



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

**COMPLIANCE INSPECTION REPORT FOR FINANCIAL YEAR  
2023/24**

**KUMI DISTRICT LOCAL GOVERNMENT**

**MAY 2025**

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## ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQs	Bill of quantities
CAO	Chief Administrative Officer
CO	Company
CC	Contracts Committee
CIPS	Chartered Institute of Purchasing and Supply
EC	Evaluation Committee
ESHS	Environmental, Social, Health and Safety requirements
FY	Financial Year
HC III	Health Centre III
LTD	Limited
OPD	Outpatient Department
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PS/ST	Permanent Secretary/ Secretary to Treasury
SCC	Special Conditions of contract
SOR	Statement of requirements
DLG	District Local Government
TCC	Tax Clearance Certificate
UGX	Uganda Shillings
UGIFT	Uganda Intergovernmental Fiscal Transfers Program
VAT	Value Added Tax

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection exercise of Kumi District Local Government that covered a representative sample of ten procurement transactions worth UGX. 1, 327,500,951 under the Financial Year 2023/24.

The overall objective of the compliance inspection was to assess and establish the degree of compliance of Kumi District Local Government's procurement system and process with the provisions of the PPDA Act, Cap 205, the Local Governments (PPDA) Regulations, 2006, PPDA Regulations 2023 and assess the level of procurement performance over the audit period.

From the findings of the procurement audit exercise, the performance of Kumi District Local Government for the Financial Year 2023/24 was **moderately satisfactory** with overall weighted average risk rating of **55.05 %** as detailed in Chapter 3 of the report.

Despite the moderately satisfactory performance, the following exceptions were noted for management attention:

1. The Entity did not implement 35.7% of the previous audit recommendations for the audit conducted in the Financial Year 2021-2022 contrary to Section 10 of the PPDA Act, CAP 205. Out of 10 recommendations made, two (2) equivalent to 20% were implemented and five (5) equivalent to 62.5% were partially implemented. Failure to fully implement audit recommendations affects performance of the procurement function and is an indicator of a weak implementation mechanism by the Entity;
2. The Internal Audit Department did not conduct comprehensive audit of the Entity's procurement and disposal procedures during the period under review contrary to Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations 2023. This implied that the internal mechanism to detect, prevent, and propose corrective action was not in-built in the procurement processes of the Entity;
3. In two procurement transactions worth UGX. 602,332,958 it was observed that the Entity had inadequately prepared bidding documents contrary to Regulation 42 of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services), 2023. This may have led to bidders submitting poorly prepared and non-responsive bids;
4. In five procurement transactions worth UGX. 945,676,605 carried out under both selective and open bidding procurements, it was observed that there was low bidder participation with an average of two bids received in response to invitations by the Entity. This was an indicator of lack of confidence by bidders in the Entity's procurement processes contrary to Section 49 of the PPDA Act, Cap 205 which provides that all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money;

5. It was observed in six procurement transactions worth UGX. 952,446,405, that there were Irregularities at evaluation stage such as non-adherence to the set evaluation criteria which led to unfairness in the evaluation process and award of contracts to non-compliant bidders contrary to Section 76 (3) of the PPDA Act, Cap 205 and Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2023.
6. In four procurement transactions worth UGX. 914,438,303, it was observed that there was an average delay of 51 days by the entity that was noted at various stages of the procurement process such as initiation, confirmation of funding, and contract signing which hindered the entity from achieving efficiency and delayed service delivery to the intended beneficiaries contrary to Section 51 of the PPDA Act, Cap 205.
7. The Entity failed to account for funds worth UGX. 1,484,446,200 spent while using Force Account Mechanism contrary to Regulations 4 & 5 of the PPDA (Force Account Mechanism) Regulations, 2014. This hindered utilization of public funds meant for activities under Force Account Mechanism, financial loss, and denial of service delivery to the intended beneficiaries;
8. The Entity did not dispose obsolete assets that were due for disposal contrary to Regulations 5 &6 of the PPDA (Disposal of Public Assets) Regulations, 2023. This exposed the assets to possible theft, destruction or vandalism and further depreciation of the assets resulting in to loss of value;
9. In the procurement for the construction of the two-classroom block at Kituba Primary School worth UGX.69,000,000, it was observed that there was unnecessary delay of five months in the completion of works. This subsequently affected timely service delivery to intended beneficiaries contrary to Section 51 of the PPDA Act, Cap 205 and Regulation 52 (b) of the PPDA (Contracts) Regulations, 2023;
10. In two procurement transactions worth UGX.347,719,655, it was observed that there was failure by the contractors on the respective sites to adhere to the Environmental, Social, Health, and Safety (ESHS) requirements as the project sites lacked planted trees and were not hoarded-off which greatly compromised the health and safety of the sites contrary to Section 66 of the PPDA Act, Cap 205 and;
11. On 21<sup>st</sup> October 2024, physical verification site visit of five works projects and one supply of desks totaling to UGX.1,844,854,730 was carried and work anomalies done by the contractors were revealed that included delayed works ,some cracks a the facilities and failure to comply to ESHS requirements which compromised quality and cost standards of the project which led to denied service delivery and value for money to intended beneficiaries contrary to Section 52 of the PPDA Act, Cap 205. These included: -
  - a) Rehabilitation of Kanyum- Atatur- Malera Road (Low-cost sealing 1.8Km) (Reference number: Kumi872/Wrks/23-24/00011) worth UGX. 479,987,403 contracted to Oryemcan Company Ltd with the contract signing date on 28<sup>th</sup> November 2023 and completion date was 28<sup>th</sup> May 2024 where some pot holes and patches were evident on the road.

- b) Construction of Maternity ward at Agaria Health Centre III Phase III (Reference number: Kumi872/Wrks/23-24/00012) worth UGX. 122,345,555 contracted to Ailwar General Works (U) Ltd with the contract signing date 28<sup>th</sup> November 2023 and completion date on 20<sup>th</sup> March 2024 found that the pipes for some interior had broken, the ceiling had developed cracks, delayed works & there were no ESHS requirements such as failure to plant trees, installing of the site signpost, failure to ensure hoarding of the site.
- c) Siting, drilling & construction of four production wells and three hand pump boreholes (Reference number: Kumi872/Wrks/23-24/00014) worth UGX.225,374,100 contracted to Icon Projects Ltd on 30<sup>th</sup> November 2023 and completion date was 30<sup>th</sup> May 2024 where the borehole at Kadama subcounty was completed and ESHS requirements adhered.
- d) Supply of three- seater desks at Kapolin, Oseera & Kanyum Primary School (Reference number: Kumi872/Supls/23-24/00003) worth UGX. 19,797,800 contracted to Mai Enterprises Ltd contracted on 7<sup>th</sup> January 2024 and delivery on 8<sup>th</sup> May 2024 where it was observed that the desks were engraved.
- e) Siting, drilling & construction of four production wells and three hand pump boreholes (Reference number: Kumi872/Wrks/23-24/00014) worth UGX. 225,374,100 contracted to Icon Projects Ltd with the contract signing date on 28<sup>th</sup> November 2023 and completion date was on 30<sup>th</sup> May 2024 where the borehole at Kalungar Sub-County was not protected and there were no ESHS adherences such planting of trees and grass.
- f) Construction of a 2-classroom block at Kituba P/S(Reference number: Kumi872/Wrks/23-24/00012) worth UGX. 74,922,507 initially contracted to Cheal Construction Co. Ltd however was completed by Ailwar General Works (U) Ltd with the contracting signing date on 31<sup>st</sup> Marsh 2024 and completion date on 24<sup>th</sup> June 2024 where the veranda had developed some cracks.

**In light of the above exceptions, the Authority recommends the following: -**

1. The Accounting Officer should:
  - i. Task the Head Procurement and Disposal Unit to always report on procurements conducted on a monthly basis to the Internal Audit Department and likewise, task the Internal Audit Department to conduct comprehensive audits of the procurement function on a sample basis in line with Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations 2023;
  - ii. Constitute a task force committee at the Entity and come up with a strong mechanism and strategy that will ensure that all audit recommendations are regularly monitored and implemented in accordance with Section 10 of the PPDA Act, Cap 205 so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others;
  - iii. Task the Evaluation Committee members to show cause why disciplinary action should not be taken against them for failure to adhere to set evaluation criteria and passing non-compliant firms contrary to Regulations 5 (1) and (2) of the PPDA (Evaluation) Regulations, 2023;

- iv. Ensure that all procurement and disposal activities are conducted in a manner which maximizes non-discrimination, transparency, accountability, fairness, competition, and promotes achievement of value for money in accordance with section 46 of the PPDA Act, Cap 205.
  - v. Ensure that assets of the Entity that are due for disposal are disposed off in accordance with Regulations 5,6 & 7 of the PPDA (Disposal of Public Assets) Regulations, 2023.
  - vi. Strengthen contracts management to ensure that both parties to contract meet their contractual obligations in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023. All identified anomalies should be fixed and delayed works expedited to completion as soon as possible and a report submitted to the Authority by April 2025.
  - vii. Task the District Environmental Officer, District Community Development Officer, and District Labour Officer to regularly monitor projects to ensure that contractors implement ESHS requirements in accordance with Section 66 of the PPDA Act, Cap 205.
2. The Head Procurement and Disposal Unit should ensure that evaluation committees conduct evaluation in accordance with the set evaluation criteria in accordance with Regulation 5 of the PPDA (Evaluation Regulations) 2023.
3. The Contracts Committee should:
- i. Ensure that the bidding documents are scrutinized for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations 2023.
  - ii. Ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, Cap 205 before approving the evaluation reports.
4. The Permanent Secretary-Ministry of Local Government prevail upon the Accounting Officer and District Engineer to show cause why disciplinary action should not be taken against them in line with Section 129 (1) (a) (b) & (h) of the PPDA Act, Cap 205 for failure to account for money worth UGX. 1,484,446,200 under Force Account Mechanism meant for road works at the district which may have resulted in to financial loss contrary to Section 48 of the PPDA Act, Cap 205.

Kumi District Local Government should implement the recommended action plan on pages **43-45** of the audit report.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection exercise of Kumi District Local Government that covered a representative sample of ten procurement transactions worth UGX. 1, 327,500,951 under the Financial Year 2023/24. The compliance inspection exercise involved a review of the procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, Cap 205 and the Local Governments (PPDA) Regulations 2006, PPDA Regulations 2023.

### 1.2 Overall Objective

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Kumi District Local Government's procurement system and process with the provisions of the PPDA Act, Cap 205 and the Local Governments (PPDA) Regulations 2006, attendant PPDA Regulations 2023 and assess the level of procurement performance over the audit period.

The specific objectives were to:

1. Establish the level of compliance by the Entity with the general provisions of the PPDA Act, Cap 205, Local Governments (PPDA) Regulations 2006, and PPDA Regulations 2023 with regard to the performance of the procurement structures and the conduct of the procurement process.
2. Assess the degree of compliance of the Entity's disposal process with the provisions of the PPDA Act, Cap 205 and the PPDA (Disposal of Public Assets) Regulations 2023 and;
3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

### 1.3 Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The audit covered a representative sample of ten procurement transactions UGX. 1,327,500,951 under the Financial Year 2023/24. The list of sampled transactions is contained in **Annex 2**. Table 1 below details the distribution of the transaction population and sample.

**Table 1: Distribution of the transaction population and sample**

Procurement method	Popn Value (UGX)	Sample Value (UGX)	% Value	Popn no	Sample no	% no
Open National bidding	1,442,371,534	1,262,731,151	87.5	42	8	19.04
Selective National bidding	79,849,680	19,797,800	24.7	2	1	50
Request For Quotations	44,972,000	44,972,000	100	1	1	100
<b>Total</b>	<b>1,567,193,214</b>	<b>1,327,500,951</b>	<b>84.7</b>	<b>45</b>	<b>10</b>	<b>22.2</b>

#### **1.4 Methodology**

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

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **25<sup>th</sup> October 2024** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **9<sup>th</sup> December 2024** with a request to submit a management response by **18<sup>th</sup> December 2024** which was submitted on **17<sup>th</sup> January 2025**.

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

## CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

### 2.1 Compliance by the Entity with the general provisions of the PPDA Act, CAP 205 and Local Governments (PPDA) Regulations 2006, & Regulations 2023 with regard to the performance of the procurement structures and the conduct of the procurement process

#### 2.1.1 Procurement structures

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

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

##### i. Accounting Officer

Section 28 of the PPDA Act, Cap 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The Chief Administration Officer; Mrs. Adongo Roselyne Luhoni was designated as the Accounting Officer of the Entity during the Financial Year 2023-2024 and is the current Accounting Officer.

##### ii. Constitution of the Contracts Committee

During the audit period, the Entity's Contracts Committee was fully constituted as per the provisions of Section 29 of the PPDA Act, Cap 205 and Regulation 15 of the PPDA (Local Governments) Regulations 2006. The composition of the Contracts Committee during the period is shown in Table 2 below:

**Table 2: Showing Contracts Committee membership during the audit period**

No	Name	Position	Date of Appointment	Title	Title
1.	Mr. Joseph Okiria	Chairperson	17 <sup>th</sup> October 2022	17 <sup>th</sup> October 2025	Principal Agricultural Officer
2.	Mr. Alex Okirigi Onoria	Member	17 <sup>th</sup> October 2022	17 <sup>th</sup> October 2025	District Community Development Officer
3.	Mr. Moses Oonyu	Member	17 <sup>th</sup> October 2022	17 <sup>th</sup> October 2025	Assistant District Health Officer
4.	Mrs. Consolate Opolot Agwanga	Member	17 <sup>th</sup> October 2022	17 <sup>th</sup> October 2025	Senior Accountant
5.	Mrs Emma Ikiring	Member	17 <sup>th</sup> October 2022	17 <sup>th</sup> October 2025	Senior District Lands Officer

##### iii. Staffing of the Procurement and Disposal Unit

The Authority noted that the Entity's Procurement and Disposal Unit was fully staffed with two members of staff in the unit. The details of the Procurement and Disposal Unit staff are shown in Table 3 below: -

**Table 3: Staff in the Procurement and Disposal Unit**

S/no	Name	Job Title	Academic Qualification	Date of Appointment
1.	Mr. Henry OKillan	Principal Procurement Officer	MBA, CIPLS, Bachelor of Procurement and Logistics, ACCA, Bachelor of Commerce (Accounting Officer)	14 <sup>th</sup> April 2021
2.	Mr. James Ocela	Procurement Officer	Bachelor of Procurement and Logistics, CIPS (Diploma in Procurement and Logistics)	18 <sup>th</sup> February 2021

**iv. Inadequate facilitation of the Procurement and Disposal Unit**

The Authority noted that the Entity did not have enough space and filing cabins to securely keep the procurement action files and other records. The procurement files and documents were packed in one procurement and disposal unit office with documents precariously stacked on top of the other.



**Implication**

Failure to have safe storage of procurement records exposes the records to destruction, theft and misplacement which could compromise the principle of accountability of public funds.

**Management Response**

*Management acknowledges the anomaly and shall undertake the advice of the Authority to avail or facilitate Procurement and Disposal Unit with additional space and filing cabinets to properly keep and retrieve procurement and disposal records.*

### Recommendation

The Accounting Officer should ensure that the Procurement and Disposal unit is adequately facilitated with sufficient space and filing cabinets to properly keep and retrieve procurement and disposal records in accordance with Section 33 (o) of the PPDA Act, Cap 205.

#### 2.1.2 Failure to implement 37.5% of previous audit recommendations.

It was noted that the Entity had been issued its previous audit report for the Financial Year 2021-2022 in September 2023. Out of 10 recommendations made, two (2) equivalent to 20% were implemented and five (5) equivalent to 62.5% were partially implemented. Details are provided in Table 5 below: -

**Table 5: Implementation of previous audit recommendations**

No.	Recommendations	Implementation status
1.	The Accounting Officer should put in place a strong internal mechanism and a dedicated team (task force) of staff that will be tasked the role of ensuring full implementation of audit recommendations made by the Authority.	Not Implemented
2.	The Accounting Officer should task the District Force Account Supervisor to ensure that an assessment of the costs incurred under the force account mechanism with those incurred if the Entity uses a contractor is always done in accordance Regulation 3 of the PPDA (Force Account) Regulations 2014.	Not implemented
3.	The Accounting Officer should caution Heads of User Departments against handling micro procurements without delegated authority and failing to report them on a monthly basis to the Contracts Committee in accordance with Regulation 41 (8) of the Local Governments (P PDA) Regulations, 2006.	Partially Implemented
4.	The Accounting Officer should ensure that the Financial Loss worth UGX 12,425,958 occasioned to the Entity in the procurement for Rehabilitation of Kanyum Atatur Malera Road worth UGX 482,619,968 is recovered from the Evaluation Committee members and Contracts Committee. This is because the Evaluation Committee that irregularly eliminated Rema (U) Limited that quoted I-JGX 470,194,010 due to failure to sequentially number and sign the pages of their bid, which was considered a non-material deviation and recommended award to Empa Associates Limited quoted UGX 482,619,968 and the Contracts Committee that failed to exercise its oversight function of ensuring adherence and compliance of the Entity's procurement and disposal to the PPDA Act 2003 and Local Government (PPDA). Regulations, 2006 by approving such an evaluation report without rejecting it.	Not implemented
5.	The Accounting Officer should strengthen contracts management in the Entity and task contract supervisors to ensure that all issues noted during physical verification such as the cracked floor in the construction of a two-class room block at Atatur Primary school and failure to cater for ESHS issues in the construction of Dr. Apuru Memorial Seed Secondary School are	Partially Implemented

No.	Recommendations	Implementation status
	rectified and a report should be submitted to the Authority on the progress within three months of receipt of this letter.	
6.	The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and have it updated accordingly in line with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.	Partially Implemented
7.	The Contracts Committee should ensure that separate Evaluation Committees are approved for each procurement with the adequate and relevant procurement knowledge, technical capabilities and appropriate seniority required to conduct a proper evaluation for the procurement in accordance with Regulation 27 of the LG (PPDA) Regulations, 2006.	Partially implemented
8.	<p>The Head Procurement and Disposal Unit should ensure that:</p> <ul style="list-style-type: none"> <li>i. The evaluation committees are guided such that substantially compliant bidders are not eliminated on trivial requirements instead clarifications should be obtained from the bidders in accordance with Regulation 73 (4) of the Local Governments PPDA Regulations 2006. However, the Entity is cautioned against waiving material requirements that could affect the capacity of the bidders to execute the assignment.</li> <li>ii. Direct procurement method is only applied under appropriate justification and in line with the formal procurement procedures enshrined under Regulation 40 of the Local Governments (PPDA) Regulations 2006.</li> </ul>	Partially Implemented

### **Implication**

Failure to fully implement audit recommendations affects performance of the procurement function and is an indicator of a weak implementation mechanism by the Entity.

### **Management Response**

*The Entity acknowledged the findings and pledged to take up the recommendations in the subsequent procurements.*

### **Recommendation**

The Accounting Officer should appoint a taskforce that shall ensure a strong mechanism is in place to enable all audit recommendations are regularly monitored and implemented in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205.

### **2.1.3 Failure by Internal Audit Department to audit the entire procurement function in the Financial Year under review**

It was observed that much as the Internal Audit Department had prepared audit reports, these were not comprehensive enough to cover the entire procurement process. The reports covered only the contract management process of sampled procurements contrary to Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations, 2023 which required the Head of the Internal Audit department of a procuring and disposing entity to audit procurement and disposal procedures and payments to ensure that all goods, services and works are properly ordered, received, examined and paid for.

### **Implication**

The internal mechanism to detect, prevent and propose corrective action is not in-built in the processes of the Entity which hinders improvement.

### **Management Response**

*Management noted the observation and going forward instructions will be given to Head Procurement and Disposal Unit to adhere and report on procurements conducted as of that advice and Internal Audit to comprehensively audit procurement function.*

### **Recommendation**

The Entity's response was acknowledged that the Internal Audit Department was not comprehensive as it only focused on contract management however it's recommended going forward that the Accounting Officer should ensure that the Internal Audit Department carries out comprehensive periodic reviews of the procurement and disposal processes and system right from planning to contracts management as opposed to only verification of supplies and works before payment in accordance with Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

#### **2.1.4 Procurement plan implementation rate**

Table 6 summarizes information about the procurement plan, budget, and utilization of funds for the Financial Year 2023/2024. The procurement plan implementation rate was 100%.

**Table 6: Analysis of implementation of the procurement plan**

Total procurement plan value inclusive of VAT (UGX)	2,528,287,467
Procurement spend value inclusive of VAT (UGX)	2,528,287,467
Procurement plan Implementation Rate	100%
Budget variance (UGX)	0

*Note: The Authority appreciated the Entity for fully insuring 100% implementation of its procurement plan.*

#### **2.1.5 Inadequately prepared bidding documents**

In two procurement transactions worth UGX. 602,332,958, it was observed that there were weaknesses and inadequacies by the entity during the preparation of the bidding documents as detailed in Table 7: -

**Table 7: Procurements with inadequately prepared bidding documents**

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
1.	Construction of Maternity ward at Agaria Health Centre III Phase III Reference number: Kumi872/Wrks/23-24/00012 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Ailwar General Works (U)Ltd	122,345,555	There was no evidence in the issued solicitation document of Bills of Quantities (BOQs) and ESHS requirements.

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
	<b>Contract value:</b> UGX. 122,345,555 <b>Contract singing date:</b> 28 <sup>th</sup> November 2023 <b>Completion date:</b> 20 <sup>th</sup> March 2024 <b>Defects liability period:</b> 180 days (16 <sup>th</sup> September 2024)		
2.	Rehabilitation of Kanyum- Atur- Malera Road(2.50Km) <b>Reference number:</b> Kumi872/Wrks/23-24/00001 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Oryemcan Company <b>Defects liability period:</b> 180 days <b>Contract value:</b> UGX. 479,987,403 <b>Completion date:</b> 28 <sup>th</sup> May 2024	479,987,403	The bidding document included supervision, monitoring fees and reporting by the Administrative, Engineering, Environmental and social safeguards Officers at an estimated UGX. 2,800,000.
<b>Total</b>		<b>602,332,958</b>	

### **Implication**

Issuance of inadequate bidding documents may lead to bidders misunderstanding the Entity's requirements and thereafter submitting poorly prepared and non-responsive bids. Similarly, it may confuse bidders and may become a source of potential conflicts with the Entity.

### **Management response**

*The Entity acknowledged the Authority's observation and pledged to take up the recommendation in the subsequent procurements. There was an oversight in the preparation of the bid documents which omitted ESHS in the project for construction of a maternity ward at Agaria HC II Phase III. We have noted this observation and we are already implementing the inclusion of ESHS in the procurements for financial year 2024/2025 going forward. Example of the same is attached for maintenance of a four-classroom block at Omerein (BOQ) as ANNEX 3 as evidence.*

*Management realized the erroneous inclusion of supervision, monitoring fees and reporting by the Administrative, Engineering, Environmental and social safeguards Officers in the bills of quantities for project for Rehabilitation of Kanyum- Atatur- Malera Road (2.50Km). This is to commit that we still have retention monies for the contractor. We shall recover the amount erroneously paid to the contractor as supervision, monitoring by administrative & engineering officers from retention money due to the contractor.*

### **Authority's Comment**

The Entity's response was noted however the query was maintained for compliance by the Entity in future procurements.

### **Recommendations**

1. The Head, Procurement and Disposal Unit should ensure that the bidding documents issued to bidders have all the relevant required information including adequate specifications in accordance with Regulation 25 of the PPDA (Rules and Methods for the

Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2023 and should not include supervision fees for the entity since the entity can plan and controls its own resources thus eliminating conflict of interest.

2. The Contracts Committee should ensure that the bidding documents are scrutinized for quality before approval in line with Regulation 10 of the PPDA (PDEs) Regulations.

### 2.1.6 Low bidder participation

In five procurement transactions worth UGX. 945,676,605, the Entity received on average two bids in response to invitations to bid under both the selective bidding procurement method and open bidding, an indicator of lack of confidence by bidders in the Entity's procurement processes. This was contrary to Section 46 of the PPDA Act, Cap 205 which provides that all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money. The procurements with low bidder participation are indicated in Table 8 below: -

**Table 8: Procurements with low bidder participation**

S/N	Procurement	Amount (UGX)	Bids received	Form of Invitation
1.	Siting, drilling & construction of four production wells and three hand pump boreholes <b>Reference number:</b> Kumi872/Supls/23-24/00004 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Icon Projects Ltd <b>Defects liability period:</b> 180 days <b>Completion date:</b> 30 <sup>th</sup> May 2024	225,374,100	2	Open Bidding
2.	Construction of Maternity ward at Agaria Health Centre III Phase III Reference number: Kumi872/Wrks/23-24/00012 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Ailwar General Works (U)Ltd <b>Contract value:</b> UGX.122,345,555 <b>Contract signing date:</b> 28 <sup>th</sup> November 2023 <b>Completion date:</b> 20 <sup>th</sup> March 2024 <b>Defects liability period:</b> 180 days (16 <sup>th</sup> September 2024)	122,345,555	1	Open Bidding
3.	Rehabilitation of Kanyum- Atur- Malera Road(2.50Km) <b>Reference number:</b> Kumi872/Supls/23-24/0001 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Oryemcan Company <b>Defects liability period:</b> 180 days <b>Contract value:</b> UGX. 479,987,403 <b>Completion date:</b> 28 <sup>th</sup> May 2024	479,987,403	2	Open Bidding
4.	Detailed Engineering Design and Documentation of Kampala & Achaapa	58,000,000	2	Open Bidding

S/N	Procurement	Amount (UGX)	Bids received	Form of Invitation
	RGC Water Supply System <b>Reference number:</b> KUMI872/SRVCS/23-24/00035 <b>Procurement method:</b> Open National Bidding <b>Contract Amount:</b> UGX. 58,000,000 <b>Contractor:</b> Balbert Water Solutions Ltd <b>Contract sign date:</b> 8 <sup>th</sup> November 2023 <b>Commencement date:</b> 11 <sup>th</sup> December 2023 <b>Contract Completion date:</b> 23 <sup>rd</sup> March 2024			
5.	<b>Subject of Procurement:</b> Construction of two class room block Kituba Primary School <b>Ref Number:</b> KUMI872/WRKS/23-24/00012 <b>Procurement method:</b> Open National Bidding <b>Contractor:</b> Cheal Construction Company Ltd <b>Contract sign date:</b> 31 <sup>st</sup> May 2024 Defects liability period: 180 days <b>Contract Completion date:</b> 24 <sup>th</sup> June 2024	59,969,547	2	Open Bidding
<b>Total</b>		<b>945,676,605</b>		

### **Implications**

- Inadequate competition inhibits achievement of value for money
- This could also be a sign of possible loss of confidence by bidders in the procurement processes of the Entity due to issues in the Entity such as failure by members of the Evaluation Committees to adhere to the set criteria thus failure to obtain competitive offers.

### **Management response**

*Management acknowledged the Authority's observation and stated that the above-named procurements were advertised in the public media in a newspaper widely read and of wide circulation under Open Domestic Bidding method. The Entity had no control over the firms with potential interest in the listed procurement projects.*

### **Authority's Comment**

This query was maintained for the Entity to take remedial actions to ensure there is no low bidder participation at the Entity in the near future.

### **Recommendation**

The Accounting Officer should;

- Address procurement irregularities such as unfairness at evaluation, poor quality bidding documents, among others that could be responsible for the low bidder participation leading to reduced competition in the Entity, thus affecting value for money in accordance with Section 49 of the PPDA Act, Cap 205.
- Organize supplier forums to get feedback from bidders on factors that may be hindering competition and get appropriate remedies.

### **2.1.7 Irregularities at bid evaluation**

In six procurement transactions worth UGX. 952,446,405, it was revealed that there were irregularities by the Entity during evaluation stage such as non-adherence with set evaluation criteria which was contrary to Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006 that provides that detailed evaluation shall be conducted to compare the details of the received bids with the terms, conditions and criteria stated in the bidding documents and that the detailed evaluation shall not be based on any terms, conditions or criteria that was not included in the bidding documents. The procurements shown in Table 8 below had contracts awarded to non-compliant bidders against the evaluation criteria.

**Table 8: Procurements with irregularities at evaluation stage**

No.	Subject of the procurement	Contracts Value (UGX)	Observations
1.	<p>Supply of three- seater desks at Kapolin, Oseera &amp; Kanyum Primary School</p> <p><b>Reference number:</b> Kumi872/Supls/23-24/00003</p> <p><b>Procurement method:</b> Selective bidding</p> <p><b>Contractor:</b> Mai Enterprises Ltd</p> <p><b>Contract signing date :</b> 7<sup>th</sup> January 2024</p> <p><b>Defects liability:</b> 90 days</p> <p><b>Delivery date:</b> 8<sup>th</sup> March 2024</p>	19,797,800	<p><b>Inadequate evaluation criteria</b></p> <p>The criteria required the bidders to submit:</p> <ol style="list-style-type: none"> <li>i. Qualification of key personnel's without being specific on particular qualifications.</li> <li>ii. Experience in similar supplies without being specific on particular experience in doing similar works.</li> </ol> <p>This is an indicator that members of the Evaluation Committees may have had unethical tendencies or may have lacked adequate capacity to review bids which could have compromised fairness and transparency in the evaluation process.</p>
2.	<p>Rehabilitation of Kanyum- Atur-Malera Road(2.50Km)</p> <p><b>Reference number:</b> Kumi872/Supls/23-24/00011</p> <p><b>Procurement method:</b> Open bidding</p> <p><b>Contractor:</b> Oryemcan Company</p> <p><b>Defects liability period:</b> 180 days</p> <p><b>Completion date:</b> 28<sup>th</sup>/05/2024</p>	479,987,403	<ul style="list-style-type: none"> <li>❖ Attaching curriculum vitae of key personnel that were employed with another firm by the BEB without their consent and confirmation of availability for the assignment if the company</li> <li>• Oryemcan Company (BEB) attached Mr. James Akuku (Project Manager) CV indicated that he was employed by Ingenuity Technical Services Ltd from August 2011-April 2014 and not Oryemcan Company.</li> <li>• Oryemcan Company (BEB) attached Mr. Peter Kasozi (Site Engineer) curriculum vitae indicated that he was employed by Apcon Company Limited Ltd from October- to present.</li> <li>• Oryemcan Company (BEB) attached Mrs. Kia Sandra (Health and Safety Officer) CV indicating that he was employed by J:B United civil &amp; building contractors limited, Lira from October 2018- May 2019.</li> <li>• Oryemcan Company (BEB) attached Mr. Brain Alwodo (Foreman earth works) CV indicated that he was employed by Lira Municipal Council from August 15<sup>th</sup> 2000-20<sup>th</sup> November 2000.</li> </ul>

No.	Subject of the procurement	Contracts Value (UGX)	Observations
			<ul style="list-style-type: none"> <li>• Oryemcan Company (BEB) attached Mr. John Musakira (Quantity Surveyor) curriculum vitae indicated that he was employed as a Legal and Communications Officer at Uganda Young Water Professions. This is an indicator that members of the Evaluation Committees may have had unethical tendencies or may have lacked adequate capacity to review bids which could have compromised fairness and transparency in the evaluation process.</li> </ul>
3.	<p>Construction of two class room block Kituba Primary School</p> <p><b>Ref Number:</b> KUMI872/WRKS/23-24/00012</p> <p><b>Procurement Method:</b> Open National Bidding</p> <p><b>Contractor:</b> Cheal Construction Company Ltd</p> <p><b>Contract sign date:</b> 31<sup>st</sup> May 2024</p> <p><b>Contract Completion date:</b> 24<sup>th</sup> June 2024</p> <p>Defects liability period: 180 days</p>	59,969,547	<ul style="list-style-type: none"> <li>❖ <b>Passing the BEB with a forged URA Tax Clearance Certificate</b> Cheal Construction Company Ltd (BEB) was passed as being eligible at preliminary evaluation stage as having a valid URA Tax Clearance addressed to Kumi DLG yet the Tax Clearance submitted (CRN: SO01160006936) was upon verification at the URA Portal found to belong to Biva Com Construction Company Ltd addressed to Ngora DLG.</li> <li>• Cheal Construction Company Ltd (BEB) was passed as compliant to the requirement: <i>Average annual turnover of UGX.150 million within last 2 years, and 40% progress or completed contract evidence of completion certificate and agreement forms</i>, yet it submitted annual report audited financial statement for the period ended 30<sup>th</sup> June 2023 that was prepared for M/s Ogeu and Sons Limited instead of M/s Cheal Construction Company Ltd.</li> <li>• Cheal Construction Co. Ltd (BEB) was passed as compliant to the requirement <i>financial resource (Cashflow) including Liquid assets, line of credit worth UGX. 50 million</i> yet the bank statement submitted by Cheal Construction Company Ltd (Equity Bank Ltd Soroti Branch A/c No.1014200894525) indicated cash flow of only UGX. 30,865,560.</li> <li>• Passing Cheal Construction Company Ltd under Technical evaluation as being compliant to the requirement: <i>The contractor MUST submit passport and curriculum vitae for key personnel with evidence that</i></li> </ul>

No.	Subject of the procurement	Contracts Value (UGX)	Observations
			<p><i>included:</i></p> <ul style="list-style-type: none"> <li>➤ <i>Construction Manager with Bsc. Civil Engineering (MUST be a civil engineer with total work similar experience of 5 years and similar works experience of 2 years.</i></li> <li>➤ <i>Site Engineer with diploma in Civil Engineering with a total work similar experience of 3 years and similar works experience of 2 years.</i></li> <li>➤ <i>General Site Foreman with a Diploma Civil Engineering with total works similar experience of 5 years and similar works of 3 years.</i></li> <li>➤ <i>Electrical Foreman with a certificate on Electrical Engineering with total works similar experience of 5 years and similar works experience of 3 years.</i></li> </ul> <p>Cheal Construction Company Ltd (BEB) however did not submit the curriculum vitae of its key personnel and the required qualification certificates for key personnel.</p> <p>The BEB only submitted a diploma certificate in comprehensive nursing belonging to Ms. Harriet Aguti.</p> <p>This is an indicator that members of the Evaluation Committees may have had unethical tendencies or may have lacked adequate capacity to review bids which could have compromised fairness and transparency in the evaluation process.</p>
4.	<p><b>Subject of Procurement:</b> Supply and Installation of Solar powered fridges for storage of vaccines.</p> <p><b>Reference No:</b> Kumi872/Supls/23-24/0021</p> <p><b>Procurement method:</b> Selective Bidding</p> <p><b>Contract price:</b> UGX</p> <p><b>Contractor:</b> Abucele</p>	44,972,000	<ul style="list-style-type: none"> <li>• Suume (U) SMC Limited the second evaluated bidder didn't submit the PPDA certificate yet was passed to preliminary, technical and financial evaluation stage.</li> <li>• There was no qualification of Personnel (Attaching relevant academic documents for key personnel employed by the firm) on file.</li> </ul> <p>This is an indicator that members of the Evaluation Committees may have had unethical tendencies or may have lacked adequate capacity to review bids which could have compromised fairness and transparency</p>

No.	Subject of the procurement	Contracts Value (UGX)	Observations
	Contract signature date: 28 <sup>th</sup> February, 2024		in the evaluation process.
<b>Total</b>		<b>952,446,405</b>	

### **Implications**

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

### **Management response**

*The observation of the Auditor on supply of three (3) seater desks is true about the requirements in the bid document. However, qualifications of key personnel were considered by evaluation committee as non – material for the supply of desks to schools. Considering experience in similar supplies, the requirement was supplies of same nature which the firm had and was known to have supplied desks to the entity for many years. Similar supplies meant here were for school desks.*

*Icon projects Ltd (BEB) submitted dump trucks and wheel barrows as stated by the Auditor. However, other items requested in the criteria like pangas were equally submitted. The one not submitted was a vibratory hand rammer which was considered by evaluation committee as not relevant for drilling of boreholes. It was erroneously included in the criteria for evaluation in the bid document. This was waved for all submitted bids. Attached are Form 3s and receipts and log books as ANNEX 5 for verification.*

*The observation of the Auditor is not correct on construction of a maternity ward at Agaria HC II phase II. All the tools which were required in the criteria as stated by the Auditor as not submitted were submitted. The tools were submitted by Ailwar General Works Ltd. Copies of form 3, receipts and log books are attached as ANNEX 6.*

*On Rehabilitation of Kanyum Atatur Malera Road (2.5km), Ailwar General Works Ltd was not a bidder in this category as stated by the Auditor. The observation of the Auditor that they did not submit excavator/wheel loader, vibratory hand rammer, Bitumen sprayer yet allegedly was passed to technical evaluation criteria does not arise since Ailwar General Works Ltd was not privy to the project submissions. Also stated by Auditor that Ailwar General Works Ltd as BEB is not true. The BEB was Oryem Can Company Ltd. Attached are LG PP forms 10 & 11 as evidence that Ailwar did not submit for the project for drilling of boreholes.*

*That second best evaluated bidder Empa Associates did not submit evidence of training in labour-based services for low-cost sealing is not true. Empa Associates submitted certificates of labour-based training for its key personnel as required in the bid document. Copies are attached as evidence in ANNEX 8.*

*The personnel of Empa Associates submitted CVs contrary to the observation of the Auditor. Copies are attached as evidence in ANNEX 9*

*The criteria in the bid document had requested for proof that their intended personnel to be employed and used by the BEB in this case Oryem Can Company Ltd, had experience in carrying out similar assignments before getting employed by a potential bidder. Oryem Can Company Ltd submitted personnel to use not the personnel they have used before. It is what the bid document intended for.*

*The submission of the tax clearance certificate by Cheal Construction Co. Ltd (BEB) which was for Bivacom Construction Co. Ltd is true. However, Cheal Construction Co. Ltd had changed a name from Bivacom Construction Co. Ltd to Cheal construction Co. Ltd.*

*However, with all the shortfall, the contract for cheal construction Co. Ltd got terminated and contract was awarded to another company Ailwar General Works (U) Ltd who successfully completed the works without causing loses to the district.*

*Suume (U) SMC Ltd was second best evaluated bidder and that it did not attach personnel's relevant academic documents of key personnel on file. The observation of the Auditor is correct. However, the firm did not make it as best evaluated bidder and was not awarded the contract.*

#### **Authority's Comment**

The Entity's responses were acknowledged and consideration was undertaken to the evidences provided for verification. However, the above queries were maintained where the Entity conceded in their response or where others lacked substantial evidence.

#### **Recommendations**

1. The Head Procurement and Disposal Unit should prevail upon the Evaluation Committees to ensure that evaluations are conducted according to the criteria set in the bidding document in accordance with Section 76 (3) of the PPDA Act, Cap 205 and Regulation 5 (1) of the PPDA (Evaluation) Regulations,2023.
2. The Contracts Committee should ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 46 of the PPDA Act, Cap 205 before approving the evaluation reports.
3. The Accounting Officer should conduct due diligence or document Authentication prior to award of contract in accordance with the PS/ST circular Ref: FAD 154/308/01 issued on 7<sup>th</sup> August 2014.

#### **2.1.8 Delay at various stages of the procurement process**

In four procurement transactions worth UGX.914,438,303, it was observed that there were various delays at the different stages of the procurement process contrary to Regulation 43 (6) of the Local Governments (PPDA) Regulations 2006 that requires Entities to conduct procurements in a manner that promotes economy, efficiency and value for money as indicated the following procurements indicated in Table 9 below: -

**Table 9: Showing delays at various stages of procurement process**

No	Subject of Procurement	Contract Amount (UGX)	Observations
1.	Supply of three-seater desks at Kapolin, Oseera & Kanyum Primary School	19,797,800	<ul style="list-style-type: none"><li>• There was delay at initiation stage whereby the planned initiation date was scheduled on 10<sup>th</sup> July 2023 while the actual initiation date was done on 4<sup>th</sup> December 2023 and hence delay of 66 days.</li><li>• There was delayed contract signature whereby planned signature was scheduled on 2<sup>nd</sup> October 2023 while the actual signature was done on 26<sup>th</sup> December 2023 and hence delay of 79 days.</li></ul>
2.	Siting, drilling & construction of four production wells and three hand pump boreholes	225,374,100	There was delayed contract signature whereby planned signature was scheduled on 2 <sup>nd</sup> October 2023 while the actual signature was done on 22 <sup>nd</sup> November 2023 and hence delay of 20 days.
3.	Rehabilitation of Kanyum- Atur-Malera Road(2.50Km)	479,987,403	There was delayed confirmation of funding whereby the initiation date was on 10 <sup>th</sup> April 2023 while confirmation of funding was done on 19 <sup>th</sup> June 2023 and hence delay of 78 days.
4.	Supply of road construction materials	189,279,000	Delayed confirmation of funding. Initiation was done on 27 <sup>th</sup> February 2024 while confirmation of funding was done on 12 <sup>th</sup> /03/2024 and hence a delay of 1 month.

No	Subject of Procurement	Contract Amount (UGX)	Observations
<b>Total</b>		<b>914,438,303</b>	

### **Implication**

A delay in the procurement cycle affects the entire process which in turn leads to delays in service delivery to the intended beneficiaries.

### **Management Response**

*Management acknowledged the Authority's observation on delays in the procurement processes as listed above are true. However, these projects received funding differently. Others were initiated later as from supplementary releases. It is true that those projects may have not met their targeted dates as planned but they were successfully implemented and are in use or supplied.*

### **Authority's Comment**

The Entity's response was acknowledged. However the query was maintained for the Entity's compliance.

### **Recommendation**

The Accounting Officer should ensure that procurements are undertaken in a manner that enhances economy and efficiency as required by Section 51 of the PPDA Act, Cap 205.

### **2.1.9 Failure to avail accountability worth UGX. 1,484,446,200 for money spent under Uganda Road Fund budget while using Force Account Mechanism.**

During review of, the Entity's Uganda Road Fund data expenditure for financial year 2023/2024 for routine manual, mechanised and periodic maintenance of Kumi roads, analysis was made as indicated in the table 10 below which also factored in the responses from the Entity.

**Table 10: Use of Force Account Mechanism carried out under URF in FY2023-2024**

No.	Particulars from the Entity's Performance reports submitted to the Authority during the audit exercise	Value (UGX)	Observations
1.	Budget	807,447,200	<i>The Entity budget was UGX.</i>

	Particulars from the Entity's Performance reports submitted to the Authority during the audit exercise			Observations
				807,447,200 as clarified by the entity /
2.	<b>Total release;</b> Quarterly releases: Q1: UGX. 10,000,000 Q2: UGX. 135,481,364 Q3: UGX. 1,342,681,000 Q4: UGX. 111,965,836		1,484,446,200.  <b>Total releases received under URF; UGX. 482,447,200 as broken down below</b> Quarterly releases: Q1:UGX. 10,000,000 Q2: UGX. 235,481,364 Q3: UGX. 0: UGX. 236,965,836	<i>In addition to URF 482,446,200 the entity received UGX. 1,000,000,000 for road works as was appropriated by Parliament. Thus, total amount received worth UGX. 1,484,446,200.</i>  <i>Thus, an amount of UGX. 325,000,000 was not received by the entity explaining the variance between the budget and received funds.</i>
3.	<b>Total actual expenditure for all quarters</b>		1,484,446,200	UGX. 1,484,446,200 was the actual expenditure on road works. Only remittance receipts were provided. No activity reports, work schedules, fuel schedules and accountabilities of materials used were provided,
4.	<b>Unaccounted for expenditure:</b>		<b>UGX. 1,484,446,200</b>	

**i) Lack of missing records for activities carried out used under Force Account Mechanism.**

The Authority noted that the following records were missing in the procurement action files such as: -

- 1) Estimated unit price and budget for the works.
- 2) Periodic progress reports per project.
- 3) Final report at the completion of the assignment including daily worksheets.



Mechanized routine maintenance of Nyero and Ongoma road (8KM).



Mechanized routine maintenance of Ariet- Kamayo road (6KM).

**Implication**

Missing records affects the audit trail.

**Management Response**

*Management stated that the district budget for Uganda Road Fund for Kumi DLG was Ugx 807,447,200 and not Ugx 643,576,600 as stated by the Authority.*

*The entity received URF as follows;*

*Qtr 1 -10,000,000*

*Qtr 2 -235,481,364 broken down as;*

- 43,197,367 to the district*
- 92,283,997 to 6 sub- counties*
- 100,000,000 Transfer to Ongino Town Council*

*Qtr 3 - 0*

*Qtr 4 – 236,965,836 broken down as follows;*

- 111,965,836 to the district and*
- 125,000,000 Transfer to Ongino Town Council*

*This is to confirm that out of the district budget of 807,447,200 the district received Ugx 482,447,200 as listed in the above break down. The district never received any funds for Road Fund in Quarter 3 as indicated by Auditor. The copies of evidence of transfers to the sub counties is here attached as ANNEX 11.*

#### **Authority's comment**

The Entity's response was noted and the submitted Annex 11 records of evidence that indicated transfer of Quarter two release of UGX. 125,000,000 to Ongino Town Council (General Receipt No. 16375 dated 14<sup>th</sup> June 20224 and EFT No.12762405 dated same date of the same amount) and Remittance to Oginino Town Coucil of UGX. 100,000,000 as indicated in the same annex (General Receipt No 16361 dated 6<sup>th</sup> November 2023 and EFT payment No.8601428 dated 8<sup>th</sup> Jan 2024 of the same amount) was acknowledged.

However, the Entity did not provide actual accountabilities from Oginino Town Council that monies worth UGX. 225,000,000 that were remitted to for works, and there were no addition accountabilities for activities done by the District Engineer and also and did not provide additional accountabilities for review of the UGX. 1,000,000,000 provided by the Entity by the parliament of Uganda hence the query was maintained as the Entity's response was not satisfactory.

Furthermore, whereas the entity's management letter response to the Authority indicated that entity actually received **UGX. 1,484,446,200** (Inclusive of the 1,000,000,000 funded by Parliament) which remains unaccounted for due to lack of accountability records like reports and payments for materials, fuel, road gangs etc among others.

#### **Recommendations**

1. The Permanent Secretary-Ministry of Local Government prevail upon the Accounting Officer and District Engineer to show cause why disciplinary action should not be taken against them in line with Section 129 (1) (a) (b) & (h) of the PPDA Act, Cap 205 for failure to account

for money worth UGX. 1,484,446,200 under Force Account Mechanism meant for road works at the district which may have resulted in to financial loss contrary to Section 48 of the PPDA Act, Cap 205.

2. The Accounting Officer should ensure that works undertaken using Force Account Mechanism are implemented in accordance with the PPDA (Force Account Mechanism) Regulations 2014.

## **2.2 Compliance of the Entity's disposal process with the provisions of the PPDA Act, Cap 205 and the Local Governments (PPDA) Regulations 2006, Regulations 2023**

### **2.2.1 Failure to dispose obsolete items**

There was review of the Entity's Board of survey report for the Financial Year 2023/2024 dated 19<sup>th</sup> September 2024 and the items due for disposal below were never disposed of; -

- 1) Motorcycle Yamaha 100- LG000068-24
- 2) Motorcycle Yamaha DT 125-UPV 654,
- 3) Motorcycle Yamaha-UG2022R,
- 4) Scrap materials, walker, desktop, signposts, tyres, printer, laptops
- 5) A generator at Aturur hospital.

**Figure 1 below shows assets that were found grounded and vandalized at the Entity's premises.**



**Figure 1: Tractor garbage collection bin due for disposal**



**Figure 2: Old Isuzu tipper LG0039-24 due for disposal**



### **Implications**

- Failure to dispose of assets whose use ceased inhibits achievement of value for money as funds are held up in assets and also lost through depreciation of these assets.
- This also exposes the assets to possible theft, destruction or vandalism.

### **Management Response**

*The Authority's observation is true and management stated that the some of the items listed by the Auditor are still in use by the district for example vehicle Nissan LG 115 – 24 is currently in use by our department of natural resources. The Ford UG 0477Z is for Production department and is on the verge of repair as it has been budgeted for. Photos of LG 115 – 24 in use are attached as Annex*

*For other items it was uneconomical in terms of cost to carry out the disposal process for few items. The district in addition did not have financial resources to carry out the disposal because it had last done it in the financial year 2022/2023.*

*Other pictures provided by the Auditor, are for vehicles belonging to Kumi municipal council which is an independent entity who are in the process to dispose soon.*

### **Authority's Comment**

The Entity's response was acknowledged. However, without substantive evidence on ownership of the assets, the query was maintained for the Entity's compliance.

### **Recommendations**

1. The Accounting Officer should ensure that assets of the Entity that are due for disposal are disposed of in accordance with Regulations 5, 6 & 7 of the PPDA (Disposal of Public Assets) Regulations, 2003.
2. The Head Procurement and Disposal Unit and Contracts Committee should maintain all records pertaining disposal processes at the Entity and submit to the Authority monthly reports on disposal activities carried out by the Entity in accordance Regulations 46 (1) & (3) of the PPDA (Disposal of Public Assets) Regulations, 2023.

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

#### **2.3.1 Delayed completion of works**

In the procurement for the construction of a two -classroom block at Kituba Primary School worth UGX. 69,000,000 noted delayed completion of works as indicated in Table 11 below: -

**Table 11: Delayed completion of works**

<b>No.</b>	<b>Subject of procurement</b>	<b>Observations</b>
1.	<b>Subject of Procurement:</b> Construction of two class room block Kituba Primary School <b>Reference Number:</b> KUMI872/WRKS/23-24/00012 <b>Contract Amount:</b> UGX. 59,969,547 <b>Method of procurement:</b> Open National Bidding <b>Contractor:</b> Cheal Construction Company Ltd <i>(Please note this was done initially Cheal Construction Co. Ltd at a contract price of UGX. 69,000,000 but later taken up</i>	<ul style="list-style-type: none"><li>• <b>Abandonment of site by a Contractor</b> The Entity initially had a Contract was signed on 8<sup>th</sup> November 2023 with Cheal Construction Co. Ltd at a contract price of UGX. 69,000,000 with commencement date on 15<sup>th</sup> November 2023 and completion on 29<sup>th</sup> February 2024. However, progress report dated 21<sup>st</sup> March 2024, prepared by Mr. Samuel Oculi indicated physical progress</li></ul>

No.	Subject of procurement	Observations
	<p><i>by Aliwar General Works Ltd at UGX. 59,969,547)</i></p> <p><b>Contract sign date:</b> Initially on 8<sup>th</sup> November 2023 with Cheal Construction Co. Ltd and later 31<sup>st</sup> May 2024 with Aliwar General Works Ltd</p> <p><b>Contract Completion date:</b> Initially on 29<sup>th</sup> February 2024 with Cheal Construction Co. Ltd and later 24<sup>th</sup> June 2024 with Aliwar General Works Ltd</p> <p><b>Defects liability period:</b> 180 days</p>	<p>was at 22% and non-adherence to ESHS requirements by Cheal Construction Co. Ltd</p> <p>Following failure to meet contractual obligations by Cheal Construction Co. Ltd, on 28<sup>th</sup> May 2024, Contracts Committee (Min5/KDCC/4-3/23-24) awarded the use of direct procurement method for the site following report by CAO to HPDU to source another contractor to complete works which had been abandoned by Cheal Construction Co.Ltd and the Contracts Committee awarded the site to Ailwar General Works (U) Ltd at a contract price of UGX. 59,969,547.</p> <p>There was also no record of evidence recommending termination of the contract with Cheal Construction Co.Ltd and also recommendation of the contractor to PPDA for blacklisting.</p>

#### **Implications**

- Delayed completion of works may be an indication of weak contract supervision of the contractor by the Entity.
- Delayed completion of works denies service delivery to the intended beneficiaries.

#### **Management response**

*The Authority's observation is true. There are a number of factors which affected the periods for execution of works ranging from the release of funds by ministry of Finance Planning & Economic Development, Weather changes especially the heavy down pours of rainfall etc.*

### **Authority's Comment**

The Entity's response was acknowledged. However, the response was found to be unsatisfactory since there were no records of evidence to justify the delays hence the query was maintained for the Entity's compliance.

### **Recommendations**

1. The Authority shall institute suspension proceedings against the contractor Cheal Contraction Co. Ltd for breach of contract in line accordance with Section 128 of the PPDA Act, Cap 205.
2. The Accounting Officer should strengthen contracts management to ensure that both parties to the contract meet their contractual obligations in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023 and ensure that contracts are renewed or extended before they expire.

### **2.3.2 Failure to adhere to the Environmental, Social, Health, and Safety (ESHS) requirements**

In two procurement transactions worth UGX. 347,719,655, it was observed that there was non-adherence by the contractors in ensuring adherence to the Environmental Social, Health, and Safety (ESHS) requirements as indicated in Table 12 below: -

**Table 11: Non-adherence to ESHS requirements**

No.	Subject of Procurement	Non-Adherence to ESHS Requirements
1.	Construction of Maternity ward at Agaria Health Centre III Phase III Reference number: Kumi872/Wrks/23-24/00012 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Ailwar General Works (U)Ltd <b>Contract value:</b> UGX. 122,345,555 <b>Contract signing date:</b> 28 <sup>th</sup> November 2023 <b>Completion date:</b> 20 <sup>th</sup> March 2024 <b>Defects liability period:</b> 180 days (16 <sup>th</sup> September 2024)	<ul style="list-style-type: none"><li>• There were no trees planted on the site.</li><li>• There was no hoarding of the site.</li></ul>

No.	Subject of Procurement	Non-Adherence to ESHS Requirements
2.	<p><b>Subject:</b> Siting, drilling &amp; construction of four production wells and three hand pump boreholes</p> <p><b>Reference number:</b> Kumi872/Wrks/23-24/00014</p> <p><b>Procurement method:</b> Open bidding</p> <p><b>Contractor:</b> Icon Projects Ltd</p> <p><b>Defects liability period:</b> 180 days</p> <p><b>Contract value:</b> UGX. 225,374,100</p> <p><b>Completion date:</b> 30<sup>th</sup> May 2024</p>	<ul style="list-style-type: none"> <li>• Borehole at Kalungar Sub-County was not guarded/fenced off.</li> <li>• No vegetation/ grass planted near the boreholes.</li> </ul>

### **Implication**

Failure to adhere to the ESHS requirements risks the safety of the personnel & construction materials on site, and hinges on the environmental standards of the projects.

### **Management response**

*Management acknowledged the Authority's observation and going forward the Accounting Officer will compel the Environment Officer and the District Community Development Officer to adhere to the Environmental, Social, Health, and Safety (ESHS) requirements.*

### **Recommendation**

The Accounting Officer should task and direct the District Environmental Officer, District Community Development Officer, and District Labour Officer to regularly monitor projects to ensure that contractors implement ESHS requirements in accordance with Section 66 of the PPDA Act, Cap 205.

#### **2.3.3 Failure to maintain complete procurement files**

In four procurement transactions worth UGX.887,676,606T, it was revealed that there were missing records contrary to Regulation 119 (1) of the Local Governments (PPDA) Regulations, 2006. These procurements are detailed in the Table 13 below: -

#### **Table 13: Procurements with missing records**

No	Subject of Procurement	Contract Amount (UGX)	Missing records
1.	<p>Siting, drilling &amp; construction of four production wells and three hand pump boreholes</p> <p><b>Reference number:</b> Kumi872/Wrks /23-24/00014</p> <p><b>Procurement method:</b> Open bidding</p> <p><b>Contractor:</b> Icon Projects Ltd</p> <p><b>Defects liability period:</b> 180 days</p> <p><b>Completion date:</b> 30<sup>th</sup> May 2024</p>	225,374,100	<ul style="list-style-type: none"> <li>• Bill quantities provided by the Engineer lacked the estimated amounts and it was difficult to ascertain how the Engineer arrived at the estimated cost.</li> </ul>
2.	<p>Construction of Maternity ward at Agaria Health Centre III Phase III</p> <p><b>Reference number:</b> Kumi872/Wrks/23-24/00012</p> <p><b>Procurement method:</b> Open bidding</p> <p><b>Contractor:</b> Ailwar General Works (U)Ltd</p> <p><b>Contract value:</b> UGX. 122,345,555</p> <p><b>Contract signing date:</b> 28<sup>th</sup> November 2023</p> <p><b>Completion date:</b> 20<sup>th</sup> March 2024</p> <p><b>Defects liability period:</b> 180 days (16<sup>th</sup> September 2024)</p>	122,345,555	

No	Subject of Procurement	Contract Amount (UGX)	Missing records
3.	Rehabilitation of Kanyum- Atur-Malera Road(1.8Km) <b>Reference number:</b> Kumi872/Wrks/23-24/00011 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Oryemcan Company <b>Defects liability period:</b> 180 days <b>Completion date:</b> 28 <sup>th</sup> May 2024	479,987,403	<ul style="list-style-type: none"> <li>• Handover report.</li> <li>• Completion Certificate</li> </ul>
3.	Construction of Maternity ward at Agaria Health Centre III Phase III <b>Reference number:</b> Kumi872/Wrks /23-24/00012 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Ailwar General Works (U)Ltd <b>Defects liability period:</b> 180 days <b>Completion date:</b> 20 <sup>th</sup> March 2024	122,345,555	Bill of Quantities (BOQs) provided by the District Engineer at procurement initiation stage lacked the estimated amounts and it was difficult to ascertain how the District Engineer arrived at the estimated costs.
4.	Construction of two class room block Kituba Primary School <b>Ref Number:</b> KUMI872/WRKS/23-24/00012 <b>Procurement Method:</b> Open National Bidding <b>Contractor:</b> Cheal Construction Company Ltd <b>Contract sign date:</b> 31 <sup>st</sup> March 2024	59,969,547	<ul style="list-style-type: none"> <li>• No Contract implementation plan on file</li> <li>• Performance security of 10% of the contract from Cheal Construction Co. Ltd as per GCC 61.1 of the contract.</li> <li>❖ Performance security of 10% of the contract</li> </ul>

No	Subject of Procurement	Contract Amount (UGX)	Missing records
	<b>Defects liability period:</b> 180 days <b>Contract Completion date:</b> 24 <sup>th</sup> June 2024		from Cheal Construction Co. Ltd as per GCC 61.1 of the contract. ❖ Progress reports for works done by Cheal Construction Ltd. ❖ No handover report/Commissioning report of the project.
<b>Total</b>		<b>887,676,606</b>	

### **Implications**

- Lack of contract management reports/progress reports and other records casts doubt on whether contracts were executed in accordance with contractual requirements and terms and conditions.
- This affects the audit trail.

### **Management Response**

*The bills of quantities which were provided to PDU for issue to bidders were not costed. However, the Engineers always cost all BOQs upon establishing the budget of the entity before releasing them to be issued to the bidders. They derive the costs from market prices during their survey.*

*It is true in the rehabilitation of Kanyum-Atatur-Malera Road (1.8 km) no hand over report was prepared. However, going forward we shall ensure compliance. The Completion certificate was prepared and is available for verification.*

*Contract implementation plan was not on file for construction of a two-classroom block at Kituba primary school. However, going forward we shall prepare contract implementation plan and have it on file by contract managers.*

*Performance security of 10% was not submitted by Cheal Construction company Ltd. However, their contract terminated and was awarded to another contractor Ailwar General works (U) Ltd who completed works satisfactorily at the expected time without any complaints. The classroom is effectively in use since then. Cheal was not paid their full contract price. They only received 14 million measured from the works they had executed. The district supervised the project well.*

### **Authority's Comment**

The Authority noted the entity's response. However, the entity's response was found to be unsatisfactory since there were no records of evidence to substantiate the entity's response hence the query was maintained for the Entity's compliance.

### **Recommendations**

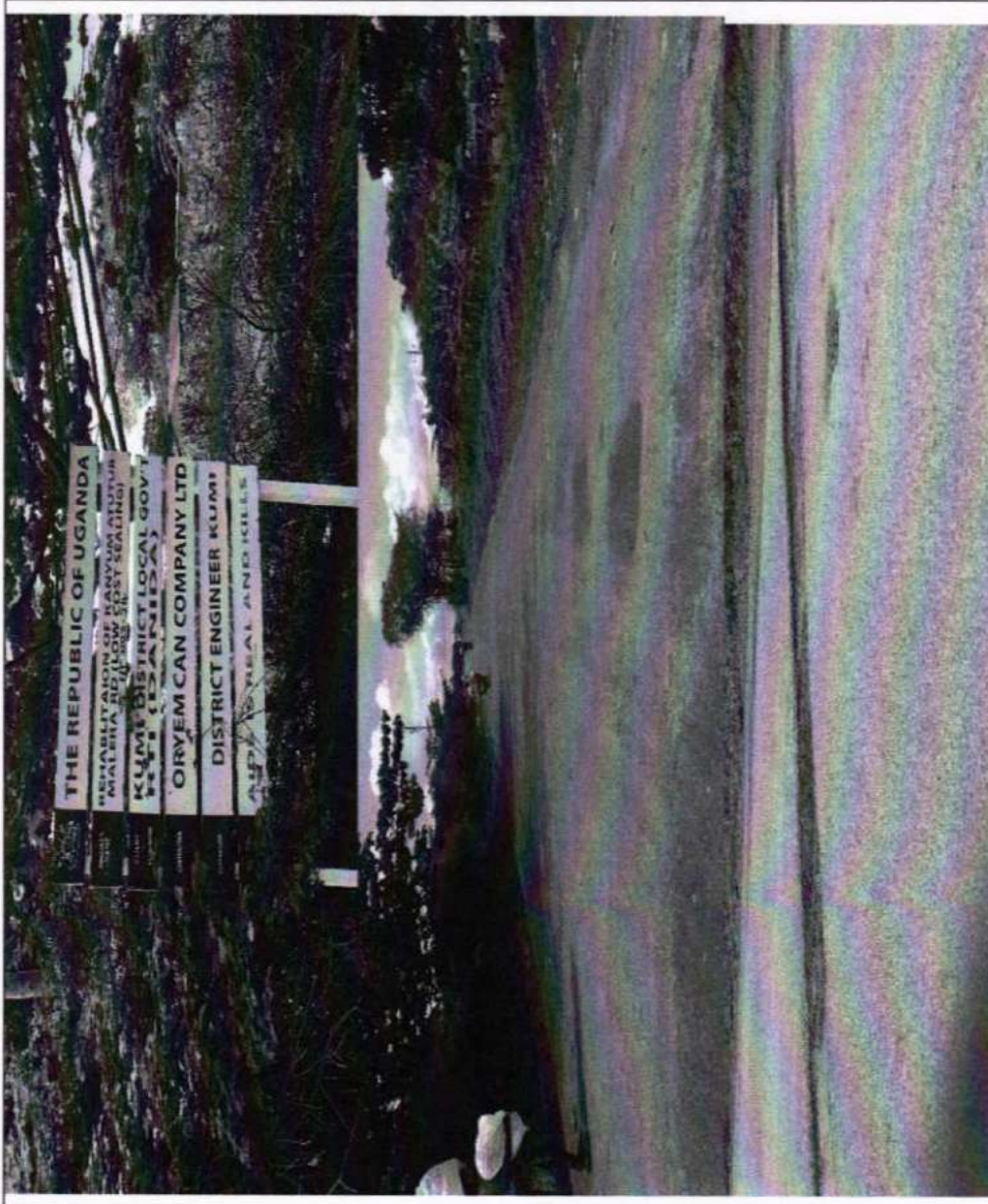
1. Heads of User Departments should charge all Contract managers to submit progress reports/contract management reports and all contract implementation documentation in accordance with Regulation 52 (3) (ii) & (g) of the PPDA(Contracts) Regulations, 2023.
2. The Accounting Officer should;
  - i. Direct the Finance Department to always share copies of payments records with the Procurement and Disposal Unit in order for procurement action files to be closed off.
  - ii. Ensure that the Head Procurement and Disposal Unit submits reports every three months on all contracts signed by the Entity and highlight the challenges /problems encountered during execution of the contracts in accordance with Regulation 52 (4) of the PPDA (Contracts) Regulations, 2023.

### **2.3.4 Physical verification**

On 21<sup>st</sup> October 2024, physical verification exercise was carried out for the Entity's six work projects worth UGX 1,844,854,730 and of six projects , three works projects worth UGX. 677,255,465 had minor defects for management attention as per Table 14 below: -

**Table 14: Issues noted during physical verification**

<p><b>Subject:</b> Rehabilitation of Kanyum- Atatur- Malera Road (Low cost sealing 1.8Km) <b>Reference number:</b> Kumi872/Wrks/23-24/00011 <b>Procurement method:</b> Open bidding <b>Contractor:</b> Oryemean Company Ltd Contract signing date: 28<sup>th</sup> November 2023 <b>Defects liability period:</b> 180 days (24<sup>th</sup> November 2024) <b>Contract value:</b> UGX. 479,987,403 <b>Completion date:</b> 28<sup>th</sup> May 2024</p>
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**Observation**

Some pot holes and patches were evident on the road. The road is still under DLP.

**Subject:** Construction of Maternity ward at Agaria Health Centre III Phase III

**Reference number:** Kumi872/Wrks/23-24/00012

**Procurement method:** Open bidding

**Contractor:** Ailwar General Works (U)Ltd

**Contract signing date :**28<sup>th</sup> November 2023

**Defects liability period:** 180 days (16<sup>th</sup> September 2024)

**Contract value:** UGX.122,345,555

**Completion date:**20<sup>th</sup> March 2024





**Observations**

- The pipe had broken.
- The ceiling had developed cracks.
- Delayed works.
- There were no ESHS requirements such as failure to plant trees, installing of the site signpost, failure to ensure hoarding of the site.

**Subject:** Siting, drilling & construction of four production wells and three hand pump boreholes

**Reference number:** Kumi872/Wrks/23-24/00014

**Procurement method:** Open bidding

**Contractor:** Icon Projects Ltd

Contract signing date 30<sup>th</sup> November 2024  
**Defects liability period:** 180 days (26<sup>th</sup> November 2024)  
**Contract value:** UGX.225,374,100  
**Completion date:** 30<sup>th</sup> May 2024



**Observation**

Borehole at Kadama subcounty was completed and ESHS requirements adhered.

Supply of three- seater desks at Kapolin, Oseera & Kanyum Primary School

**Reference number:** Kumi872/Supls/23-24/00003

**Procurement method:** Selective bidding

**Contractor:** Mai Enterprises Ltd

**Contract value:** UGX. 19,797,800

**Defects liability:** 90 days

**Delivery date:** 8<sup>th</sup> May 2024



One of the desks that were delivered at Kituba Primary School and engraved

**Subject:** Siting, drilling & construction of four production wells and three hand pump boreholes

**Reference number:** Kumi872/Wrks/23-24/00014

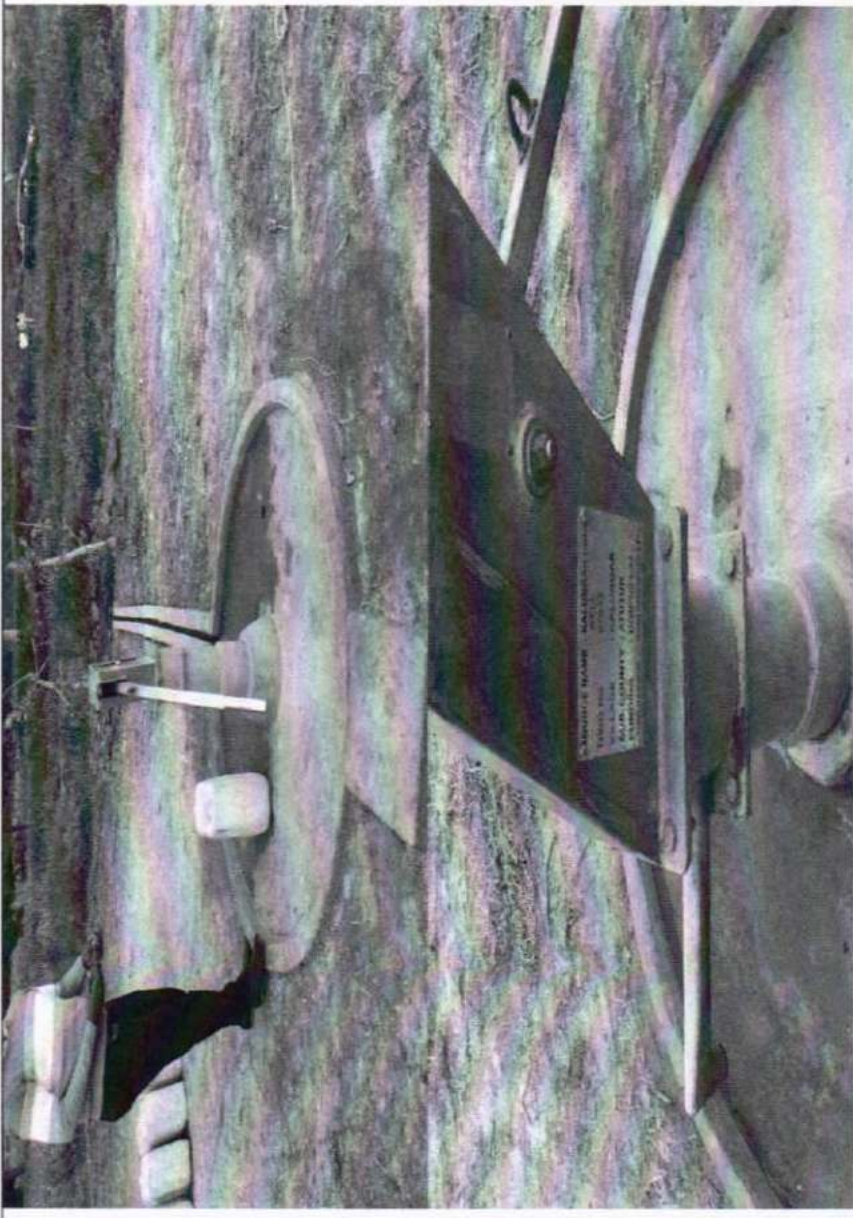
**Procurement method:** Open bidding

**Contractor:** Icon Projects Ltd

**Defects liability period:** 180 days

**Contract value:** UGX.225,374,100

**Completion date:** 30<sup>th</sup> May 2024



**Observations**

- The borehole at Kalungar Sub-County was not protected.
- There were no ESHS adherences such planting of trees and grass.

**Subject:** Construction of a 2-classroom block at Kituba P/S

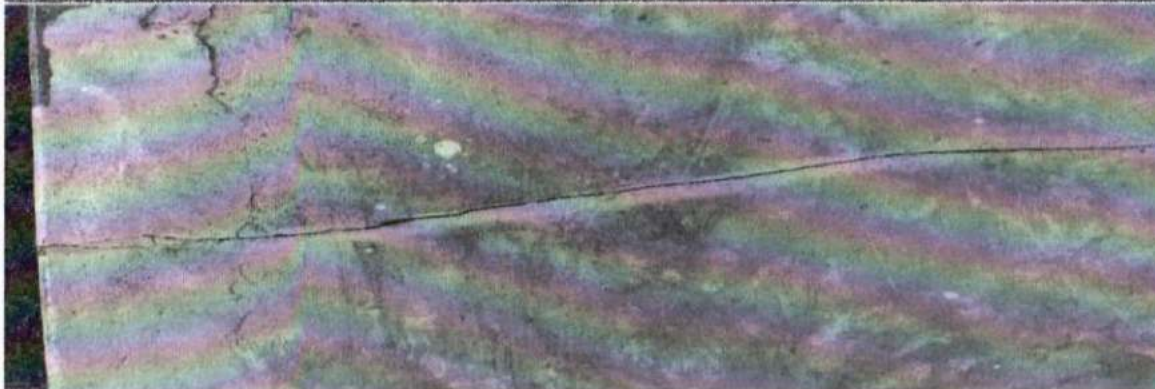
**Reference number:** Kumi872/Wrks/23-24/00012

**Procurement method:** Open bidding

**Contractor:** Cheal contraction Co (U) Ltd however completed by Ailwar General Works (U) Ltd

**Contract sign date:**31<sup>st</sup> March 2024

**Defects liability period:** 180 days  
**Contract value:** UGX. 74,922,507 (27<sup>th</sup> September 2024)  
**Contract Completion date:** 24<sup>th</sup> June 2024



**Observation**

- The veranda had developed cracks.

**Implication**

Irregularities at contract implementation compromise quality and the intended beneficiaries do not get the desired effects of the services delivered.

**Management Response**

*Management acknowledged the Authority's observation and pledged to ensure all anomalies observed are fixed by the respective contractors and ensure that all delayed works are completed.*

**Authority's Comment**

The Authority acknowledged the entity's response and shall follow up with the contractors and ensure all anomalies and works are completed by the respective contractors and a status report is submitted to the Authority on implementation of the above observations by August 2025 upon receipt of this audit report.

**Recommendations**

1. The Accounting Officer should task all the contract managers to prevail over the contractors to meet their obligations in accordance with the terms and conditions of the contract in line with Section 52 of the PPDA Act, Cap 205. All identified anomalies should be fixed and delayed works expedited to completion as soon as possible and a report submitted to the Authority by April 2025.
2. The Accounting Officer should ensure that the Head Procurement and Disposal Unit submits reports every three months on all contracts signed by the Entity and highlight the challenges/problems encountered during execution of the contracts in accordance with Regulation 52 (4) of the PPDA (Contracts) Regulations, 2023.

### CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

#### 3.1 Overall Audit Conclusion

The performance of Kumi District Local Government for the Financial Year 2023/24 was Moderately Satisfactory with overall weighted average risk rating of **55.05%**.

#### 3.2 Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in Table 13 below: -

**Table 13: Summary of performance of Kumi District Local Government**

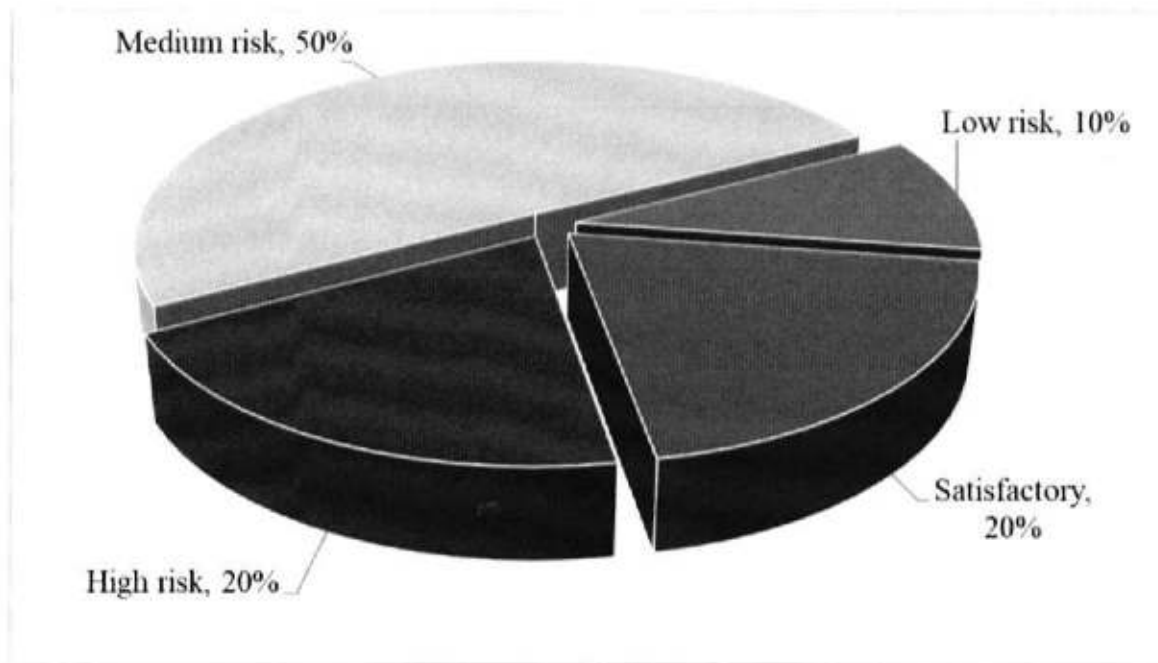
Risk Category	Number of Sampled Procurements	% No	Value (UGX)	% Value	Weights	Total weighted average	
						By No.	By Value
High	2	20	197,268,062	14.9	0.6	12	8.9
Medium	5	80	828,131,303	62.38	0.3	24	18.7
Low	1	10	189,279,000	14.3	0.1	1	1.4
Satisfactory	2	20	112,822,586	0.9	0	0	0
<b>Total</b>	<b>10</b>	<b>100</b>	<b>1,327,500,951</b>	<b>100</b>	<b>1</b>	<b>37</b>	<b>29.1</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{37}{60} \times 100 = 61.6\%$$

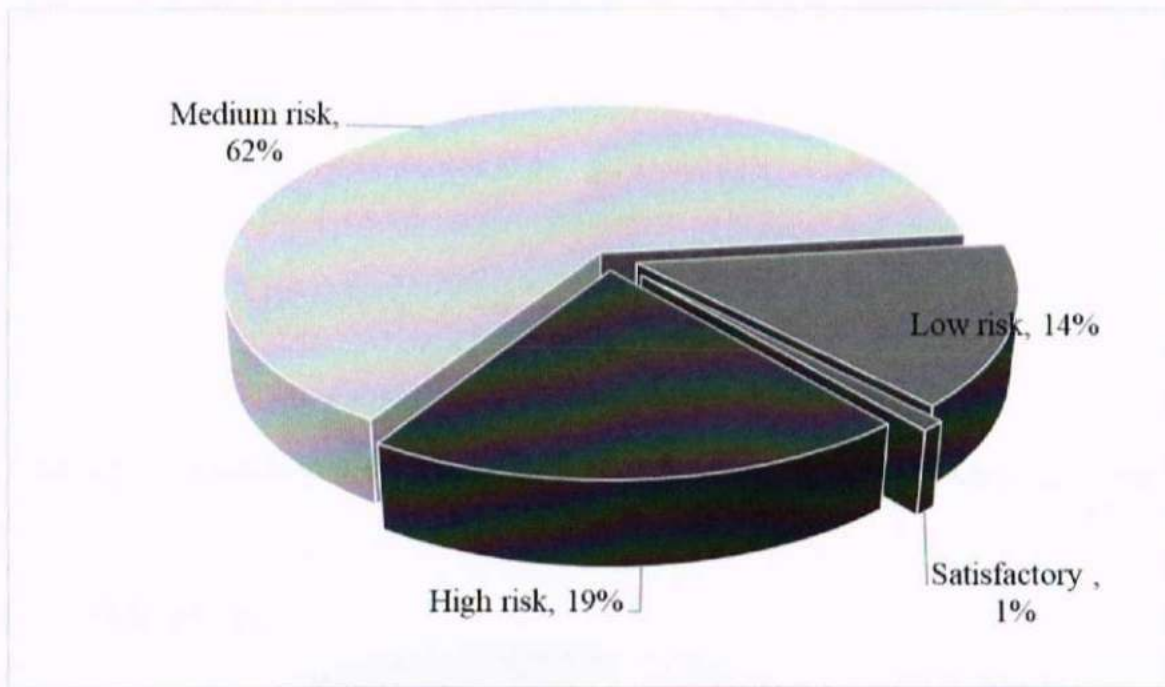
$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{29.1}{60} \times 100 = 48.5\%$$

$$\text{The average weighted risk rating} = \frac{61.6 + 48.5}{2} = 55.05\%$$

**Figure 1: Showing graphical representation of the Entity's risk assessment by number**



**Figure 2: Showing graphical representation of the Entity's risk assessment by value**



**Table 14: The risk rating is as follows**

Risk Rating (%)	Description of Performance
0 - 30%	Satisfactory

Risk Rating (%)	Description of Performance
31-70%	Moderately Satisfactory
71-100%	Unsatisfactory

### 3.3 Recommended Action Plan

Kumi District Local Government should implement the following recommendations in Table 15 within the timeframe given in order to improve its performance in Procurement and Disposal.

**Table 15: Recommended Action plan**

No.	Recommendation	Target Date
1.	<p>The Accounting Officer should:</p> <ul style="list-style-type: none"> <li>i. Task the Head Procurement and Disposal Unit to always report on procurements conducted on a monthly basis to the Internal Audit Department and likewise, task the Internal Audit Department to conduct comprehensive audits of the procurement function on a sample basis in line with Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations 2023;</li> <li>ii. Constitute a task force committee at the Entity and come up with a strong mechanism and strategy that will ensure that all audit recommendations are regularly monitored and implemented in accordance with Section 10 of the PPDA Act, Cap 205 so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others;</li> <li>iii. Task the Evaluation Committee members to strictly adhere to the evaluation criteria outlined in the solicitation documents and should show cause why disciplinary action should not be taken against them</li> </ul>	October 2025

No.	Recommendation	Target Date
	<p>for failure to adhere to set evaluation criteria and passing non-compliant firms contrary to Regulations 5 (1) and (2) of the PPDA (Evaluation) Regulations, 2023;</p> <p>iv. Ensure that all procurement and disposal activities are conducted in a manner which maximizes non-discrimination, transparency, accountability, fairness, competition, and promotes achievement of value for money in accordance with section 46 of the PPDA Act, Cap 205.</p> <p>v. Ensure that assets of the Entity that are due for disposal are disposed off in accordance with Regulations 5,6 &amp; 7 of the PPDA (Disposal of Public Assets) Regulations, 2023.</p> <p>vi. Strengthen contracts management to ensure that both parties to contract meet their contractual obligations in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023. All identified anomalies should be fixed and delayed works expedited to completion as soon as possible and a report submitted to the Authority by April 2025.</p> <p>vii. Task the District Environmental Officer, District Community Development Officer, and District Labour Officer to regularly monitor projects to ensure that contractors implement ESHS requirements in accordance with Section 66 of the PPDA Act, Cap 205.</p>	
2.	The Head Procurement and Disposal Unit should ensure that evaluation committees conduct evaluation in accordance with the set evaluation criteria in accordance with Regulation 5 of the PPDA (Evaluation Regulations) 2023.	October 2025

No.	Recommendation	Target Date
3.	The Authority recommends that the Permanent Secretary-Ministry of Local Government prevails upon the Accounting Officer and District Engineer to show cause why disciplinary action should not be taken against them in line with Section 129 (1) (a) (b) & (h) of the PPDA Act, Cap 205 for failure to account for money worth UGX. 1,484,446,200 under Force Account Mechanism meant for road works at the district which may have resulted in to financial loss contrary to Section 48 of the PPDA Act, Cap 205.	May 2025
4.	The Contracts Committee should ensure that: <ul style="list-style-type: none"> <li data-bbox="293 619 1077 724">i. Bidding documents are scrutinized for quality before approval in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations 2023.</li> <li data-bbox="293 724 1077 866">ii. Principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, Cap 205 before approving the evaluation reports.</li> </ul>	October 2025

ANNEXES

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p><b>Reference number:</b> Kumi872/Wrks/23-24/00012  <b>Subject:</b> Construction of Maternity ward at Agaria Health Centre III Phase III  <b>Procurement method:</b> Open bidding  <b>Contractor:</b> Ailwar General Works (U)Ltd  <b>Contract signing date:</b> 28<sup>th</sup> November 2023  <b>Contract value:</b> UGX.122,345,555  <b>Completion date:</b>20<sup>th</sup> March 2024 <b>Defects liability period:</b> 180 days</p>	<p><b>Planning and Initiation</b></p> <ul style="list-style-type: none"> <li>• BOQs lacked Environmental Social Health and Safety (ESHS) requirements.</li> </ul> <p><b>Bidding document</b></p> <ul style="list-style-type: none"> <li>• Use of specification by brand names while drafting the solicitation documents such as Plastering the ceiling using Plascon paint at an estimated cost of UGX. 3,105,000.</li> <li>• There was no evidence of Gender Environmental and cross cutting issues in the BOQs.</li> </ul> <p><b>Bidding</b></p> <ul style="list-style-type: none"> <li>• Low bidder participation as only one bid was received from Ailwar General Works Ltd under Open domestic bidding.</li> </ul> <p><b>Evaluation</b></p> <p>The criteria required <i>bidders to submit evidence of ownership of equipment such as dump trucks (4-10toncapacity), wheelbarrows, carpentry set, vibratory hand rammer, hoes and pangas and spades</i>, however Ailwar General Works (U) Ltd (BEB) submitted only a dump level/spirit level yet it passed technical evaluation stage.</p> <p><b>Missing record</b></p> <p>Bill quantities (BOQs) provided by the District Engineer at procurement initiation stage lacked the estimated amounts and it was difficult to ascertain how the Engineer arrived at the estimated cost.</p> <p><b>Physical verification</b></p> <ul style="list-style-type: none"> <li>• There were no trees planted on the site.</li> <li>• There is no hoarding of the site</li> </ul>
2.	<p><b>Ref Number:</b> KUMI872/WRKS/23-24/00012  <b>Subject of Procurement:</b> Construction of two class room</p>	<p><b>Bidding</b></p> <ul style="list-style-type: none"> <li>• Low bidder participation. It was noted that only two bidders</li> </ul>

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	<p>block Kituba Primary School  Contract Amount: UGX.59,969,547  <b>Method of procurement:</b> Open National Bidding  <b>Contractor:</b> Cheal Contraction Co (U) Ltd  <b>Contract sign date:</b> 31<sup>st</sup> May 2024  <b>Contract Completion date:</b> 24<sup>th</sup> June 2024  <b>Defects liability period:</b> 180 days</p>	<p>Cheal Construction Company Ltd and Grace Developers Ltd.  <b>Evaluation</b>  ❖ <b>Passing the BEB with a forged URA Tax Clearance Certificate</b>  Cheal Construction Company Ltd (BEB) was passed as being eligible at preliminary evaluation stage as having a valid URA Tax Clearance addressed to Kumi DLG yet the Tax Clearance submitted (CRN: SO01160006936) was upon verification at the URA Portal found to belong to Biva Com Construction Company Ltd addressed to Ngora DLG.</p> <ul style="list-style-type: none"> <li>• Cheal Construction Company Ltd (BEB) was compliant to the requirement <i>Average annual turnover of UGX.150 million within last 2 years 40% progress or completed contract evidence of completion certificate and agreement forms, yet it submitted annual report audited financial statement for the period ended 30<sup>th</sup> June 2023 indicated a statement of financial position of Ogeu and Sons Limited instead of Cheal Construction Company Ltd.</i></li> <li>• Cheal Construction Co. Ltd (BEB) was passed as compliant to the requirement <i>financial resource (Cashflow) including Liquid assets, line of credit worth UGX. 50 million yet the bank statement submitted by Cheal Construction Company Ltd (Equity Bank Ltd Soroti Branch A/c No.1014200894525) indicated cash flow of only UGX. 30,865,560.</i></li> <li>• Passing Cheal Construction Company Ltd was irregularly passed under technical evaluation as being compliant to the requirement: <i>The contractor MUST submit passport and CV for key personnel with evidence of key personnel that included</i> <ul style="list-style-type: none"> <li>➤ <i>Construction Manager with Bsc. Civil Engineering (MUST be a civil engineer with total work similar experience of 5 years and similar works experience of 2 years.</i></li> </ul> </li> </ul>

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<p>➤ <i>Site Engineer with diploma in Civil Engineering with a total work similar experience of 3 years and similar works experience of 2 years.</i></p> <p>➤ <i>General Site Foreman with a Diploma Civil Engineering with total works similar experience of 5 years and similar works of 3 years.</i></p> <p>➤ <i>Electrical Foreman with a certificate on Electrical Engineering with total works similar experience of 5 years and similar works experience of 3 years.</i></p> <p>Cheal Construction Company Ltd (BEB) however did not submit the CVs of its key personnel to elucidate the certificates attached including a submitted diploma certificate in comprehensive nursing belonging to Ms. Harriet Aguti.</p> <p><b>Contracting and Contract Management</b></p> <ul style="list-style-type: none"> <li>• <b>Contractual negligence abandonment of site by a Contractor</b></li> </ul> <p>Contract was signed on 8<sup>th</sup> November 2023 to Cheal Construction Co. Ltd at a contract price of UGX.74,922,507 with commencement date on 15<sup>th</sup> November 2023 and completion on 29<sup>th</sup> February 2024.</p> <p>However, progress report dated 21<sup>st</sup> March 2024, prepared by Mr. Samuel Oculi indicated physical progress was at 22% and non-adherence to ESHS requirements by Cheal Construction Co. Ltd</p> <p>On 28<sup>th</sup> May 2024, Contracts Committee (Min5/KDCC/4-3/23-24) awarded the use of direct procurement method for the site following report CAO to HPDU to source another contractor to complete works which had been abandoned by Cheal Construction Co. Ltd and the Contracts Committee awarded the site to Ailwar General Works (U) Ltd at a contract price of UGX. 59,969,547.</p> <p>The Entity has also however, no evidence of the report</p>

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<p>recommending termination of the contract and also recommendation of the contractor to PPDA for suspension.</p> <p><b>Missing records</b></p> <ul style="list-style-type: none"> <li>• Contract implementation plan record</li> <li>• Performance security of 10% of the contract from Cheal Construction Co. Ltd as per GCC 61.1 of the contract.</li> </ul> <p><b>Physical verification</b></p> <p>The veranda had developed cracks.</p>

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	<p><b>Ref Number:</b> KUMI872/SRVCS/23-24/00035</p> <p><b>Subject of Procurement:</b> Detailed Engineering Design and Documentation of Kampala &amp; Achaapa RGC Water Supply System</p> <p><b>Method of Procurement:</b> Open National Bidding</p> <p><b>Contract Amount:</b> UGX.58,000,000</p> <p><b>Contractor:</b> Balbert Water Solutions Ltd</p> <p><b>Contract sign date:</b> 8<sup>th</sup> November 2023</p> <p>Commencement date: 11<sup>th</sup> December 2023</p> <p><b>Contract Completion date:</b> 23<sup>rd</sup> March 2024</p>	<p><b>Bidding</b></p> <ul style="list-style-type: none"> <li>• Low bidder participation: Only two bidders Balbert Water Solutions Ltd and Geobot Group Ltd</li> </ul>
2.	<p><b>Reference number:</b> Kumi872/Supls/23-24/00003</p> <p><b>Subject:</b> Supply of three- seater desks at Kapolin, Oseera &amp; Kanyum Primary School</p> <p><b>Procurement method:</b> Selective bidding</p> <p><b>Contractor:</b> Mai Enterprises Ltd</p> <p><b>Contract value:</b> UGX. 19,797,800</p> <p><b>Defects liability:</b> 90 days</p> <p><b>Delivery date:</b> 8<sup>th</sup> March 2024</p>	<p><b>Planning and Initiation</b></p> <ul style="list-style-type: none"> <li>• There was delayed intuition whereby the planned initiation date was scheduled on 10<sup>th</sup>/07/2023 while the actual initiation date was done on 4<sup>th</sup> /12/2023 and hence delay of 66 days.</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• The evaluation criteria required that the bidders submit qualification of key personnel's without being specific on particular qualifications.</li> <li>• The evaluation criteria required that the bidders submit experience in similar supplies without being specific on particular experience in doing similar works.</li> </ul> <p><b>Contracting and contract management</b></p> <ul style="list-style-type: none"> <li>• There was delayed contract signature whereby planned signature was scheduled on 2<sup>nd</sup> /10/2023 while the actual signature was done on 26<sup>th</sup> /12/2023 and hence delay of 79 days.</li> </ul>
3.	<p><b>Reference number:</b> Kumi872/Wrks/2324/00014</p> <p><b>Subject:</b> Siting, drilling &amp; construction of four production wells and three hand pump boreholes</p> <p><b>Procurement method:</b> Open bidding</p> <p><b>Contractor:</b> Icon Projects Ltd</p>	<p><b>Planning and Initiation</b></p> <ul style="list-style-type: none"> <li>• Bill quantities provided by the Engineer at procurement initiation stage lacked the estimated amounts and it was difficult to ascertain how the Engineer arrived at the estimated cost.</li> </ul>

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	<p><b>Defects liability period:</b> 180 days  <b>Contract value:</b> UGX.225,374,100  <b>Completion date:</b> 30<sup>th</sup> /05/2024</p>	<p><b>Bidding</b></p> <ul style="list-style-type: none"> <li>• Low bidder participation as only two bids were received from Icon Projects Limited and Mama Bore wells Africa Ltd under Open domestic bidding.</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• . The criteria <i>required bidders to submit evidence of ownership of equipment such as wheel barrows (4), dump trucks (4-10Ton capacity) a carpentry set1, vibratory hand rammer1, Dumpy level 1, Hoes and Pangs 4 and pang 8 of ownership on lease or hire.</i> However, Icon Projects Ltd (BEB) submitted only a dump truckers and wheel barrow yet passed technical evaluation stage.</li> </ul> <p><b>Contracting and contract management</b></p> <ul style="list-style-type: none"> <li>• There was delayed contract signature whereby planned signature was scheduled on 2<sup>nd</sup> /10/2023 while the actual signature was done on 22<sup>nd</sup> /11/2023 and hence delay of 20 days.</li> </ul> <p><b>Physical verification</b></p> <ul style="list-style-type: none"> <li>• The borehole at Kalungar-Subcounty was not protected.</li> <li>• There were no ESHS adherence requirements such as trees.</li> </ul>
4.	<p><b>Reference number:</b> Kumi872/Supls/23-24/00011  Rehabilitation of Kanyum- Atur- Malera Road(1.8Km)  <b>Procurement method:</b> Open bidding  <b>Contractor:</b> Oryemcan Company  <b>Defects liability period:</b> 180 days  <b>Contract value:</b> UGX. 479,987,403  <b>Completion date:</b> 28<sup>th</sup> May 2024</p>	<p><b>Planning and Initiation</b></p> <ul style="list-style-type: none"> <li>• There was delayed confirmation of funding whereby the initiation date was d on 10<sup>th</sup>/04/2023 while confirmation of funding was done on 19<sup>th</sup> /06/2023 and hence delay of 78 days.</li> </ul> <p><b>Bidding document</b></p> <ul style="list-style-type: none"> <li>• The bidding document included supervision, monitoring fees and reporting by the Administrative, Engineering, Environmental and social safeguards Officers at an estimated UGX. 2,800,000.</li> </ul> <p><b>Bidding</b></p> <ul style="list-style-type: none"> <li>• Low bidder participation as only two bids were received from</li> </ul>

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
		<p>Empa Associates Ltd and Oryemcan Company Ltd under Open domestic bidding.</p> <p><b>Evaluation</b></p> <p>❖ <b>Attaching Cvs of key personnel that are employed with another firm by the BEB.</b></p> <ul style="list-style-type: none"> <li>• Oryemcan Company (BEB) attached Mr. James Akuku (Project Manager) CV indicating that he was employed by Ingenuity Technical Services Ltd from August 2011-April 2014 and not Oryemcan Company.</li> <li>• Oryemcan Company (BEB) attached Mr. Peter Kasozi (Site Engineer) CV indicating that he was employed by Apcon Company Limited Ltd from October- to present.</li> <li>• Oryemcan Company (BEB) attached Mrs. Kia Sandra (Health and Safety Officer) CV indicating that he was employed by J:B United civil &amp; building contractors limited, Lira from October 2018- May 2019.</li> <li>• Oryemcan Company (BEB) attached Mr. Brain Alwodo (Foreman earth works) CV indicating that he was employed by Lira Municipal Council from August 15<sup>th</sup> 2000-20<sup>th</sup> November 2000.</li> </ul> <p>Oryemcan Company (BEB) attached Mr. John Musakira (Quantity Surveyor) CV indicating that he was employed by Legal and Communications Officer, Uganda Young Water Professions.</p> <p><b>Missing Records</b></p> <ul style="list-style-type: none"> <li>• Handover report</li> <li>• Completion Certificate.</li> </ul> <p><b>Physical verification</b></p> <ul style="list-style-type: none"> <li>• Part of the roads to be worked on again since it still within the defects liability period.</li> </ul>

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
5.	<p><b>Reference number:</b> Kumi972/Supls/23-24/000170</p> <p><b>Subject of procurement:</b> Supply of road construction materials</p> <p><b>Procurement method:</b> Open bidding method</p> <p><b>Contractor:</b> Mai- Enterprises Ltd</p> <p><b>Contract value:</b> UGX. 189,279,000</p>	<p><b>Planning and Initiation</b></p> <p>Delayed confirmation of funding. Initiation was done on 27<sup>th</sup> /02/2024 while confirmation of funding was done on 12<sup>th</sup> /03/2024 and hence a delay of 1 month.</p>
6.	<p><b>Reference No:</b> Kumi872/Supls/23-24/0021</p> <p><b>Subject of Procurement:</b> Supply and Installation of Solar powered fridges for storage of vaccines.</p> <p><b>Procurement method:</b> Selective Bidding</p> <p><b>Contract price:</b> UGX 44,972,000</p> <p><b>Contractor:</b> Abucele Contractors Ltd</p> <p><b>Contract signature date:</b> 28<sup>th</sup> February, 2024</p>	<p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• Suume (U) SMC Limited didn't submit the PPDA Certificate.</li> <li>• There was no Qualification of Personnel (Attaching relevant academic documents for key personnel employed by the firm) on file.</li> </ul>

NO.	LOW RISK	REASONS FOR LOW RISK
1.	<p><b>Reference number:</b> Kumi972/Supls/23-24/000170</p> <p><b>Subject of procurement:</b> Supply of road construction materials</p> <p><b>Procurement method:</b> Open bidding method</p> <p><b>Contractor:</b> Mai- Enterprises Ltd</p> <p><b>Contract value:</b> UGX. 189,279,000</p>	<p><b>Planning and Initiation</b></p> <p>Delayed confirmation of funding. Initiation was done on 27<sup>th</sup> /02/2024 while confirmation of funding was done on 12<sup>th</sup> /03/2024 and hence a delay of 1 month.</p>

NO.	SATISFACTORY	REASONS FOR SATISFACTORY
1.	<p><b>Ref Number:</b> KUMI872/WRKS/23-24/00019</p> <p><b>Subject of Procurement:</b> Maintenance of motor vehicles</p> <p>Contract Amount: UGX. 43,470,320</p>	No exceptions

NO.	SATISFACTORY	REASONS FOR SATISFACTORY
	<b>Method of procurement:</b> Open National Bidding <b>Contractors:</b> Yusuf Ayub Motor Garage Ltd Samoja Power Ltd JB Motors Tunes and Genuine Spares Ltd <b>Contract sign date:</b> 2 <sup>nd</sup> October 2023 <b>Contract Completion date:</b> 30 <sup>th</sup> June 2024	
2.	<b>Ref Number:</b> KUMI872/WRKS/23-24/00012 <b>Subject of Procurement:</b> Supply of Fuel, Oils, and Lubricants Contract Amount: UGX. 69,324,266 <b>Method of procurement:</b> Open National Bidding <b>Contractors:</b> Filsan Petroleum Ltd Rew-As Investments Ltd Fahaab Energy Ltd <b>Contract sign date:</b> 2 <sup>nd</sup> October 2023 <b>Contract Completion date:</b> 30 <sup>th</sup> June 2024	No exceptions

**Annex 2: Transaction list and rating per case**

**KUMI DISTRICT LOCAL GOVERNMENT SAMPLE LIST FOR FINANCIAL YEAR 2023/2024**

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk Rating
1.	Kumi872/wrks/23-24/00011	Rehabilitation of Kanyum Atatur-Malera Road (low-cost sealing)	Open bidding	Orymean Co Ltd	479,987,403	Medium
2.	Kumi872/wrks/23-24/000014	Sitting, Drilling and construction of four deep production wells and	Open bidding	Icon projects Ltd	225,374,100	Medium

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk Rating
		three hand pump boreholes				
3.	Kumi872/Supls/23-24/00017	Supply of Road construction materials under framework contract	Open bidding	Mai Enterprise Ltd, Omodimax Gen Ent (U)	189,279,000	Low
4.	Kumi872/wrks/23-24/00013	Construction of Maternity ward at Agaria HCII Phase III	Open bidding	Ailwar General works (U) Ltd	122,345,555	High
5.	Kumi872/wrks/23-24/00012	Construction of two classroom blocks at Kituba P/S	Open bidding	Cheal Contraction Co (U) Ltd	74,922,507	High
6.	Kumi872/supls/23-24/00015	Fuel, oils and lubricants	Open bidding	Osipitano Enterprises, Fahaab Energy Ltd, Filsan Petroleum	69,324,266	Satisfactory
7.	Kumi872/Srvcs/23-24/00035	Consultancy service for detailed engineering design and documentation of Kampala & Achaapa RGC water supply system	Open bidding	Balbert Water solutions	58,000,000	Medium
8.	Kumi872/Supls/23-24/00021	Supply of Solar powered fridges for vaccines	Request for Quotations	Abucele Contractors	44,972,000	Medium
9.	Kumi872/Srvcs/23-24/00019	Maintenance of motor vehicles	Open bidding	JB Motor tunes & Guine spares, Wegalikira	43,498,320	Satisfactory

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk Rating
				Auto Dealers Ltd, CFAO Motors Corp Ltd, Cooper Motors Corp Ltd, Victoria Motors Ltd, Yusuf Ayub, Samoja Power Ltd		
10.	Kumi872/Supls/23-24/00023	Supply of School desks	Selective bidding	Mai Enterprises Ltd	19,797,800	Medium
				<b>TOTAL</b>	<b>1,327,500,951</b>	

**Annex 3: Risk Rating Criteria**

<b>RISK</b>	<b>DESCRIPTION</b>	<b>AREA</b>	<b>IMPLICATION</b>
<b>HIGH</b>	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".	<b>Planning:</b> 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.
		<b>Bidding Process:</b> 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.
		<b>Evaluation:</b> 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.
		<b>Record Keeping:</b> Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		<b>Fraud/forgery:</b> Falsification of Documents	This implies lack of transparency and value for money.
		<b>Contract Management:</b> 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
<b>MEDIUM</b>	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant	<b>Planning:</b> Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		<b>Bidding Process:</b> Deviations from standard procedures namely bidding periods.	This implies lack of efficiency, standardisation and avoiding competition.

RISK	DESCRIPTION	AREA	IMPLICATION
	timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such	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.	<p><b>Procurement Structures:</b> Lack of procurement structures</p> <p><b>Record Keeping:</b> Missing Contracts Committee records and incomplete contract management records.</p> <p><b>Contract and Contract Management:</b> Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.</p>	<p>This implies lack of independence of functions and powers and interference in the procurement process.</p> <p>This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.</p> <p>This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.</p>
		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.	
<b>LOW</b>	Procurements with weaknesses where resolution within the normal management framework is considered	<b>Planning:</b> Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	<b>Bidding Process:</b> 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.