to confirm receipt of revenue remittance• Contract management/ progress reports on file. <p><u>Management Response</u> <i>The missing records are herein all attached for verifications.</i></p>

No.	Subject of procurement	Missing records
3.	Partial construction of a twin staff house at Onywako Health Centre II worth UGX 110,080,865	<ul style="list-style-type: none"> • Submission of the program of works according to GCC 36.1
4.	Sitting, drilling and installation of two production wells and two deep boreholes worth UGX 91,607,884	<p>Management Response <i>The program of works was submitted and here in attached.</i></p>
5.	Construction of piped water supply scheme (phase 2) at Adyaka Trading Centre in Lira DLG during financial year 2023/24 worth UGX 171,501,200	
6.	Renovation of a four-classroom block at Oketkwer Primary School and Renovation of a 2-classroom block at Agak Primary School worth UGX 117,933,066	<ul style="list-style-type: none"> • Contract management reports • Payments • completion certificate <p>Management Response <i>The missing records of contract management plan, payments, completion certificates and contract management reports are attached for verification.</i></p>

Implication

Missing records are a sign of an ineffective accountability system within the Entity.

Authority's comment

The Authority verified the attached documents and the list above was updated to reflect the documents that were not attached.

Recommendations

1. The Accounting Officer should prevail over Contract Managers to ensure that reports on contract implementation are prepared and forwarded to the Procurement and Disposal Unit in accordance to Regulation 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.
2. The Head, Procurement and Disposal Unit should ensure that procurement action files are complete with all documents in accordance with Section 31 (o) of the PPDA Act Cap.205.

2.4.PROGRESS AND PERFORMANCE OF THE MICRO-SCALE IRRIGATION PROGRAM IN LIRA DISTRICT LOCAL GOVERNMENT

Background

The Micro-scale Irrigation Program is in line with Uganda's National Irrigation Policy which aims to create 1.5 million hectares of irrigated land by the year 2040. The Micro-scale Irrigation Program supports farmers to purchase and use individual irrigation equipment through a matching grant scheme, in which the cost of the equipment is co-financed by the farmer and the Government of Uganda. The Government subsidises between 25% and 75% of the total cost of the irrigation equipment (which can be sprinkler, drip and drag hosepipe methods using either solar or petrol

energy sources). The level of the subsidy varies according to the choice of the irrigation equipment/ technology selected by the farmer as indicated below:

- For solar-powered irrigation equipment, the maximum Government co-payment is 75% of the total cost of equipment and is capped at UGX 18,000,000; and
- For petrol-powered irrigation equipment the maximum Government co-payment is 25% of the total cost of equipment and is capped at UGX 5,000,000.

Lira District had three lots for the design, supplies and installation of equipment for micro scale irrigation in different sub counties around the district. The Authority reviewed two lots – Lot 1 and 3 as detailed below and noted some exceptions:

i. Design, supplies and installation of equipment for Micro Scale Irrigation in Ogur Sub County –LOT 1 -LIRA880/WRKS/2023-24/ 0015/ 73620, 70018, 37319, 68931, 67712

Contract Value: 92,931,500

Contractor: Mubannique Company Ltd

Beneficiaries

- Ayo Judith – LIRA/2023-04-25/FEMALE/51761 at UGX 24,888,000 VAT Exclusive
- Okor Raymond – LIRA/2023-02-16/MALE/38410 at UGX 15,359,500 VAT Exclusive
- Aliro Robert – LIRA/2023-02-27/MALE/41462 at UGX 21,997,500 VAT Exclusive
- Julius Onen – LIRA/2023-05-19/MALE/54993 at UGX 13,369,500 VAT Exclusive
- Joel Okullo Odom – LIRA/2023-05-6/MALE/53006 at UGX 17,317,500 VAT Exclusive
- Atua Rajab – LIRA880/Spls/2023-24/0015/33529 at UGX 18,000,000 VAT Exclusive

2. Design, supplies and installation of equipment for Micro Scale Irrigation in Ogur Sub County – LOT 3-LIRA880/WRKS/2023-24/0015/33777,70121,71961,69714

Contract Value: 72,064,000

Amended contract price: UGX 108,064,000

Contractor: Heden Engineering Solutions Ltd

Beneficiaries

- Adong Lilly – LIRA/2023-11-19/FEMALE/70121 at UGX 17,984,000 VAT Exclusive
- Adero Agnes – LIRA/2023-01-24/FEMALE/33777 at UGX 18,080,000 VAT Exclusive
- Openy Robert – LIRA/2023-02-13/MALE/69714 at UGX 18,000,000 VAT Exclusive
- Okello Tonny – LIRA/2023-01-12/MALE/71963 at UGX 18,000,000 VAT Exclusive
- Onyai Felix – LIRA880/Spls/2023-24/0015/73385 at UGX 18,000,000 VAT Exclusive
- Irene Amodo Okello – LIRA880/Spls/2023-24/0015/72013 at UGX 18,000,000 VAT Exclusive

4.1. Irregularities in procurement process

The Authority noted the following irregularities in the procurement of the service providers for the lots above:

No.	Lot 1 Findings	Lot 3 Findings
1.	<p>Contracting irregularities</p> <ol style="list-style-type: none"> 1. The farmer named Ayo Judith – LIRA/2023-04-25/FEMALE/51761 did not sign the contract. The section that was provided to be signed by the farmer was left blank 2. Signing a contract at a price different from the awarded price. The Contracts Committee awarded the contract at UGX 17,317,500 however the contract was signed at UGX 17,317,000. The quoted price for the design, supplies and installation of equipment for Micro Scale Irrigation for farmer Joel Okullo Odom was UGX 17,317,500. 3. Irregular bid acceptance letter. The Entity on 17th May 2024 wrote a bid acceptance letter to Mubanique Company Limited informing the company that their bid had been accepted for design, supply and installation of equipment for Micro scale irrigation for Farmer Mr. Atua Rajab at UGX 18,000,000. However, there was no bid/ quotation submitted by Mubanique Company Limited. 4. Irregular signing of contract. The Entity signed the contract on 21st May 2024 with Mubanique Company Limited for design, supply and installation of equipment for Micro scale irrigation for Farmer Mr. Atua Rajab at UGX 18,000,000 however the Mubanique Co. Ltd did not submit a quotation for Mr. Atua Rajab. Its not clear where the figure of UGX 18,000,000 was obtained from. 	<ol style="list-style-type: none"> 1. Irregular bid acceptance letter. The Entity on 17th May 2024 wrote a bid acceptance letter to Heden Engineering Solutions Limited informing the company that their bid had been accepted for design, supply and installation of equipment for Micro scale irrigation for Farmer Mr. Onyai Felix at UGX 18,000,000. However there was no bid/ quotation submitted by Heden Engineering Solutions Limited 2. Irregular signing of contract. The Entity signed the contract on 21st May 2024 with Heden Engineering Solutions Limited for design, supply and installation of equipment for Micro scale irrigation for Farmer Irene Amodo Okello at UGX 18,000,000 however the Heden Engineering Solutions Limited did not submit a quotation for Irene Amodo Okello. Its not clear where the figure of UGX 18,000,000 was obtained from. <p><u>Management response</u></p> <ol style="list-style-type: none"> 1. Farmer Mr. Onyai Felix was apportioned for Lot 2 but there was no response from the bidders and the evaluation committee recommended that all the farmers that were in Lot 2 be distributed to Lots 1, 3 and 4 respectively at UGX 18,000,000 each. Mr. Onyai Felex was apportioned to Lot for Heden Engineering Solutions Limited, and it is true that there was no bid/ quotation submitted by Heden Engineering Solutions Limited.

No.	Lot 1 Findings	Lot 3 Findings
	<p><u>Management response</u></p> <ol style="list-style-type: none"> The farmer named Ayo Judith – LIRA/2023-04-25/FEMALE/51761 signed the contract which was issued to the contractor and the farmers. Signing a contract at a price different from the awarded price. The quoted price for the design, supplies and installation of equipment for Micro Scale Irrigation for farmer Joel Okullo Odom was UGX 17,317,500. This was true and the procurement was done at a critical time and a lot of panic was involved that caused such omissions. 	
2.	Contract Management irregularities	
	<ol style="list-style-type: none"> There were no contract management/progress reports on file. <p>ESHS Requirements</p> <ol style="list-style-type: none"> The quotation for works at Farmer Ayoo Judith provided UGX 300,000 to allow for soil and water conservation methods including grass planting, tree planting and water source protection however this was not done. The quotation for works at Farmer (Okor Raymond) provided UGX 500,000 to allow for soil and water conservation methods including grass planting, tree planting and water source protection however this was not done. The quotation for works at Farmer (Aliro Robert) provided UGX 500,000 to allow for soil and water conservation methods including grass planting, tree planting and water source protection however this was not done. The quotation for works at Farmer (Julius Onen) provided UGX 350,000 to allow for soil and water conservation 	<ol style="list-style-type: none"> There were no contract management/progress reports on file. <p>ESHS Requirements</p> <ol style="list-style-type: none"> The quotation for works at Farmer Adong Lilly provided UGX 200,000 to allow for soil and water conservation methods including grass planting, tree planting and water source protection however this was not done. The quotation for works at Farmer (Kana John Bosco) provided UGX 150,000 to allow for soil and water conservation methods including grass planting, tree planting and water source protection however this was not done The quotation for works at Farmer (Okello Tonny) provided UGX 280,000 to allow for soil and water conservation methods including grass planting, tree planting and water source protection however this was not done. The quotation for works at Farmer (Adero Agnes) provided UGX 220,000 to allow for soil and water conservation

No.	Lot 1 Findings	Lot 3 Findings
	<p>methods including grass planting, tree planting and water source protection however this was not done.</p> <p>5. The quotation for works at Farmer (Joel Okullo Odom) provided UGX 500,000 to allow for soil and water conservation methods including grass planting, tree planting and water source protection however this was not done.</p> <p>6. ESHS requirements such as HIV/AIDS sensitization awareness campaigns, and provision of PPEs were not provided for in the bills of quantities.</p> <p><u>Management response</u> <i>On receiving the management letter, a team from the Environment and Production offices visited the sites and ordered that the contractors comply by planting the trees and reminding the farmers of how to protect the water sources.</i></p>	<p>methods including grass planting, tree planting and water source protection however this was not done.</p> <p>5. ESHS requirements such as HIV/AIDS sensitization awareness campaigns, and provision of PPEs was not provided for in the bills of quantities.</p> <p><u>Management response</u> <i>On receiving the management letter, a team from the Environment and Production offices visited the sites and ordered that the contractors comply by planting the trees and reminding the farmers of how to protect the water sources.</i></p>

Implication

The issues observed above expose the Government of Uganda to the risk associated with a lack of transparency, accountability and subsequently achievement of value for money.

Recommendation

The Project Manager should closely monitor the implementation of micro-scale irrigation to ensure ESHS aspects are well implemented in accordance with the signed contract.

CHAPTER 3: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present the overall compliance inspection conclusion and the recommended action plan.

3.1 Overall Compliance Inspection Conclusion

The performance of Lira District Local Government for the Financial Year 2023/2024 was **moderately satisfactory** with an overall weighted average risk rating of **57.5%**.

Table 16: The risk rating is as follows:

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

Entity's Performance

The risk rating was weighted to determine the Entity's overall risk level. The weighting was derived using the average weighted index as shown in Table 17 below:

Table 17: Weighted score of Lira District Local Government

Risk category	No.	No. %	Value (UGX)	Value %	Weights	Total Average weighted	
						By No	By Value
High	2	18.2	304,387,642	18.3	0.6	10.9	11.0
Medium	8	73	1,357,490,113	81.4	0.3	21.8	24.4
Low	1	9.1	5,000,000	0.3	0.1	0.9	0.03
Satisfactory	0	0	0	0	0	0	0
Total	11	100	1,666,877,755	100	1	33.6	35.4

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{33.6}{60} \times 100 = 56\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{35.4}{60} \times 100 = 59\%$$

$$\text{Combined Weighted Average} = \frac{56+59}{2} = 57.5\%$$

Figure 1: Risk Rating by Number

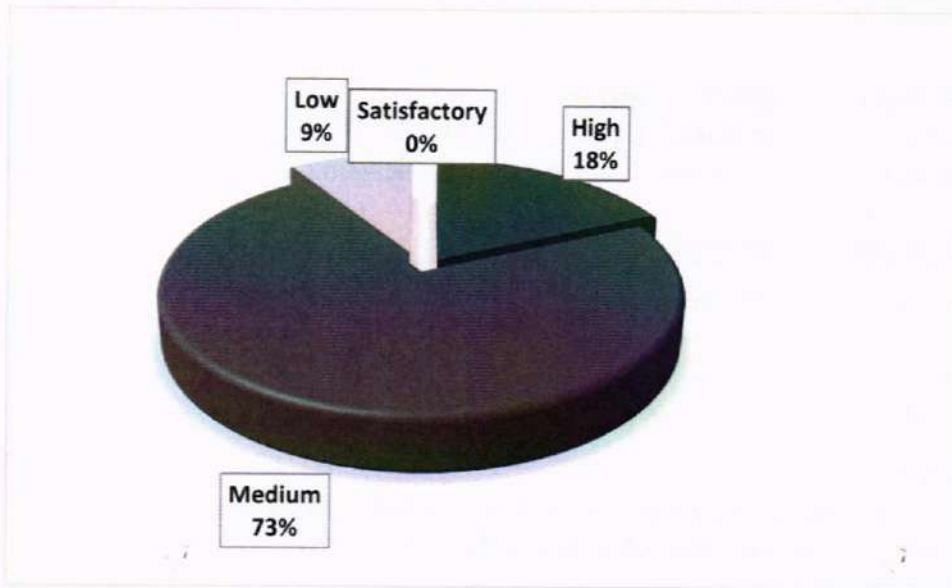
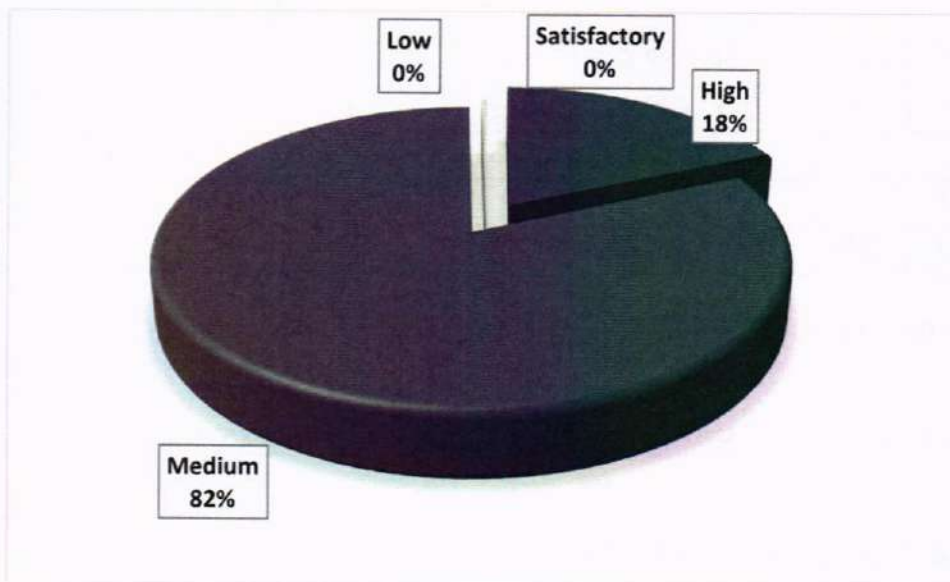


Figure 2: Risk Rating by Value



3.2. Recommended Action Plan

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

Table 18: Action Plan

Origin	Recommended Action	Target Date
Accounting Officer	The Accounting Officer should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 60 (7) of the PPDA Act Cap. 205 to ensure improved performance.	Immediately
	The Accounting Officer should where the need arises, formally delegate authority to User Departments to undertake micro procurements up to the maximum value specified in the guidelines or a lower limit prescribed by the Contracts Committee in accordance with Regulation 22 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023.	
	The Accounting Officer should in accordance with the Entity's staffing structure, ensure that the Procurement and Disposal Unit is fully staffed in accordance with Section 28 (1) (c) of the PPDA Act Cap. 205.	
	The Accounting Officer should seek capacity building in review of procurement transactions from the Authority for the Internal Auditor(s).	
	<p>The Accounting Officer should:</p> <ol style="list-style-type: none"> 1. Submit monthly reports to the Authority on works implemented under the Force on Account Mechanism in Financial Year 2023/2024 in accordance with Regulation 15 (1) of the PPDA (PDEs) Regulation, 2023; 2. Implement Force on Account activities in accordance with Circular No. 3 of 2012 to Local Governments on the application of the use of Force on Account Mechanism to ensure value for money; 3. Instruct the District Engineer to share all copies of records and reports on Force on Account Mechanism with the Procurement and Disposal Unit and maintain and manage the records of the works, equipment and supplies in accordance with Section 130 (5) (e) of the PPDA Act Cap. 205. 	
	The Accounting Officer should take corrective action and engage all stakeholders to develop strategies for the	

Origin	Recommended Action	Target Date
	<p>implementation of all the Authority's recommendations in accordance with Section 10 (1) (a) of the PPDA Act Cap. 205.</p> <p>The Accounting Officer should not confirm funding for incomplete procurement requisitions and without complete statements of requirements proposed/ recommended by the User Department in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.</p> <p>The Accounting Officer should:</p> <ol style="list-style-type: none"> 1. Task contractors to fulfil the conditions of contract effectiveness, such as obtaining the required performance securities from contractors, before they are allowed access to the sites in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023; and 2. Terminate the contract in the event the contractor does not provide the performance securities within the stipulated time in accordance with Regulation 12 (2) of the PPDA (Contracts) Regulations, 2023. <p>The Accounting Officer should only sign contract documents after satisfying himself to correct any contradictions that may be contained therein and that the contracts are complete.</p> <p>The Accounting Officer should sign contracts with bidders that have submitted bids in response to the bidding document issued to them in accordance with Regulation 9 (2) of the PPDA (Contracts) Regulations, 2023.</p> <p>The Accounting Officer should ensure that a board of survey is conducted to determine assets to be disposed of and the Procurement and Disposal Unit prepares a disposal plan and submits it to the Authority in accordance with Section 60 (1) of the PPDA Act Cap. 205.</p> <p>The Accounting Officer should prevail over Contract Managers to ensure that reports on contract implementation are prepared and forwarded to the Procurement and Disposal Unit in accordance to Regulation 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.</p>	
Contracts Committee	The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.	Immediately

Origin	Recommended Action	Target Date
	The Contracts Committee should only award a contract that has been evaluated in accordance with Regulation 2 (1) of the PPDA (Contracts) Regulations, 2023.	
Evaluation Committee	<p>The Evaluation Committees should:</p> <ol style="list-style-type: none"> i. Evaluate the bids following the criteria set in the bidding document and waive any non-material deviations in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023. ii. Verify the accuracy, validity and authenticity of the documents submitted by a bidder during preliminary examination in accordance with Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2023. iii. Be vigilant while reviewing the information submitted by the bidders for conformity with the set criteria, before passing bidders in accordance with Section 76 (3) of the PPDA Act Cap. 205. 	Immediately
Procurement and Disposal Unit	<p>The Head Procurement and Disposal Unit should submit to the Authority monthly procurement and disposal reports and performance data of all procurement transactions including micro procurements undertaken by the Entity not later than the fifteenth day of the following month in accordance with Regulation 15 (1) of the PPDA (PDEs) Regulations, 2023.</p> <p>The Procurement and Disposal Unit should issue bidders for all procurement with bidding documents in accordance with Regulation 57 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.</p> <p>The Head Procurement and Disposal Unit should prepare solicitation documents that define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 42 (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.</p> <p>The Head Procurement and Disposal Unit should set evaluation criteria that is appropriate and suits the objectives of the procurement in accordance with Regulation 42 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.</p>	Immediately

Origin	Recommended Action	Target Date
	<p>The Head Procurement and Disposal Unit should prepare bidding documents that adhere to the PPDA Circular No. 1 of 2015 (VAT Registration of Bidders).</p> <p>The Procurement and Disposal Unit should ensure that the Contracts Committee approves the bid fee in accordance with Regulation 14 (1) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.</p> <p>The Procurement and Disposal Unit should:</p> <ol style="list-style-type: none"> 1. Maintain copies of acknowledged bid invitations to ensure transparency and accountability in accordance with Section 48 of the PPDA Act Cap. 205. 2. Invite bidders in a timely manner to promote efficiency in public procurement in accordance with Section 51 of the PPDA Act Cap. 205. 3. Use direct procurement in accordance with the conditions set in Regulation 25 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. 4. Choose procurement methods for each of the procurements in accordance with Regulation 6 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 and Guideline 1/2024 of the PPDA Guidelines, 2024. 	
	<p>The Procurement and Disposal Unit prior to forwarding the evaluation report to the Contracts Committee that all approved Evaluation Committee members attended the evaluations or are absent with justification in accordance with Regulations 4 (3 to 7) of the PPDA (Evaluation) Regulations, 2023.</p> <p>The Head, Procurement and Disposal Unit should ensure that procurement action files are complete with all documents in accordance with Section 31 (o) of the PPDA Act Cap.205.</p>	
User Department	<p>The Head, Internal Audit should audit the procurement function in accordance with Regulation 27 of the PPDA (PDEs) Regulation, 2023.</p> <p>The User Departments should plan and budget for supervision fees under costs of investment as opposed to including them in contracts where the funds are first paid to the contractors who then make payments to the contract supervisors.</p>	Immediately

Origin	Recommended Action	Target Date
	<p>User Departments should ensure timely handover of works as well as supervise contractors to perform contracts in a way that promotes efficiency in accordance with Section 51 of the PPDA Act Cap. 205.</p>	
	<p>Contract Managers should submit monthly progress /contract management reports to the Accounting Officer and Procurement and Disposal Unit as required under Regulation 52 (3) (g) of the PPDA (Contracts) Regulation 2023.</p>	
	<p>The Project Manager should closely monitor the implementation of micro-scale irrigation to ensure ESHS aspects are well implemented in accordance with the signed contract.</p>	

APPENDICIES

Appendix I: LIRA DISTRICT LOCAL GOVERNMENT COMPLIANCE INSPECTION SAMPLE LIST 2022-2023

No.	Procurement Reference Number	Subject of procurement	Method of procurement	Provider	Contract Price (UGX)	Risk rating
1.	Lira880/wrks/2023-2024/00009	Construction /rehabilitation of low-cost double seal road at Agweng Town Council (0.5km)	Quotation	CME Enterprises Limited	395,781,964	Medium
2.	Lira880/wrks/2023-2024/00001	Construction of the doctor's house	Open Domestic Method	Alliance Construction Limited	186,454,576	High
3.	Lira880/wrks/2023-2024/00010	Renovation of a 4-classroom block at Oketkwer Primary School and the renovation of a 2-classroom block at Agak Primary School	Direct Bidding	Canaganda Ventures Limited	117,933,066	High
4.	Lira880/wrks/2023-2024/00001	Construction of Adyaka piped water supply phase II	Open Domestic Bidding	Allianz Limited	171,501,200	Medium
5.	Lira880/wrks/2023-2024/00004	Partial construction of a staff house Onywako HC II	Open Domestic Bidding	Build Mast Engineering Limited	110,080,865	Medium
6.	Lira880/wrks/2023-2024/00002	Sitting and drilling of 2 production wells and 2 deep boreholes	Open Domestic Bidding	KLR (U) Limited	91,607,884	Medium
7.	Lira880/wrks/2023-2024/00015-Lot 1-73620, 70018, 37318, 68931, 67712	Design, supplies and installation of equipment for micro scale irrigation	Selective Bidding	Sprinktech Limited	114,265,000	Medium
8.	Lira880/wrks/2023-2024/00015-Lot 3-71963, 70121, 33777, 69714	Design, supplies and installation of equipment for micro scale irrigation	Selective	Heden Engineering Solutions Limited	108,064,000	Medium
9.	Lira880/N-Cons/ 2023-2024/0001	Collection of revenue from Amach market	Request for Quotation	Amach Livestock and Market Vendors Co-operative Limited	361,200,000	Medium
	Sub Total				1,656,888,555	
10.	Lira880/Disp/ 2023-2024	Disposal of various assets by sale to public officers	Sale to Public Officer	Staff of Lira District Local Government	4,989,200	Medium

No.	Procurement Reference Number	Subject of procurement	Method of procurement	Provider	Contract Price (UGX)	Risk rating
11.	Lira880/Disps/ 2023-2024	Disposal of a double cabin pick up Nissan hard body LG 0135-26	Direct Negotiation	Mr. Mike Okidi	5,000,000	Low
	TOTAL				1,666,877,755	

APPENDIX II: DISPOSAL OF ASSETS BY SALE TO PUBLIC OFFICERS

Name of Bidder	Contract Amount	Amount Paid	Status	Item Description
Jacquiline Onyek	350,000	350,000	Paid	Motor cycle LG 00148-26
Okello Richard	150,000		Not paid	15 pcs of tyres
Akao Caroline	400,000		Not paid	4 wooden beds
Okullo Mustafa	490,000		Not paid	4 wooden beds
Benedicto Ogwal	20,000	20,000	Paid	Office Chair
Ojok Christopher	44,000		Not paid	Filing cabinet
Samuel Ojuka	53,000	53,000	Paid	Office tables with drawers
Akello Stella	200,000		Not paid	20 iron sheets
Amy Dolly	210,000		Not paid	20 iron sheets
Walter Ocen	230,000	230,000	Paid	23 iron sheets
Vincent Odongo	310,000	310,000	Paid	Motor cycle LG 0138-026
Obong Francis	352,000		Not paid	Motor cycle LG 0002-066
Thomas Okello	110,000	110,000	Paid	Mattress
Jimmy Apita	20,000	20,000	Paid	Office Chair
Samuel Ojuka	21,000	21,000	Paid	Office Chair
Teddy Okura	21,000	21,000	Paid	Office Chair
Jimmy Apita	50,000	50,000	Paid	Office table with drawers
Benedicto Ogwal	53,000	53,000	Paid	Office tables with drawers
Teddy Okura	55,000	55,000	Paid	Office table with drawers
Hellen Anyango	52,000	52,000	Paid	Office table with drawers
Opollo Alex	25,000		Not paid	Office Chair
Opollo Alex	52,000		Not paid	Office tables with drawers
Caroline Akao	500,000	500,000	Paid	4 wooden beds
Opio Patrick	50,000	50,000	Paid	Office tables with drawers
Opio Patrick	22,000	22,000	Paid	Office Chair
Molly Ameto	46,000	46,000	Paid	Filing cabinet
Bua Sam Milton	45,000	45,000	Paid	Filing cabinet
Akello Agnes	45,000	45,000	Paid	Filing cabinet
Angullo Lawrence	50,000	50,000	Paid	Filing cabinet
Opio Innocent Ceaser	48,000	48,000	Paid	Filing cabinet
Odur Denis Oremo	38,000	38,000	Paid	Filing cabinet
Odur Denis Oremo	48,000		Not paid	Filing cabinet
Tom Milton Otim	150,000	150,000	Paid	15 pcs of tyres
Tom Milton Otim	100,200		Not paid	Mattress
Akullu Juliet	100,000		Not paid	Mattress
Akao Caroline	105,000	105,000	Paid	Mattress
Omara Bonny Hywaah	100,000		Not paid	Mattress
Bonny Omara	100,000		Not paid	Mattress
Ariko Geoffrey	42,000	41,000	Paid	Book shelf

Name of Bidder	Contract Amount	Amount Paid	Status	Item Description
Lajul Joyce	41,000	42,000	Paid	Filing cabinet
Moses Acar	47,000	47,000	Paid	Filing cabinet
Chrisostom Ojok	44,000	44,000	Paid	Filing cabinet
Total	4,989,200	2,618,000		

NOTE: The total contract amount was UGX 4,989,200 however only UGX 2,618,000 was paid according to the payment receipts on file

Appendix III: List of staff in the Procurement and Disposal Unit, Contracts Committee and User Departments

List of persons in the Procurement and Disposal Unit

No	Name	Job Title	Academic Qualification	Procurement Certification	Years of Experience
1.	Adong Roseline Show	Senior Procurement Officer	Executive Master of Business Administration	Chartered Institute of Procurement & Supply (CIPS) / Institute of Procurement Professionals of Uganda (IPPU)	16 years

List of the Contracts Committee members

No	Name	Job Title	Position on Contracts Committee	Appointment Date by PS/ST	Date of Expiry
1.	Okello Michael	Senior Fisheries Officer	Chairperson	21 st February 2024	21 st February 2027
2.	Acen Sharon Ego	Community Development Officer	Secretary	8 th June 2021	1 st July 2024
3.	Okello Innocent Lambert	Senior Environmental Health Officer	Member	21 st February 2024	21 st February 2027
4.	Orec Isaac	Senior Medical Officer	Member	12 th August 2021	13 th August 2024
5.	Okello John Bosco	Senior Entomologist	Member	12 th August 2021	13 th August 2024

List of User Departments

No	User Department	Job Title	Head of Department
1.	Health Department	Dr Ocen Patrick Buchan	District Health Officer
2.	Education Department	Offungi Frances	District Education Officer
3.	Production Department	Okello Thomas	District Production Officer
4.	Finance Department	Okidi Mike	Chief Finance Officer
5.	Natural Resource Department	Otike Pabius	District Natural Resource Officer
6.	Community Based Service	Anono Christine	District Community Development Officer
7.	Administration Department	Otim Denis Otto	Principle Assistant Secretary
8.	Works and Engineering Department	Ongalla Geoffrey	AG. District Engineer
9.	Water Department	Omoko Hudson	District Water Officer
10.	Trade and Tourism	Alobo Josephine	District Commercial Officer
11.	Planning Department	Omoo Henry	District Planner
12.	Compliance inspection Department	Okello Richard	District Internal Compliance inspectionor

Appendix IV: 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 compliance inspection 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	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	This implies lack of efficiency, standardization and avoiding competition.

RISK	DESCRIPTION	AREA	IMPLICATION
	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	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.	
	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.	Procurement Structures: Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the compliance inspection trail namely; whether the necessary approvals were obtained in a procurement process.
		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.	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.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.

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.	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

APPENDIX V: Case by Case Findings

No.	Subject of Procurement	Findings
1.	<p>Construction of the Doctors house in Barlonyo HC III MOH-UGIFT/WRKS/2021-22/00013 Alliance Technical Services Ltd Contract Value: 186,454,576 Contract Start date:</p>	<p>Procurement requisition</p> <ul style="list-style-type: none"> • The procurement was initiated by Ariko Geoffrey the Biostatistician on 9th February 2024 and approved by Okello Innocent on behalf of the DHO • The estimated cost is UGX 186,454,576 • The CAO Mr. Okaka Geoffrey confirmed funds availability on 9th February 2024 • Failure to fill the funds availability section of the procurement requisition form. Vote/Head No and balance remaining sections were left blank • The Entity did not conduct market price assessment • The drawings and designs were not attached to the technical specifications <p>Bidding Document</p> <ul style="list-style-type: none"> • No bidding document <p>Bidding</p> <ul style="list-style-type: none"> • The bid invitation notice was not prepared • There was no bid submitted by Alliance Technical Service Limited <p>Evaluation process</p> <ul style="list-style-type: none"> • No evaluation report implying there was no evaluation process conducted <p>Contracting</p> <ul style="list-style-type: none"> • No NoBEB • Irregular contract award. The Contracts Committee on 28th February 2024 awarded a contract to Alliance Technical Service Limited yet there was no evaluation process conducted • Irregular signing of a contract. The contract was signed on 5th March 2024 between the Entity and Alliance Technical Service Limited at UGX 186,454,576 however there was no bid to base the contract on <p>Contract Management</p> <ul style="list-style-type: none"> • Failure to appoint a Contract Manager to supervise the works • No contract management plan • The Entity paid the contract UGX 186,454,576 on 11th July 2024 however did

No.	Subject of Procurement	Findings
		<p>not deduct retention contrary to GCC 57.1 which stated that the proportion of payment retained is 5%.</p> <ul style="list-style-type: none"> • No invoice from the provider • There were no contract management/progress reports on file. <p>ESHS Requirements</p> <ul style="list-style-type: none"> • ESHS requirements such as HIV/AIDS sensitization awareness campaigns, provision of PPEs were not provided for in the bills of quantities • ESHS requirements such as HIV/AIDS sensitization awareness campaigns, provision of PPEs were not provided for in the bills of quantities •
2.	<p>Revenue collection from Amach Market Lira880/N-Cons/2023-2024/00001 Amach Livestock Traders & Vendors Cooperative Society Limited Contract Value: 30,100,000 per month Contract amount 1st Jan 2024 to 30th June 2024 = UGX 180,600,000 Contract amount 1st Jan 2024 to 1st Jan 2025 = UGX 361,200,000 Contract Start date: 1st January 2024 Contract End date: 1st January 2025</p>	<p>Procurement requisition</p> <ul style="list-style-type: none"> • The procurement was initiated by Okello Patrick the Senior Finance Officer on 1st August 2023 and approved by Ngoro Bernard Walter the Ag. CFO on 1st August 2023 • The estimated reserve price is UGX 24,000,000x 12 months =UGX 288,000,000 • The CAO Mr. Okaka Geoffrey confirmed funds availability on 1st August 2023 • No evidence of market survey on reserve price • The TORs were not attached to the procurement requisition form <p>Bidding Document</p> <ul style="list-style-type: none"> • No bidding document in the file <p>Bidding</p> <ul style="list-style-type: none"> • The bid invitation notice was issued on 17th November 2023 and bid closing date was 23rd November 2023 • Delay to invite bidders after approval of the procurement. The procurement was approved by the Accounting Officer on 1st August 2023 however the bid invitation notice was issued on 17th November 2023 • The providers invited were: <p>Evaluation process</p>

No.	Subject of Procurement	Findings
		<ul style="list-style-type: none"> • Irregular evaluation of bids by only two staff. The evaluation report dated 27th November 2023 showed that only two members evaluated the bids i.e. Okello Patrick (Senior Finance Officer) and Ogwal Moses Eyal (Senior Accounts Assistant) • Failure by the CC to approve the Evaluation Committee members. Okello Patrick (Senior Finance Officer) and Ogwal Moses Eyal (Senior Accounts Assistant) conducted the evaluation of bids however there was no evidence that they were nominated by HPDU and approved by the Contracts Committee • Failure to adequately evaluate the bids. The evaluation report dated 27th November 2023 showed that the Evaluation Committee did not evaluate the eligibility criteria, administrative criteria and detailed technical criteria of the bids <p>Contracting</p> <ul style="list-style-type: none"> • The NoBEB was signed on 4th December 2023 with a display date of 4th December 2023 and removal date of 18th December 2023 • Failure to send the NoBEB to all bidders that participated in the bidding process • LG PP Form 20 of the Contracts Committee decision on a submission stated that the Contracts Committee at their 4th sitting of 31st December 2023 however the date indicated by the CC chairperson when signing the form was 1st December 2023. <p>Contract Management</p> <ul style="list-style-type: none"> • Failure to appoint a Contract Manager to supervise the revenue collection • No contract management plan • No evidence of remittance of the revenue collected i.e. receipts issued to the provider by the Entity to confirm receipt of revenue remittance

No.	Subject of Procurement	Findings
		<ul style="list-style-type: none"> • There were no contract management/progress reports on file. <p>Other observations</p> <ul style="list-style-type: none"> • Failure to collect revenue from the period 1st July 2023 to 31st December 2023. There was no evidence of running contract for the revenue collection at Amach Market for a period of 6 months i.e. from 1st July 2023 to 31st December 2023. Basing on the reserve price of UGX 24,000,000, the Entity did not collect revenue worth UGX 144,000,000