



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

"Procurement That Delivers"

**PROCUREMENT AUDIT REPORT FOR FORT PORTAL CITY COUNCIL
FOR THE FINANCIAL YEAR 2022/2023**

MAY 2024

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ACRONYMS

BOQ	Bill of Quantities
ESHS	Environmental, Social, Health and Safety
FY	Financial Year
HC	Health Center
Ltd	Limited
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
S/C	Sub County
USMID	Uganda Support to Municipal Infrastructure Development
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a Procurement audit on the procurement and disposal activities of Fort Portal City Council that covered a representative sample of 20 procurement transactions under the Financial Year 2022/23. The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of the Fort Portal City Council's procurement and disposal system and processes with the provisions of the PPDA Act, 2003, and Local Governments (PPDA) Regulations, 2006 and assess the level of procurement performance over the audit period.

From the findings of the procurement and disposal audit exercise, the performance of Fort Portal City Council for the Financial Year 2022/23 was **moderately satisfactory** with an overall weighted average risk rating of **44.9%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the Procurement and disposal audit report.

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

1. User Departments failed to avail key documentation for review in 55% of the sampled procurements worth UGX 262,194,442. This greatly affected the audit trail and further casts doubt on whether contract supervisors effectively monitored the contracts and ensured timely payment of contractors as per the contractual obligations;
2. The Procurement and Disposal Unit issued poorly drafted solicitation documents with inadequate evaluation criteria and contractual terms and conditions in five procurement transactions worth UGX 121,715,352. This exposes the Entity to a risk of bidders preparing non-responsive bids and it also leads to the procurement of items that do not meet the end users' requirements;
3. Evaluation Committees passed two non-compliant bidders that did not comply with the set evaluation criteria in two procurements worth UGX 26,955,082. The Entity was at a risk of awarding contracts to fraudulent bidders that are not compliant with the obligation to pay taxes which may lead to a loss of revenue for government as well as shoddy or abandoned works by the contractors;
4. The Evaluation Committee failed to carry out due diligence on a bidder's submitted past experience in the procurement for Construction of a 2-unit staff house at Kitumba Primary School worth UGX 189,913,550. The best evaluated bidder, Mubuna Investments Uganda Ltd, was incorporated in October 2019 but submitted past experience for works executed in July 2018 (15 months before incorporation of the said company). This is a red flag and the Evaluation Committee should have carried out due diligence to ascertain the authenticity of the submitted contract. The entity is at risk of incurring losses arising from contracting fraudulent companies;
5. The Entity failed to comply with implementation of the Environmental, Social, Health and Safety standards (ESHS) in two contracts worth UGX 2,094,158,060. Non-adherence to ESHS poses serious risks and negative impacts to the contractors' staff, staff of the Entity and the community where the project is undertaken;
6. Unsatisfactory implementation of works in two contracts worth UGX 142,086,724. The Authority through a physical verification exercise conducted on 8th December 2023 found unsatisfactory implementation of works for the renovation of a theatre at Bukuuku HC IV and construction of a six-stance latrine at Bukuuku Community School. One of the contractors, Zeta

7. Engineering Services, failed to implement the works as per the bills of quantities and the other contractor, Frabed Builders Limited abandoned site with physical progress of works estimated at 53%. This deters effective service delivery and achievement of value for money;
8. The Entity did not dispose of various obsolete motor vehicles recommended in the Board of Survey Report for Financial Year 2021/2022. Government funds are held up in assets or lost through depreciation due to prolonged hoarding of such assets; and
9. Delayed completion of works by providers in three procurement transactions worth UGX 1,918,254,992 with an average delay of 100 days between the contractual completion date and actual completion date. This may result in the commitment of more resources in terms of funds and time by the Entity to projects that ought to have been completed and consequently a delay in delivery of the much-needed services to the intended beneficiaries.

In light of the above, Fort Portal City Council should implement the following recommendations:

1. The Accounting Officer should:
 - i. Prevail over contract supervisors and the Finance department to avail the necessary records to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action files and archive them in accordance with Section 31 (o) of the PPDA Act, 2003;
 - ii. Instruct the District Environmental Officer and the District Community Development Officer to always prioritize enforcement of the Environmental, Social, Health and Safety standards so as to safe guard the environment and the neighboring community from the negative impacts that may arise from the projects and to further safe guard the workers on site from the risk of injuries arising from accidents in accordance with Section 61A of the PPDA Act, 2003;
 - iii. Follow up on the transfer of ownership of the boarded off motor vehicles and expedite the disposal process following Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023;
 - iv. Ensure that the contractor, Frabed Builders Limited, expeditiously completes the works prior to effecting any payment; and
 - v. Immediately follow-up on the defects identified in the renovation of a theatre at Bukuku HC IV and ensure that the contractor rectifies them before end of the defects liability period in May 2024.
2. Evaluation Committees should:
 - i. During evaluation of bids, verify all documents evidencing eligibility submitted by the bidders as a basis of determining the bidder's compliance or non-compliance to the set criteria in accordance with Regulation 26 (2) of the PPDA (Procuring and Disposing Entities) Regulations, 2023; and
 - ii. Ensure to carry out due diligence on bidder's submitted information in accordance with Regulation 26 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
3. The Head Procurement and Disposal Unit should quality assure all solicitation documents for accuracy and consistency before submitting them to Contracts Committee for approval in accordance with Regulations 33 and 34 of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023;
4. The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity, and accuracy before approval in accordance with Section 28 (1) (c) of the PPDA Act, 2003; and

5. Contract Supervisors should ensure that the providers perform contracts following the terms and conditions specified in the contract in accordance with Regulation 52 of the of the PPDA (Contracts) Regulations, 2023.

CHAPTER ONE: INTRODUCTION

1.1. Background

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal audit of Fort Portal City Council that covered a representative sample of 20 procurement transactions under the Financial Year 2022/23. The audit involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003, and Local Governments (PPDA) Regulations, 2006.

1.2. Objective of the procurement and disposal audit

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Fort Portal City Council's procurement system and processes with the provisions of the PPDA Act, 2003, and Local Governments (PPDA) Regulations, 2006 and assess the level of procurement performance over the audit period.

The specific objectives of the audit were to:

- a) Establish the level of compliance by the Entity with the general provisions of the PPDA Act, 2003 and Regulations 2006 with regard to the performance of the procurement structures and conduct of procurement processes.
- b) Assess the degree of compliance of the Entity' disposal process with the provisions of the PPDA Act, 2003 and Regulations 2006.
- c) 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. Structure of the Entity

According to Section 26 of the PPDA Act, 2003, the overall responsibility for the successful execution of procurement, disposal, and contract management in a Procuring and Disposing Entity is the Accounting Officer. According to Section 31 (a) of the PPDA Act, 2003 all procurement or disposal activities of the Procuring and Disposing Entity except adjudication and contract award are to be managed by the Procurement and Disposal Unit. In the year under review, the Entity had a fully staffed Procurement and Disposal Unit as provided for in the Entity's organizational structure.

1.4. Scope of the procurement and disposal audit

PPDA carried out the procurement and disposal audit of the Fort Portal City Council from **4th December 2023 to 13th December 2023**. The exercise covered a sample of 20 procurement transactions worth **UGX 2,666,502,580** conducted during the FY 2022/2023, a review of procurement structures and a review of the procurement plan performance. The list of sampled transactions is contained in **Annex B** and an analysis of the population against the sample is also highlighted in Table 1 below:

Table 1: Analysis of the population and sample selected for the audit of FY2022/23

S/N	Procurement method	Population		Sample		Percentage	
		Value (UGX)	No.	Value (UGX)	No.	Value	No.
1.	Open Domestic bidding	2,265,462,108	9	2,265,462,108	9	100	100%
2.	Selective bidding	454,998,572	14	377,490,472	10	83	71
3.	Direct procurement	23,550,000	1	23,550,000	1	100	100
Total		3,145,051,152	24	2,666,502,580	20	84.7%	83%

1.5. Methodology

Fort Portal City Council was notified about the upcoming exercise on **5th October, 2023**. A sample of 20 procurement transactions was selected based on stratified random sampling using Contracts Committee minutes, the contracts register, and quarterly procurement and disposal reports.

Two Senior Performance Monitoring Officers conducted the exercise under the supervision of the Regional Manager Western Region. During the exercise, the team examined records and documents for each of the twenty sampled procurement transactions. The team also reviewed the procurement plan for the Financial Year 2022/2023.

On completion of data collection, members of the team met with various stakeholders such as the Accounting Officer, Contracts Committee members, Procurement and Disposal Unit staff, and User Department representatives to discuss and get clarifications on some of the preliminary findings. A management letter was sent to the Entity on **8th February 2024** with a request to submit a management response by **20th February 2024** which was submitted on **22nd February 2024**, the day of exit meeting.

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.

1.6. Reporting

Reporting is in a format that identifies the findings by exception, the level of risk and the recommendations. The procurements are rated in four categories according to the weakness identified namely; High risk, Medium risk, Low risk and Satisfactory. The definition of the risk rating is in **Annex D**.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.1. Compliance of the entity with the provisions of the PPDA Act, 2003 and the Local Governments (PPDA) Regulations, 2006 with regard to the performance of the procurement structures and the conduct of the procurement processes

2.1.1. Missing records on procurement action files

Regulation 119(10) (a) (vii) of the Local Governments (PPDA) Regulations, 2006 states that *“the functions of the contract supervisor are to ensure that all contract management records are kept and archived as required.”*

Contrary to the above, the audit established that contract supervisors/ User departments have persistently failed to maintain a complete audit trail with regard to submission of contract management records and payment records to the Procurement and Disposal Unit. Various contract management records and payment records were found missing from their respective procurement action files and throughout the course of the audit, in 12 of the sampled procurement transactions as detailed in Table 2 below, despite continuous reminders to submit the documents to the PDU for review by the audit team:

Table 2: Missing records

No	Subject of Procurement	Amount (UGX)	Missing records
1.	Construction of road works in the cities/municipalities of Kasese (4.8), Hoima (4.3), and Fort portal (2.61km) and additional street lighting installation	20,946,043,145	<ul style="list-style-type: none">• Supervising consultant's progress reports• Payment records
2.	Rehabilitation of a 5stance waterborne toilet with a urinal at Kasusu market	17,976,242	<ul style="list-style-type: none">• Final payment of UGX 4,586,126
3.	Construction of six stance latrine at Bukuuku Community School	54,168,608	<ul style="list-style-type: none">• Contract management records• Payment records
4.	Renovation of a theatre at Bukuuku HC IV	64,244,510	<ul style="list-style-type: none">• Contract management records• Completion certificate
5.	Emptying of the toilets of 22 schools within Fort Portal City Council	23,550,000	<ul style="list-style-type: none">• Contract management• Completion certificate
6.	Supply of three-seater desks (60) to the selected primary schools in Fort Portal City	14,700,000	Payment records
7.	Completion of fencing of Karambi North Division offices	12,944,600	<ul style="list-style-type: none">• Payment records.
8.	Renovation of public toilets at Mpanga Market	14,010,482	<ul style="list-style-type: none">• Completion certificate

No	Subject of Procurement	Amount (UGX)	Missing records
			<ul style="list-style-type: none"> • Payment records for the remaining balance UGX 12,010,482
9.	Routine mechanized maintenance of Kitebutura-Kaihokwa road worth UGX 19,600,000 (2.8km)	19,600,000	<ul style="list-style-type: none"> • BoQs/scope of works for the roadworks • Delivery notes for the materials • Payment vouchers • Progress reports • Completion reports
10.	Routine mechanized maintenance of Buraro-Nyakagongo road (1.4km)	10,000,000	
11.	Routine mechanized maintenance of Kasusu-Rubingo road (1km)	18,000,000	
12.	Routine mechanized maintenance of Nyaika-Kiteere-Kibimba road (3.1km)	13,000,000	
	TOTAL	21,508,491,751	

Implications

- Missing records are a sign of an ineffective accountability and transparency mechanism within the Entity which greatly affects the audit trail.
- This casts doubt on whether contracts were monitored and payments made effectively to contractors as required.

Management response

All the missing records have been attached for ease of verification by the Authority.

Authority's comment

The Authority verified all the availed documents and maintained the records highlighted in Table 2 above as they were not availed for verification as claimed by the Entity.

Recommendation

The Accounting Officer should prevail over contract supervisors and the Finance department to avail the necessary records to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action files and archive them in accordance with Section 31 (o) of the PPDA Act, 2003.

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

Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006 states that "An Accounting Officer shall have the overall responsibility for the successful execution of the procurement, disposal and contract management processes in the Procuring and Disposing Entity and be responsible for implementing the recommendations of the Authority".

The Authority noted that only 34% of the previous recommendations were fully implemented leaving 16% partially implemented and 50% not implemented as detailed in Table 3:

Table 3: Implementation of previous audit recommendations

S/N	Recommended Action	Status
1.	The Accounting Officer should ensure that all recommendations by the Authority are shared with all Departments of the Entity and institute a mechanism to ensure full implementation.	Not implemented
2.	The Head Procurement and Disposal Unit should put in place a mechanism for ensuring that all procurement records are filed on the respective procurement action files in accordance with Regulation 46 of the Local Governments (PPDA) Regulations, 2006.	Not implemented
3.	The Accounting Officer should, on annual basis, dispose of all obsolete assets identified by the Board of Survey following Regulation 122 of the Local Governments (PPDA) Regulations, 2006.	Not implemented
4.	The contract supervisors should ensure that contractors fully mobilize the required equipment at the start of the project to enable the timely execution of the works.	Partially implemented

Implication

This implies that the Entity does not have in place a mechanism for implementing PPDA recommendations.

Management response

The Authority noted the query and further submitted that implementation of the recommendations was still ongoing.

Recommendation

The Accounting Officer should engage all procurement stakeholders including the Contracts Committee, User Departments, Procurement and Disposal Unit, and the Internal Auditor on how the Entity can address the persistent anomalies and also create a mechanism for following-up on the implementation of the recommendations.

2.1.3. Procurement planning

The Authority found that the Entity procured items worth UGX 3,473,119,218 for the financial year 2022-2023. This amounted to 79% of the planned procurement value. Procurements worth an estimated UGX 919,979,584 did not have a record of implementation. The details are given in Table 4 below:

Table 4: Analysis of procurement plan performance

Total procurement plan value inclusive of VAT (UGX)	4,393,098,802
Total procurement spend value inclusive of VAT (UGX)	3,473,119,218
Procurement plan implementation rate (%)	79
Budget variance (UGX)	919,979,584

The following anomalies were noted from the above analysis:

(i). Procurements not implemented

The Authority found that the Entity did not implement planned procurements worth UGX 173,647,000. The details are in Table 5 below:

Table 3: Unimplemented procurements

No.	Procurement Subject	Planned (UGX)
1.	Maintenance of waste compositing site including waste separation and compositing	72,000,000
2.	Maintenance of anti-malaria drains in Central Division	14,400,000
3.	Titling of land	7,000,00
4.	Hire of vehicles	12,500,000
5.	Rehabilitation of office block	6,200,000
6.	Rehabilitation of slaughter facilities (Kibimba and Karago)	20,147,000
7.	Supply of uniforms/ corporate wear	3,000,000
8.	Town beatification	38,400,000
	Total	173,647,000

Implication

Planned service delivery in the above sectors wasn't realized and this cripples national development.

Management response

The above procurements were planned to be funded from locally raised revenue which were not realized as planned hence suffocating the procurement plan. The Entity pledged to prepare realistic budgets going forward.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should regularly conduct or designate persons to regularly conduct a review of the procurement plan to harmonize it with the existing circumstances and most especially changes in the budget of the Entity. In the event that amendments are made to the departmental work plans, User Departments should share amendments with the Head Procurement and Disposal Unit to update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.

(ii). Non reporting of procurements conducted

The Entity did not report planned procurements conducted worth UGX 460,176,000 contrary to Regulation 7(1) of the Local Governments (PPDA) Regulations, 2006. The details are in Table 6 below:

Table 4: Procurements not reported

No.	Procurement Subject	Planned (UGX)
1.	Revenue collection from street parking	144,000,000
2.	Revenue collection from Kachwamba	47,376,000
3.	Revenue collection from slaughter slabs	158,400,000
4.	Revenue collection from loading and off-loading in Fort Portal City	86,400,000
5.	Revenue collection from Mugunu washing bay	24,000,000
	Total	460,176,000

Implication

This deprives the Entity of valuable guidance from the Authority for improvement of the procurement function and operations.

Management response

All the above-mentioned procurements were managed and done in-house.

Authority's comment

The Authority noted the Entity's response. However, Section 3 of the PPDA Act 2003 defines procurement as “*an acquisition by purchase, rental, lease, hire purchase, license, tenancy, franchise, or any other contractual means, of any type of works, services or supplies or any combination.*” Thus the items in Table 5 are procurements that had to be reported to the Authority following the procedures laid down in the PPDA Act and Regulations.

Recommendation

The Head Procurement and Disposal Unit should prepare monthly reports on all procurements and disposals for the adjudication of the Contracts Committee before submitting to the Authority in accordance with Section 31(p) of the PPDA Act, 2003.

2.1.4. Force Account Mechanism

The Authority reviewed four road works worth UGX 60,600,000 executed under the Force Account Mechanism and funded by Uganda Road Fund. The purpose of the review was to assess the implementation process of the Force Account Mechanism in the Entity in line with the PPDA Circular No: 3 of 2012 on the application of the Force Account Mechanism in Local Governments and the PPDA (Force Account) Regulations, 2014. The roadworks include:

- i. Routine mechanized maintenance of Kitebutura-Kaihokwa road worth UGX 19,600,000 (2.8km)
- ii. Routine mechanized maintenance of Buraro- Nyakagongo road worth UGX 10,000,000 (1.4km)
- iii. Routine mechanized maintenance of Kasusu-Rubingo road worth UGX 18,000,000 (1km)
- iv. Routine mechanized maintenance of Nyaika-Kiteere-Kibimba road worth UGX 13,000,000 (3.1km)

The Authority found the following irregularities as detailed below:

a) Lack of accountability records.

Apart from URF quarterly progress reports availed to auditors, the Entity failed to provide accountability records and reports for the above stated road works. The following records were not available:

- i. Bill of quantities/scope of works for the road works
- ii. Delivery notes for the materials
- iii. payment vouchers
- iv. progress reports
- v. completion reports

A physical verification exercise conducted on 8th December 2023 (*see Annex A*) noted that the road works had been implemented and the roads were motorable as per the objective reported in the URF Quarterly progress reports.

Implications

- Failure to provide accountability for undertaken activities affects the audit trail and raises concerns on whether the activities were implemented as budgeted and planned.
- This exposes the Entity to a risk of misuse of Force Account Mechanism.

Management response

The documents are now available for verification.

Authority's comment

The Entity availed only Local Purchase Orders for verification as opposed to all the required documentation stated in the query above.

Recommendation

The Accounting Officer should instruct the City Engineer to maintain and manage the records of the works under Force Account Mechanism in accordance with Section 95A (5) (e) of the PPDA Act, 2003 and in line with the PPDA Circular No: 3 of 2012 on the application of the Force Account Mechanism in Local Governments.

2.1.5. Issuance of poorly drafted solicitation documents with inadequate requirements

The Authority reviewed the solicitation documents provided and observed that they were poorly drafted, with inadequate evaluation criteria, contractual terms and conditions contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006. This was noted in five procurement transactions worth UGX 121,715,352 as detailed in Table 7 below;

Table 5: Procurements with inadequate solicitation documents

No	Subject of Procurement	Findings	Management response
1.	Rehabilitation of a 5-stance waterborne toilet with a urinal at Kasusu market worth UGX 17,976,242	<p>Failure to state the intended completion date Clause GCC 17.1 of the Special Conditions of Contract on the intended completion date was left blank without a completion date stated.</p>	<p>This was erroneously omitted but stated in the contract implementation plan</p> <p>Authority’s comment A contract implementation plan unlike a signed contract is not a legally binding document between the Entity and the provider and therefore the Entity should have stated the Clause in the signed contract.</p>
2.	Supply of a printer to production department worth UGX 3,000,000	<p>Use of brand name The specifications submitted by the IT User Department dated 7th March 2023 included the brand name and model “HP Color LaserJet Pro M283fdw”, which was adopted in the procurement requisition (initiation form), bidding documents and subsequent bids.</p> <p>Incomplete bidding document The bidding document did not include and detail the non-refundable bidding fee to be paid by the bidders, therefore not adequately guiding the bidders.</p>	<p><i>The person who prepared the bidding document didn't understand that a brand name had been included in the specifications hence maintained the same in the bidding document. Management pledged to train User departments not to include brand names while preparing specifications.</i></p>
3.	Completion of fencing of Karambi North Division offices worth UGX 12,944,600	<p>Failure to state the intended completion date Clause GCC 17.1 of the Special Conditions of Contract on the intended completion date was left blank without a completion date stated.</p>	<p><i>This was erroneously omitted but stated in the contract implementation plan.</i></p> <p>Authority’s comment A contract implementation plan unlike a signed contract is not a legally binding document between the Entity and the provider and therefore the Entity should have stated the Clause in the signed contract.</p>

No	Subject of Procurement	Findings	Management response
4.	Renovation of a theatre at Bukuuku HC IV worth UGX 64,244,510	<p>Weak evaluation criteria The evaluation criteria did not require the bidder to submit evidence of previous performance and availability of financial resources, among others. This therefore meant that the bidder's capacity to execute the contract was not fully assessed at evaluation.</p> <p>Furthermore, the document did not have the required format of bidding forms that were being referred to in the bid data sheet for submission by the bidder. i.e. Format of bid submission sheet, declaration forms among others.</p>	<p><i>The anomaly was considered and noted.</i></p>
5.	Emptying of the toilets of 22 schools within Fort Portal City Council worth UGX 23,550,000	<p>Ambiguous Statement of requirements Whereas the Entity budgeted for 157 truck trips for emptying toilets in 22 schools, there was no further breakdown on the specific number of trips required by each school. This casts doubt on how the User department arrived at the 157 truck trips.</p>	<p><i>The Department had planning meeting with all the head teachers in which the raised an issue of the latrines being full, this caused the department to make an assessment where an estimated number of trips was established as per the minutes attached. Although the latrines were emptied, some schools needed more trips than the estimated numbers.</i></p> <p>Authority's comment The Authority noted that submitted minutes requiring the Entity to make an assessment however, the Entity did not avail for verification any evidence in form of a report to show that an assessment was carried out by the User department to establish the estimated number of trips required for each school which casts doubt on how the User department arrived at the 157 truck trips</p>

No	Subject of Procurement	Findings	Management response

Implications

- Inadequate contractual clauses inhibit effective contract implementation and contract management.
- There is a risk of bidders preparing non-responsive bids and it also leads to the procurement of items that do not meet the end users' requirements.
- Use of brand names contravenes the key principles of fairness and competition.

Recommendations

1. The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity, and accuracy before approval in accordance with Section 28 (1) (c) of the PPDA Act, 2003.
2. The Heads of User Departments and the Head Procurement and Disposal Unit should ensure that the use of brand names is avoided in accordance with Regulation 38 of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023.
3. The Procurement and Disposal Unit should quality assure all solicitation documents for accuracy and consistency before submitting them to Contracts Committee for approval in accordance with Regulations 33 and 34 of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023.

2.1.6. Low bidder participation

Section 46 of the PPDA Act, 2003 requires all procurement and disposal processes to be conducted in a manner that maximizes competition to achieve value for money. The Authority found that the Entity failed to receive at least three bids in 38% of the sampled procurement transactions worth UGX 233,901,432 contrary to Section 46 of the PPDA Act, 2003 as detailed in Table 8 below.

Table 6: Level of bidder participation

S/N	Subject of procurement	Amount (UGX)	Procurement method	Invited bids	Received bids
1.	Construction of 5 stance VIP Latrine at Kahinju Primary School	28,997,556	Selective bidding	3	2
5.	Supply of a printer to Production Department	3,000,000	Selective bidding	3	2
6.	Completion of fencing of Karambi North Division offices	12,944,600	Selective bidding	3	2
7.	Renovation of public toilets at Mpanga Market	14,010,482	Selective bidding	3	2
TOTAL		233,901,432			

Implication

There is a potential risk that bidders are colluding at the time of bidding and/or loss of confidence by bidders in the procurement processes of the Entity. It is also important to note that once there is no competition, there is a likelihood that the Entity shall not experience value for money in the end product.

Management response

The Entity noted the query and further submitted that management has planned sensitization drives for bidders.

Recommendation

The Accounting Officer should organize a 'bidder conference' to attract new bidders to the Entity and also sensitize them so as to improve the level of confidence bidders have in the procurement processes such that they maximize competition in accordance with Section 46 of the PPDA Act, 2003.

2.1.7. Delays across the procurement process

Section 48 of the PPDA Act, 2003 requires all procurement and disposal processes within an Entity to be conducted in a manner that promotes economy, efficiency and value for money. Delays were noted across the procurement process in six procurements worth UGX 161,409,684 as detailed in Table 9 below:

Table 7: Procurements with delays at different stages of the procurement process

S/N	Subject of procurement	Delay noted	Management response
1.	Supply of a printer to production department worth UGX 3,000,000	Unnecessary delay to receive bids Whereas confirmation of availability of funding was done on 16 th March 2023, bids were received and opened on 25 th May 2023, creating an unnecessary delay of 2 months after initiation of the procurement despite using selective bidding procurement method that allows for a shorter bidding period.	<i>The delay was as a result of the need to aggregate requirements as it was costly for the Entity to handle only one procurement so a communication had been made for the rest of the User departments to submit all the remaining procurement requirements for the Financial Year at once.</i> Authority's comment This delay was administrative in nature and therefore the query was maintained.

S/N	Subject of procurement	Delay noted	Management response
2.	Rehabilitation of a 5 stance waterborne toilet with a urinal at Kasusu market worth UGX 17,976,242	<p>Delay to confirm availability of funding by the Accounting Officer</p> <p>The procurement was initiated and approved on 4th October 2022 however, there was an unnecessary delay of 32 days for the Accounting Officer to confirm availability of funding on 05th November 2022.</p>	<p><i>The funds were not available from Central Government.</i></p> <p>Authority's comment The Entity should go forward, conduct the procurement process up until the award of contract and not sign the contract as they await funding.</p>
3.	Renovation of 3 classroom block at Burungu Primary School worth UGX 56,535,676	<p>Delay to confirm availability of funding by the Accounting Officer</p> <p>The procurement was initiated and approved on 30th December 2022 however, there was an unnecessary delay of 52 days for the Accounting Officer to confirm availability of funding on 24th February 2023.</p>	<p><i>The funds were not yet available from Central Government</i></p> <p>Authority's comment The Entity should go forward, conduct the procurement process up until the award of contract and not sign the contract as they await funding.</p>

Implication

Unnecessary delays in the procurement process affect service delivery and are a sign of inefficiency of the procurement function.

Recommendations

The Accounting Officer should put in place measures that eliminate unnecessary delays and ensure that the procurement processes within the Entity promote efficiency in accordance with Section 46 of the PPDA, Act 2003.

2.1.8. Irregularities during evaluation

The audit revealed the following irregularities during evaluation of bids:

i) Passing non-compliant bidders

Regulation 73 (3) states that *"If a bid is not substantially compliant and responsive to the bid document, it shall be rejected by the procuring and disposing entity and may not subsequently be made compliant or responsive by correction of material deviation or omission."*

However, in two procurements worth UGX 26,955,082, the evaluation committee(s) passed bidders that did not comply with the stated criteria as detailed in Table 10 below contrary to the above stated Regulation.

Table 8: Procurements that passed non-compliant bidders

S/N	Subject of procurement	PPDA Finding
1.	Completion of fencing of Karambi North Division Offices worth UGX 12,944,600 by Mulikeko Enterprises (U) Limited	The evaluation criteria in the bidding document required bidders to , among others, submit a valid trading licence or equivalent. However, a review of the original submitted bid from the best evaluated bidder, Mulikeko Enterprises (U) Limited, revealed that the bidder submitted an unauthentic tax clearance certificate (TCC) and was found compliant and passed to the next stage. The tax clearance certificate dated 20 th January 2023 reference number FO01220337438 submitted in the bid for Mulikeko Enterprises (U) Limited allegedly addressed to Fort Portal City Council was not authentic, as verification of the stated reference number on the Uganda Revenue Authority website and portal revealed that the TCC reference number FO01220337438 was prepared for Classland Technical Services Ltd and addressed to Kyenjojo District Local Government.
2.	Renovation of public toilets at Mpanga Market UGX 14,010,482	The evaluation criteria in the bidding document required bidders to submit a valid trading licence or equivalent among other requirements. However, a review of the original submitted bid from the best evaluated bidder, SMJ and Holdings Co Limited, revealed that the bidder submitted two unauthentic tax clearance certificates (TCC). The tax clearance certificate dated 11 th December 2020 reference number FO01200156396 submitted in the bid for SMJ and Holdings Co Limited allegedly addressed to Kyenjojo DLG was unauthentic, as verification of the stated reference number on the Uganda Revenue Authority website and portal revealed that the TCC reference number FO01200156396 was prepared for Pekasa Enterprises Limited, and addressed to Stanbic Bank Uganda Limited, issued for access of loan facility. The second tax clearance certificate dated 31 st May 2022 reference number UGND220120983 also submitted in the bid for SMJ and Holdings Co Limited allegedly addressed to Fort Portal City Council was also unauthentic, as verification of the stated reference number on the Uganda Revenue Authority website and portal revealed that the TCC reference number UGND220120983 was invalid and non-existent.

Implication

The Entity is at a risk of awarding contracts to bidders that are not compliant with obligation to pay taxes which may lead to a loss of revenue for government as well as shoddy or abandoned works by the contractors.

Management Response

The Entity explained that they always verify Tax Clearance Certificates with the URA verification portal hence the reason why out of all the procurements handled that FY, only two had these exceptions. This was occasioned by the system down time of the URA verification portal during evaluation of these bids and consequently the evaluation committee failed to access the portal and in the interest of time, moved on to the next stage of evaluation.

Recommendation

The Authority noted the Entity's response and recommends that Evaluation Committees should, during evaluation of bids, verify all documents evidencing eligibility submitted by the bidders as a basis of determining the bidder's compliance or non-compliance to the set criteria in accordance with Regulation 26 (2) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

ii) Failure to carry out due diligence on bidder's submitted past experience

Regulation 59 (1) of the Local Governments (PPDA) Regulations, 2006 requires a Procuring and Disposing Entity to carry out a due diligence test on a bidder at any time during a procurement and disposal process. The Authority found that in the procurement for Construction of a 2-unit staff house at Kitumba Primary School worth UGX 189,913,550, the evaluation committee failed to carry out due diligence on bidder's submitted past experience.

The best evaluated bidder, Mubuna Investments Uganda Ltd, possibly submitted forged past experience and was found compliant. The company was incorporated in October 2019 as evidenced by the submitted certificate of incorporation however, the contract worth UGX 8,450,235,001 submitted by the bidder as evidence of past experience was dated 21st July 2018, (15 months before incorporation of the said company). This is a red flag and the Evaluation Committee should have carried out due diligence to ascertain the authenticity of the submitted contract.

Implication

The entity is at risk of contracting fraudulent companies.

Management response

Noted and due diligence will be done going forward.

Recommendation

Evaluation Committees should ensure to carry out due diligence on bidder's submitted information in accordance with Regulation 26 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

iii) Failure by evaluation Committee to seek clarification with bidder

Regulation 74 (1) of the Local Governments (PPDA) Regulations, 2006 states that the evaluation committee may request the clarification of information or the submission of documentation from a bidder which relate to; a) non conformity or omission which is not material or b) the correction of arithmetical errors.

The Authority noted that in the renovation of a theatre at Bukuuku HC IV worth UGX 64,244,510, the evaluation committee ought to have sought for clarification with the bidder prior to being found compliant with the stated requirement. The requirement was for the bidder to submit evidence of ownership, hire or lease of the required equipment. Although the bidder submitted an agreement showing that they were to hire equipment from Tesla Technical Services Ltd, the bidder did not submit further evidence in form of copies of log books to show that Tesla Technical Services actually owned the required equipment. The Evaluation Committee should have sought clarity with the bidder during evaluation to establish whether the said equipment exist as opposed to simply finding the bidder compliant.

Implication

The entity is at risk of unfairly awarding contracts to bidders without the capacity to perform as required.

Management response

The Entity took note of the anomaly.

Recommendation

The Evaluation Committee should at any stage of the evaluation, request a bidder to clarify the information provided in the bid or to submit additional information or documents within a specified period in accordance with Regulation 6 (1) of the PPDA (Evaluation) Regulations, 2023.

2.1.9. Irregularities at contracting

The Authority noted the following irregularities at contracting in two procurements worth UGX 294,947,280 as detailed in Table 11:

Table 9: Procurements with irregularities at contracting

No.	Subject of procurement	Findings	Management response
1.	Emptying of the toilets of 22 schools within Fort Portal City Council worth UGX 23,550,000	<p>Change of contract terms and conditions at contract signing stage</p> <p>Clause GCC 20.1 of the Special Conditions of Contract in the bidding document which was addressing the intended completion period for the services stated that "<i>The services shall be performed for a period of 2 weeks,</i>" However, the same Clause in the signed contract required services to be performed in the period of 1 month.</p>	<i>Management took note of the anomaly and efforts will be made not to repeat the same.</i>

No.	Subject of procurement	Findings	Management response
		<p>Implication Change of terms and conditions of contract was unfair to other providers that did not participate in the bidding process because of perceived unfavorable terms and conditions.</p>	
2.	Supply of three-seater desks (60) to the selected primary schools in Fort Portal City worth UGX 14,700,000	<p>Signing the contract outside the bid validity period The Accounting Officer signed the contract with Emyoyo Ya Tooro Ltd on 17th January 2023, 36 days after the bid validity period had expired on 9th December 2022. According to the best evaluated bid from Emyoyo Ya Tooro Ltd, bid validity was for only 14 days expiring on 14th December 2023.</p> <p>Implication The entity is at a risk of change in the initial terms and conditions stated in the submitted bid by the bidder e.g. quoted bid price, delivery period etc. since the content of the submitted bid are no longer binding.</p>	<i>Management acknowledged the anomaly and efforts will be made not to repeat the same.</i>

Recommendations

1. The Head Procurement and Disposal Unit should;
 - i. See to it that the contract and documents forming part of the contract are representative of the bidding document that was issued to bidders in accordance with Regulation 9 of the PPDA (Contracts) Regulations, 2023.
 - ii. Monitor bid validity periods and where an extension to the bid validity period becomes necessary, he should notify bidders to extend the bid validity for a period adequate to complete the procurement process in accordance with Regulation 6 (c) of the PPDA (Contracts) Regulations, 2023.

2.2. Compliance of the Entity's disposal process with the provisions of the PPDA Act 2003, and Local Governments (PPDA) Regulations 2006

2.2.1. Failure to dispose of obsolete assets

Regulation 122 (10) of the Local Governments (PPDA) Regulations, 2006 empowers User Departments to initiate the disposal process for obsolete assets under its management following the recommendation of a Board of Survey.

The Authority noted that despite having a disposal plan for the financial year 2022/23 and a board of survey report for the Financial Year 2021/2022 recommending disposal of obsolete motor vehicles the Entity did not dispose of any asset contrary to Regulation 122 of the Local Governments (PPDA) Regulations, 2006. These items include;

Table 10: Motor Vehicles recommended for disposal

S/N	Asset Description
1.	J-Fieng Lorry LG 0086-14
2.	Nissan Navara UG298Y
3.	Toyota Hilux LG 0085-14
4.	Tata Lorry Skip Loader UAJ 163X
5.	Yamaha DT Motorcycle LG 0087-14
6.	Honda XL Motor Cycle UG.0431R
7.	Jailing Motor Cycle with No Number plate
8.	Jiejeng Motorcycle UG 2785R
9.	Yamaha Motor Cycle UG 066E

Some of the obsolete vehicles are shown in the pictures below;



Implication

Government funds are held up in assets or lost through depreciation due to prolonged hoarding of such assets.

Management response

The Entity failed to have ownership of the motor vehicles but other items were disposed of and a communication has been made to provide the ownership to enable the disposal.

Authority's comment

The Entity did not provide any evidence in form of a written letter requesting for transfer of ownership of the boarded off motor vehicles so as to support the above claim.

Recommendation

The Accounting Officer should follow up on the transfer of ownership of the boarded off motor vehicles and expedite the disposal process following Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023.

2.3. The Level of efficiency and effectiveness in Contract Implementation including the Application of Environmental, Social, Health, And Safety (ESHS) Requirements in the Procurement Process

2.3.1. Adherence to Environmental, Social, Health and Safety safeguards (ESHS)

Section 61A of the PPDA Act, 2003 states that "A procuring and disposing Entity shall for each procurement take into account environmental protection, social inclusion and stimulating innovation, as may be prescribed".

The following anomalies were noted with regard to adherence to ESHS by the Entity as detailed in Table 13 below:

Table 11: Procurements with no adherence to ESHS

No.	Subject of procurement	Findings on adherence to ESHS	Management response
1.	Construction of a 2-unit staff house at Kitumba Primary School worth UGX 189,913,550	<p>Failure to cost ESHS aspects incorporated under Bill 1; preliminaries and General Conditions</p> <p>The best evaluated bidder, Mubuna Investments Uganda Limited, did not cost the preliminaries which among other items were consisting of ESHS aspects as evidenced by the bills of quantities submitted in their bid. A review of these bills of quantities shows that Bill no.1; Preliminaries and General Conditions which among other items included ESHS aspects like; Safety Health and welfare for work people, sign board for works, storm water disposal, planting of 20 trees, sensitization of school community on HIV/AIDS through posters, removal of rubbish, debris and cleaning at completion, were all</p>	<p><i>Implementation is being done since the project is under defects liability period.</i></p> <p>Authority's comment The Entity did not avail any evidence in form of pictures or a contract management report to support the above management response.</p>

No.	Subject of procurement	Findings on adherence to ESHS	Management response
		<p>left blank and not costed by the contractor.</p> <p>A physical verification exercise carried out by the Authority on 8th December 2023(see annex 4) observed that the same were not implemented during contract implementation consequently arising from the contractor not costing them in their submitted bid. The works had been completed and the classroom block was not yet in use.</p>	
2.	<p>Upgrading of Kiguma and Rubingo HCIIIs to HCIIIs worth UGX 1,840,000,000</p>	<p>Status of works: As at 8th December 2023, the overall physical progress of works for both sites of Kiguma and Rubingo stood at 70% against a financial progress of 56% and time progress of 110%</p> <p>Non-compliance with the environmental, health and social safety standards</p> <p>During site inspection by the Authority on 8th December 2023, the following was observed:</p> <ul style="list-style-type: none"> i. There were no safety signs, warning tapes placed at dangerous spots; ii. The staff at Kiguma HC II site had no Personal Protective Equipment (PPE) at the time of site visit; iii. There were no signs and posters encouraging safe behavior, and the prevention of the spread of HIV and AIDs among the workers on the project site. iv. The site at Rubingo HC II was only partially hoarded off, while Kiguma HC II was not hoarded at all hence a security 	<p><i>The signs were removed since there was no one on site to protect them from being vandalized</i></p> <p>Authority's comment There was no evidence availed to show that the signs were at one point placed on site and removed thereafter. Furthermore, security should be provided on site so as to secure the site from vandalism of property and theft of materials.</p>

No.	Subject of procurement	Findings on adherence to ESHS	Management response
		risk to the materials on site and a safety risk to the community.	
3.	Renovation of a theatre at Bukuku HC IV worth UGX 64,244,510	<p>A review of the bills of quantities shows that ESHS issues were covered under Element 7. A physical verification exercise conducted by the Authority on 8th December 2023 noted that the contract had since expired on 10th June 2023 (<i>see Table 10</i>).</p> <p>However, the audit observed non-implementation of the following costed ESHS items worth UGX 1,260,000;</p> <ul style="list-style-type: none"> i. Supply and plant 8 indigenous trees around the structure to act as wind breakers-UGX 560,000 ii. Supply and plant 8 fruit trees around the structure to act as wind breakers-UGX 400,000 iii. Sensitize the work force and community on HIV/AIDS awareness, Gender and Environmental protection and management UGX 300,000 (There was no evidence availed in form of meeting minutes or reports to show that this activity had been handled) 	<p>Implementation is being done since the project is under defects liability period.</p> <p>Authority's comment The Entity did not avail any evidence in form of pictures or a contract management report to support the above response.</p>

Implication

Non-adherence to ESHS poses serious risks and negative impacts to the contractors' staff, staff of the Entity and the community where the project is undertaken.

Recommendation

The Accounting Officer should instruct the District Environmental Officer and the District Community Development Officer to always prioritize enforcement of the Environmental, Social, Health and Safety Standards so as to safe guard the environment and the neighboring community from the negative impacts that may arise from the projects and to further safe guard the workers

on site from the risk of injuries arising from accidents in accordance with Section 61A of the PPDA Act, 2003.

The Entity should ensure that payment is not made to the ESHS costed unless they are completed in accordance with Regulation 49 (5) of the PPDA (Contracts) Regulations, 2023.

2.3.2. Anomalies in contract management

The following anomalies were noted in contract management;

i) Delayed completion of contract

Regulation 104 (b) of the Local Governments (PPDA) Regulations, 2006, states that the User Departments shall be responsible for performance control of the providers to ensure that the general and special conditions of time and place of delivery, payments, accountability, reporting, and others are being strictly followed in accordance with the Local Governments Act and any regulations.

The audit revealed that there was delayed completion of works in three procurement transactions worth UGX 1,918,254,992 as detailed in Table 14 below.

Table 12: Delayed completion of contracts

No	Subject of Procurement	Amount (UGX)	Findings	Management response
1.	Upgrading of Kiguma and Rubingo HCIIIs to HCIIIs	1,840,000,000	The contractual completion date was 25 th October 2023. However, a physical verification conducted by the Authority on 8 th December 2023 revealed that works were still ongoing and the contractor was on site. The overall physical progress of works for both sites of Kiguma and Rubingo stood at 70% against a financial progress of 56%. The contract had since expired in October 2023 with no evidence of extension availed to the audit team.	<i>The contract was to expire on 17th November but it was further extended up to 30th March 2024 as per the letter attached.</i> Authority's comment The Authority noted that the contract for upgrading of Kiguma and Rubingo HCIIIs to HCIIIs was extended to 30 th March 2024, however, the query still stands since the delayed completion of contracts led to overall delays in planned service delivery to the intended beneficiaries.
2.	Renovation of a theatre at Bukuuku HC IV	64,244,510	The contractual completion date was 10 th June 2023 however, during physical verification conducted by	<i>The contract was extended.</i> Authority's comment

No	Subject of Procurement	Amount (UGX)	Findings	Management response
			the Authority on 8 th December 2023, the audit found that the contractor was yet to hand over the completed project and had just painted the theatre on 29 th November 2023 (172 days after expiry of contract). The audit could not ascertain the actual completion date since the entity did not avail the auditors with contract management records and a completion certificate during the time of the audit.	The Entity did not avail evidence to support their claim of extension of the contract.
3.	Renovation of public toilets at Mpanga Market	14,010,482	The contract expired on 17 th May 2023. However, the progress report dated 30 th May 2023 revealed that physical progress of works stood at 90% (13 days after the contract expiry). The works were certified on 6 th June 2023.	<i>The contract was extended.</i> Authority's comment The Entity did not avail evidence to support their claim of extension of the contract.
Total		1,947,252,548		

NB: There was no evidence to show that the entity extended contractual completion periods and consequently, works were executed on expired contracts.

Implication

This results in the commitment of more resources in terms of staff and time by the Entity to projects that ought to have been completed and a delay in delivery of the much-needed services to the intended beneficiaries.



Recommendation

User Departments should ensure that the providers perform contracts following the terms and conditions specified in the contract in accordance with Regulation 52 of the of the PPDA (Contracts) Regulations, 2023.

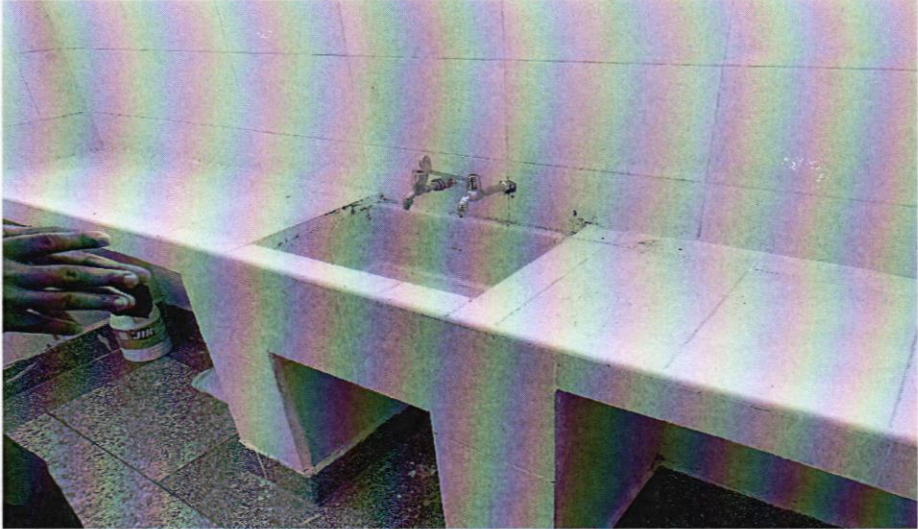
ii) Unsatisfactory works

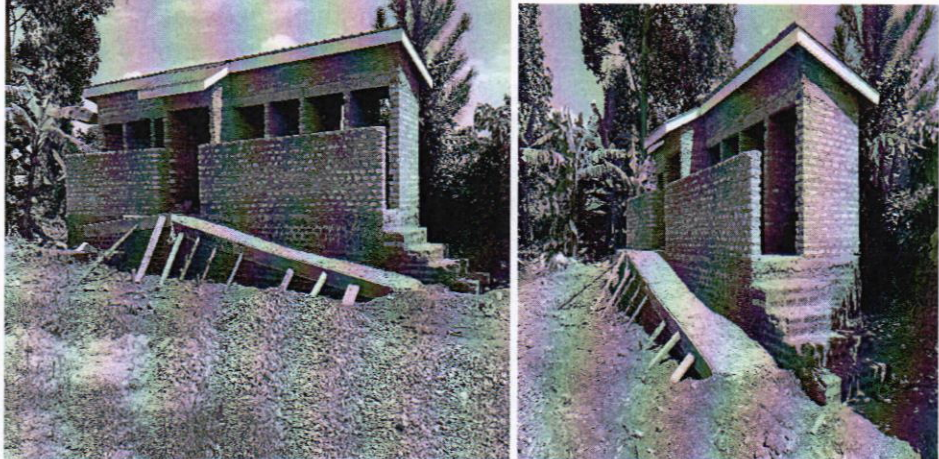
The Authority found unsatisfactory works in two contracts worth UGX 142,086,724 as indicated in the table 15 below:

Table 13: Unsatisfactory works

No.	Procurement subject	Observation
1.	Renovation of a theatre at Bukuuku HC IV worth UGX 64,244,510 by Zeta Engineering services	<p>Status of works: Contract expired on 10th June 2023 however as at 8th December 2023, the contractor was yet to hand over the completed project as they had just completed the painting of the theater on 29th November 2023 as shown in the image below:</p>  <p>Exceptions noted:</p> <p>i) The theatre doors that had been fixed were not double swinging, as required in the BOQs because of worn out hinges as shown in the image below.</p>  <p>Above: An image showing the worn-out hinges on the theatre door</p>

No.	Procurement subject	Observation
		<div data-bbox="496 273 1407 878" data-label="Image"> </div> <p data-bbox="496 882 1447 987">Above: The theatre entry door that should have been double swinging as per BOQs but was not. The door was not properly locking at the time of the physical verification.</p> <p data-bbox="496 1025 1447 1171">ii) The windows were not well fixed and air tight as required in the BOQs, consequently, small flying insects could still access the theatre room which could endanger lives during an ongoing operation</p> <div data-bbox="496 1173 1407 1839" data-label="Image"> </div> <p data-bbox="496 1843 1337 1877">Above: An image showing a space within the fixed window pale</p>

No.	Procurement subject	Observation
		<p>iii) According to the BOQs, under Element 6; Electro mechanical, as a sluice sink, the contractor was meant to supply and install a stainless-steel sop hopper (ARMITAGE SHANKS S6504 DUHS) with sink complete with 6 liters cistern, flush pipe, stainer and wall mounted mixer with a horizontal nozzle draining to the soak pit. However, the audit observed that the contractor supplied and installed a simple ceramic sink without provisions like 6 liters cistern, stainer and wall mounted mixer etc.</p>  <p>Above: The simple ceramic sink installed as opposed to a stainless-steel sop hopper with 6 liters cistern, flush pipe, stainer and wall mounted mixer.</p>
2.	<p>Construction of six stance latrine at Bukuku Community School worth UGX 54,168,608</p> <p>Frabed Builders Limited</p>	<p>Abandoned works</p> <p>The contractual completion date was 10th June 2023, however, at the time of physical verification on 8th December 2023, the Authority found that the works were incomplete and the site had been abandoned by the contractor as shown in the images below. The contract had since expired on 6 months back (10th June 2023) and the audit could not ascertain the payments made to the contractor since the entity failed to avail contract management and payment records.</p>

No.	Procurement subject	Observation
		 <p data-bbox="497 741 1437 801">Above: Images showing the abandoned incomplete works with no contractor on site.</p>
Total		

Implication

Poor quality works deter effective service delivery and achievement of value for money.

Management Response

The Entity noted the query and further submitted that after the physical verification exercise by PPDA, the contractor Frabed Builders Limited, had since resumed work on the site for the construction of six stance latrine at Bukuku Community School as seen in the pictures below.



Authority's comment

The Authority noted the Entity's response however, this evidence was not sufficient enough for the query to be dropped since the contract had expired during the contractor's abandonment of site

and there was no further evidence availed to show completion of the works despite the contractor resuming works.

Recommendations

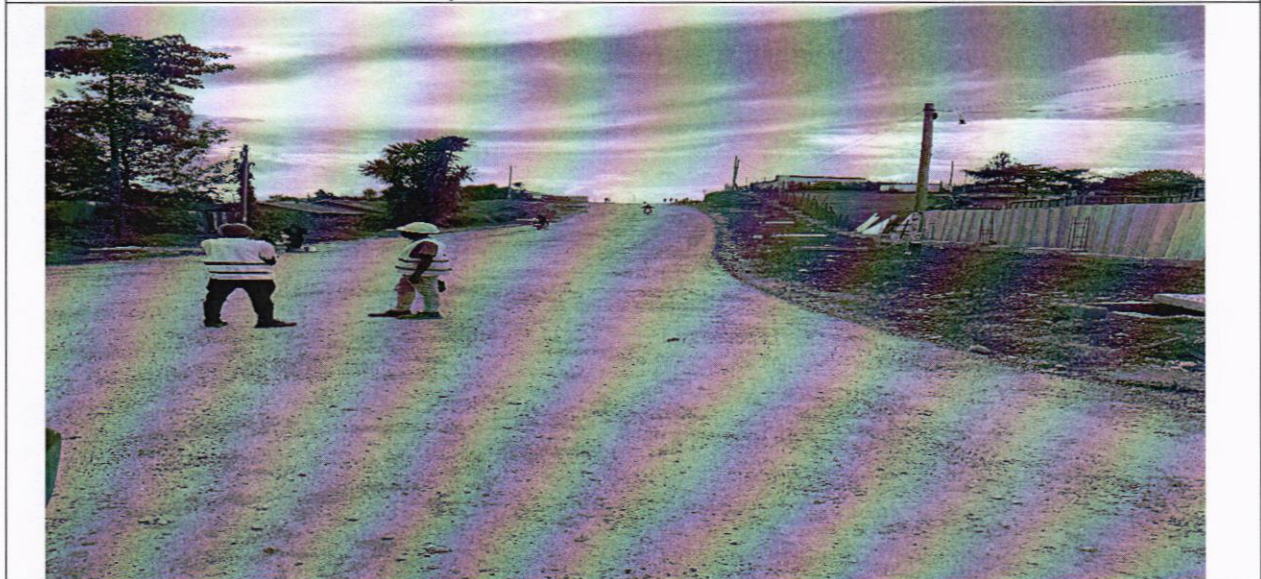
1. The Accounting Officer should;
 - i. Ensure that the contractor, Frabed Builders Limited, expeditiously completes the works prior to effecting any payment.
 - ii. Immediately follow-up on the defects identified in the renovation of a theatre at Bukuku HC IV and ensure that the contractor rectifies them before end of the defects liability period in May 2024.
2. Contract Supervisors should ensure that providers perform their contractual obligations following the terms and conditions specified in the contract in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.Regulation 52 of the of the PPDA (Contracts) Regulations, 2023.

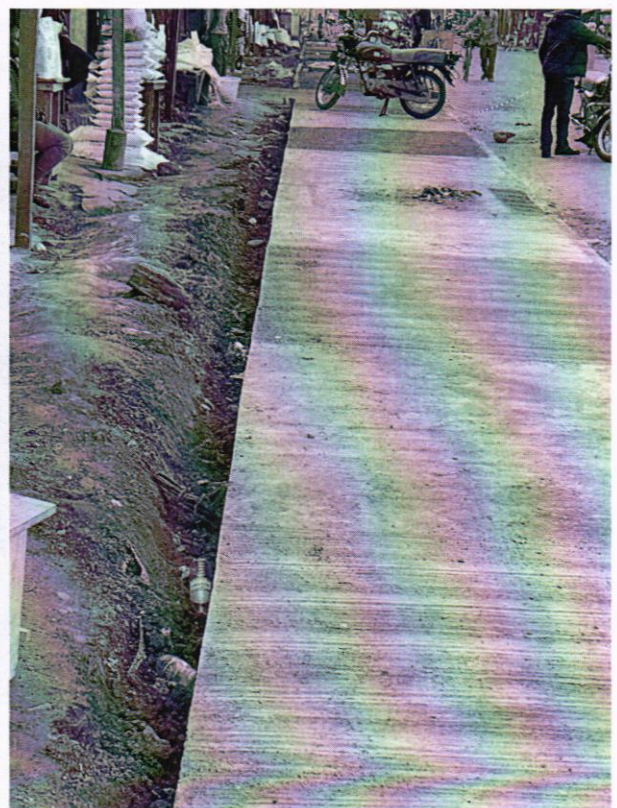
2.3.4. Follow-up on on-going USMID project at Fort Portal City Council

On 14th April 2022, Fort Portal City Council entered an 18-month contract worth UGX 20,946,043,145 with China Railway 18 Bureau Group Co. Ltd for Construction of road works in the cities/municipalities of Kasese (4.8), Hoima (4.3), and Fort portal (2.61km) and additional street lighting installation (17.3). Table 16 below shows the status of the works as at 8th December 2023.

Table 14: Status of USMID road works as at 8th December 2023

Status of Work: The works were still ongoing and the contractor was on site with physical progress of works estimated at 65%. The contract had been extended by 62 calendar days from 6th December 2023 to 6th February 2024.





Above: Showing the ongoing works on the walkways.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This Section presents graphically the procurement and disposal audit scores.

3.1 Overall Procurement and Disposal Audit Conclusion

The performance of Fort Portal City Council for the Financial Year 2022/23 was **Moderately Satisfactory** with an overall weighted average risk rating of **44.9%**.

3.2 Entity's Performance

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

Table 15: Risk Score

Risk Rating	No.	%No	Value (UGX)	%Value	Weights	Total Weighted Score	
						By No.	By Value
High	2	10	118,412,882	4.4	0.6	6	2.6
Medium	12	60	2,176,694,874	81.6	0.3	18	24.4
Low	4	20	306,387,232	11.4	0.1	2	1.1
Satisfactory	2	10	65,007,592	2.4	0	0	0
Total	20	100	2,666,502,580	100	1	26	28

$$\text{Performance by Number} = \frac{26 \times 100}{60} = 43.3\%$$

$$\text{Performance by Value} = \frac{28 \times 100}{60} = 46.6\%$$

$$\text{The average weighted risk rating} = \frac{43.3+46.6}{2} = 44.9\%$$

Since 44.9% falls within the 31% - 70% risk range, the performance of the Entity is rated **Moderately Satisfactory** as detailed in Table 18 below.

Table 16: Risk Rating

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

Figure 1: Risk Rating by Number

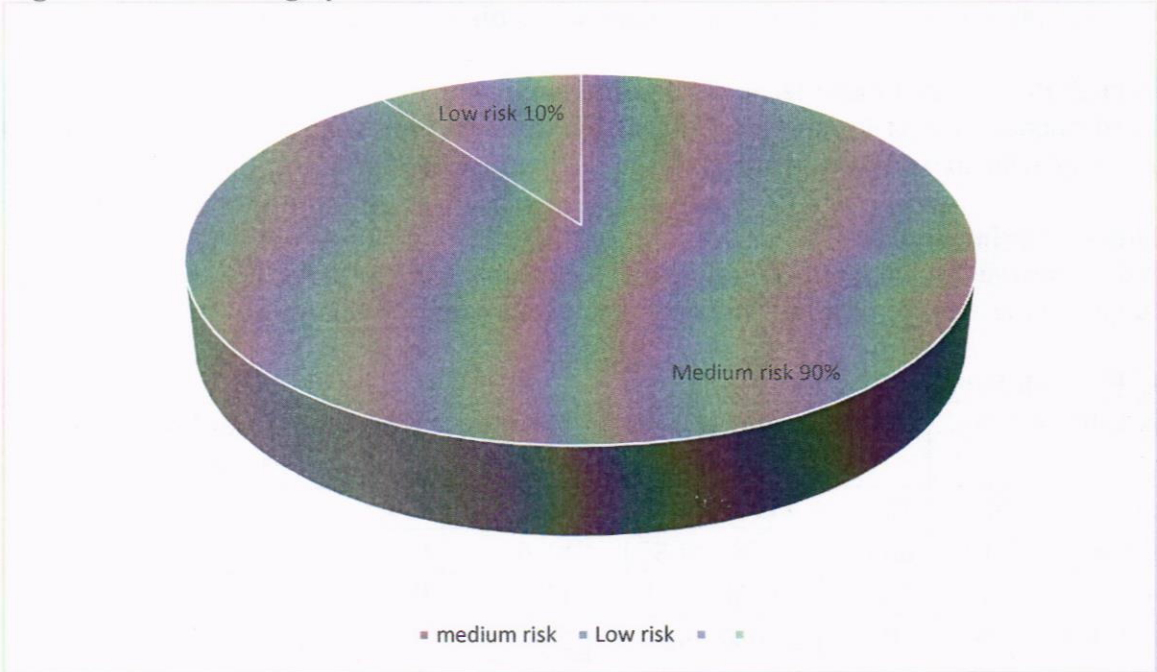
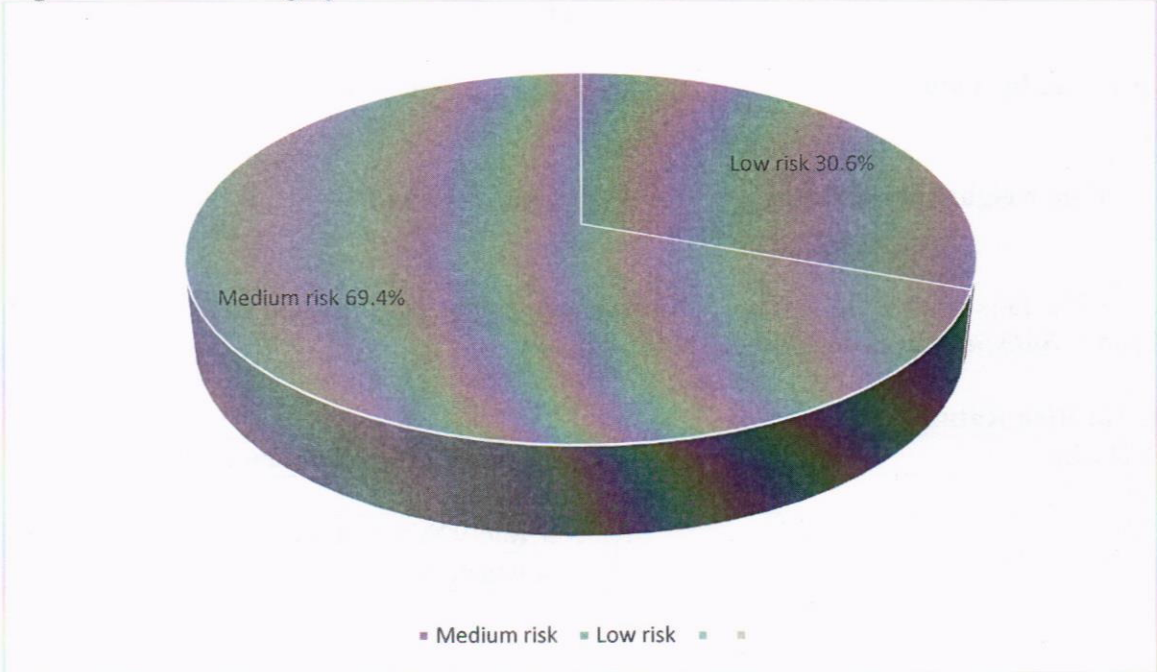


Figure 2: Risk Rating by Value



3.3 Recommended Action Plan

Fort Portal City Council should implement the recommendations in Table 19 below within the time frame given in order to improve its performance in Procurement and Disposal.


Table 17: Recommended Action Plan


No.	Recommended Action	Target Date
1.	<p>The Accounting Officer should:</p> <ul style="list-style-type: none"> i. Prevail over contract supervisors and the Finance department to avail the necessary records to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action files and archive them in accordance with Section 31 (o) of the PPDA Act, 2003. ii. Instruct the District Environmental Officer and the District Community Development Officer to always prioritize enforcement of the Environmental, Social, Health and Safety Standards so as to safe guard the environment and the neighboring community from the negative impacts that may arise from the projects and to further safe guard the workers on site from the risk of injuries arising from accidents in accordance with Section 61A of the PPDA Act, 2003. iii. Follow up on the transfer of ownership of the boarded off motor vehicles and expedite the disposal process following Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023. iv. Ensure that the contractor, Frabed Builders Limited, expeditiously completes the works prior to effecting any payment. v. Immediately follow-up on the defects identified in the renovation of a theatre at Bukuku HC IV and ensure that the contractor rectifies them before end of the defects liability period in May 2024. 	October 2024
2.	<p>Evaluation Committees should:</p> <ul style="list-style-type: none"> i. During evaluation of bids, ensure to verify all documents evidencing eligibility submitted by the bidders as a basis of determining the bidder's compliance or non-compliance to the set criteria in accordance with Regulation 26 (2) of the PPDA (Procuring and Disposing Entities) Regulations, 2023. ii. Ensure to carry out due diligence on bidder's submitted information in accordance with Regulation 26 of the PPDA (Procuring and Disposing Entities) Regulations, 2023. 	October 2024
3.	<p>The Head Procurement and Disposal Unit should quality assure all solicitation documents for accuracy and consistency before submitting them to Contracts Committee for approval in accordance with Regulations 33 and 34 of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023.</p>	October 2024

No.	Recommended Action	Target Date
4.	The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity, and accuracy before approval in accordance with Section 28 (1) (c) of the PPDA Act, 2003.	October 2024
5.	Contract Supervisors should ensure that providers perform their contractual obligations following the terms and conditions specified in the contract in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.Regulation 52 of the of the PPDA (Contracts) Regulations, 2023.	October 2024

ANNEXES

ANNEX A: PHYSICAL VERIFICATION PICTURES AS AT 8th DECEMBER 2023

	Contract value (UGX): 19,600,000
Contract: Routine mechanized maintenance of Kitebutura-Kaihokwa road worth UGX 19,600,000 (2.8km)	
Provider: District Engineer under Force Account mechanism	
Status of Work: The works were completed and the road was motorable at the time of the audit. The works entailed Grading, spot gravelling and compaction.	
	
Above: Showing different sections of the road, and showing spot gravelling.	

	Contract value (UGX): 10,000,000
Contract: Routine mechanized maintenance of Buraro- Nyakagongo road worth UGX 10,000,000 (1.4km)	
Provider: District Engineer under Force Account mechanism	
Status of Work: Completed and the road was motorable at the time of the audit. The works entailed grading and compaction only.	
	
Above: Showing different sections of the road	

Contract value (UGX): 18,000,000

Contract: Routine mechanized maintenance of Kasusu-Rubingo (1km)

Provider: District Engineer under Force Account mechanism

Status of Work: The works were completed and the road was motorable at the time of the audit. The works entailed Grading, spot gravelling and compaction.



Above: Showing different sections of the road, and showing spot gravelling.

Contract value (UGX): 13,000,000

Contract: Routine mechanized maintenance of Nyaika-Kiteere-Kibimba road (3.1km)

Provider: Force Account

Status of Work: Completed and the road was motorable at the time of the audit. The works entailed grading and compaction only.



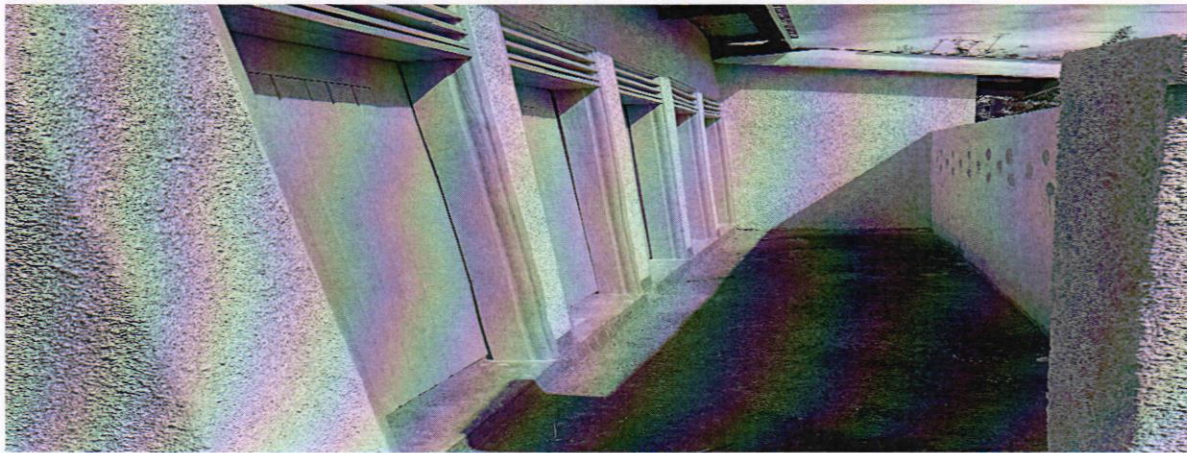
Above: A section of the roadworks

Contract value (UGX): 28,997,556

Contract: Construction of 5 stance VIP Latrine at Kahinju Primary School

Provider: Malidad Sana Beverages Co. Ltd

Status of Work: The works were completed but not yet in use. The contract was in defects liability period. However, the contractor had not planted trees as required in Boqs.

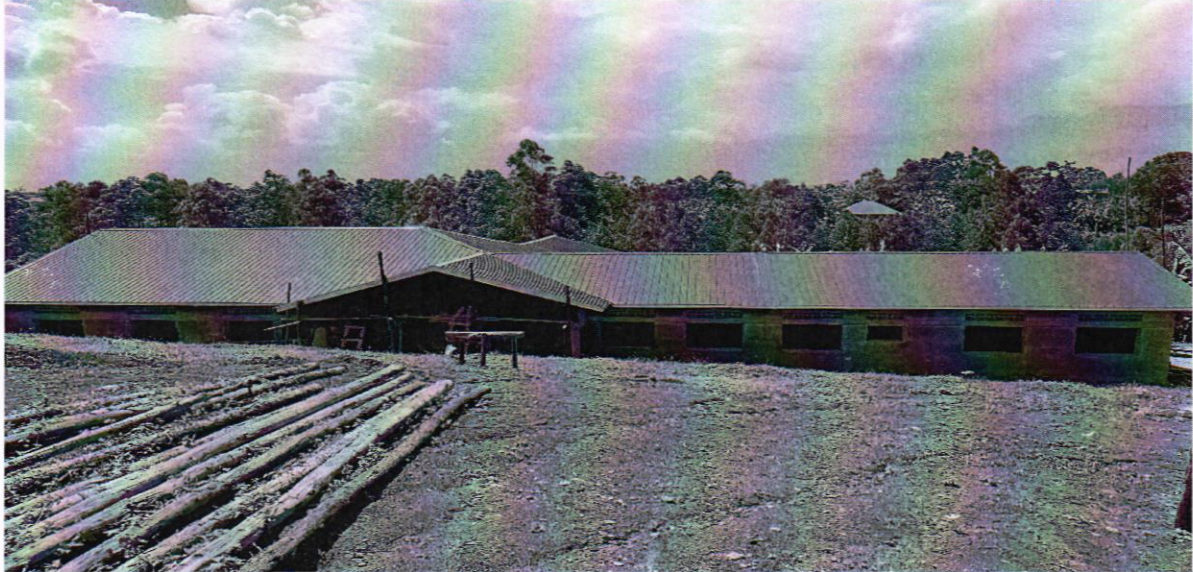


	Contract value (UGX): 1,840,000,000
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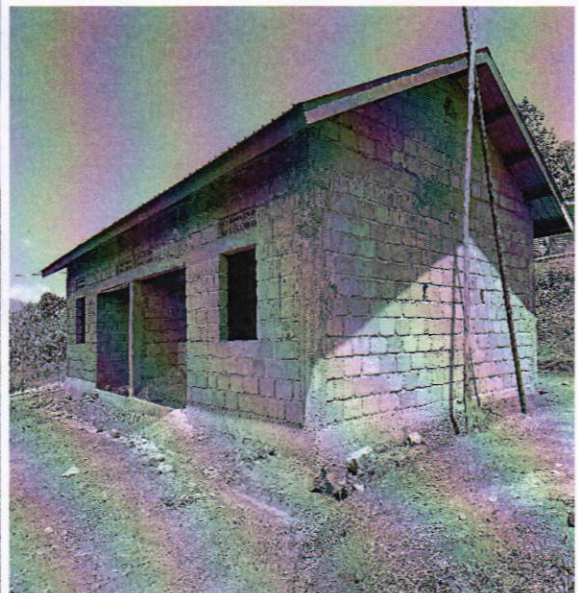
Contract: Upgrading of Kiguma and Rubingo HCIIIs to HCIIIs

Provider: RMF Engineering Contractors Ltd

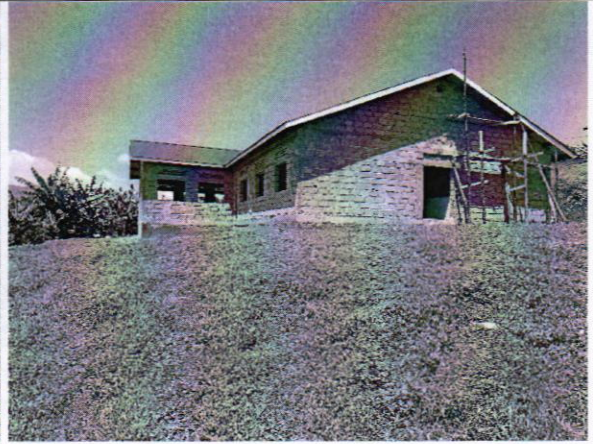
Status of Work: The works were still ongoing with the contractor on site and physical progress stood at 70% as at the time of the physical verification on 8th December 2023 against a contract that had expired in October 2023.



Above: The general/labour ward showing ongoing works at the Kiguma site



Above: The ongoing works on the staff house



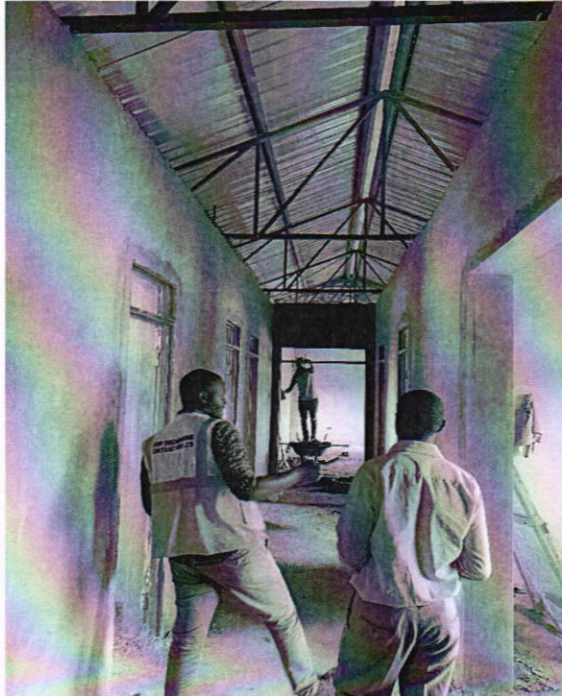
Above: The ongoing works on the VIP latrine



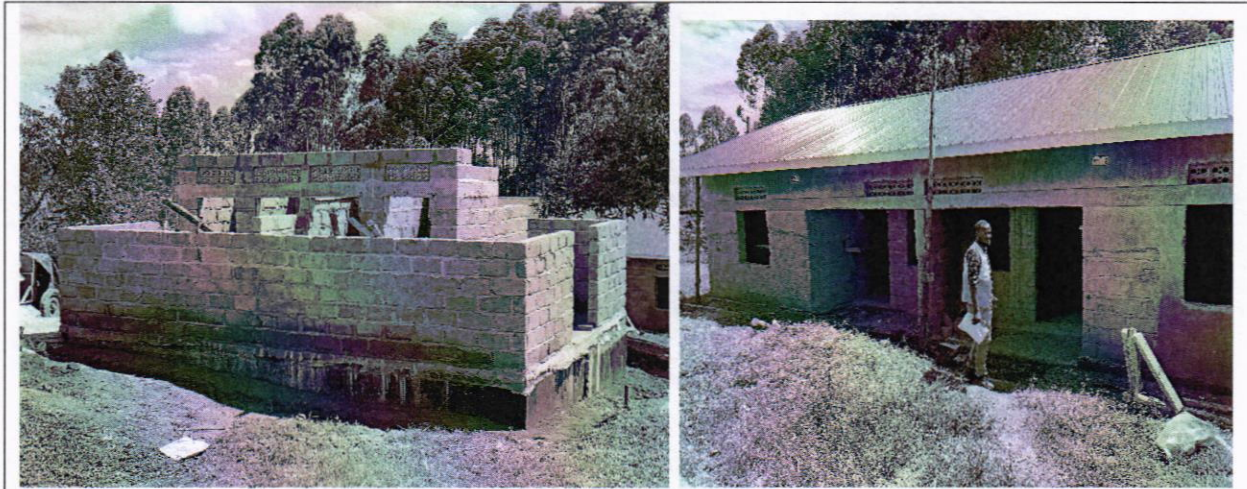
Above: The ongoing works at Kiguma site



Above: The maternity/general ward at the Rubingo site.

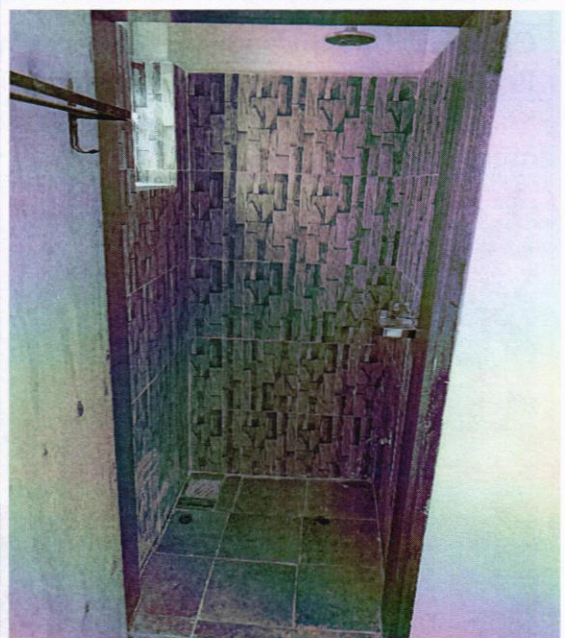
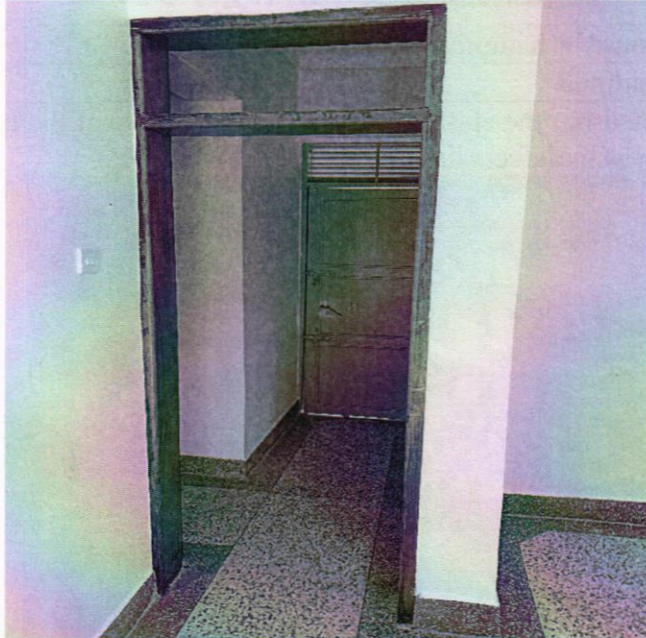


Above; The ongoing interior works for the general/maternity ward.



Above: The ongoing works on the VIP latrine and the staff house at the Rubingo site.

Contract value (UGX): 189,913,550
Contract: Construction of a 2-unit staff house at Kitumba Primary School
Provider: Mubuna Investments Uganda Limited
Status of Work: The works were completed but the staff house was not yet in use at the time of the physical verification. The contract was in defects liability period.



Above: The interior works

Contract value (UGX): 56,535,676

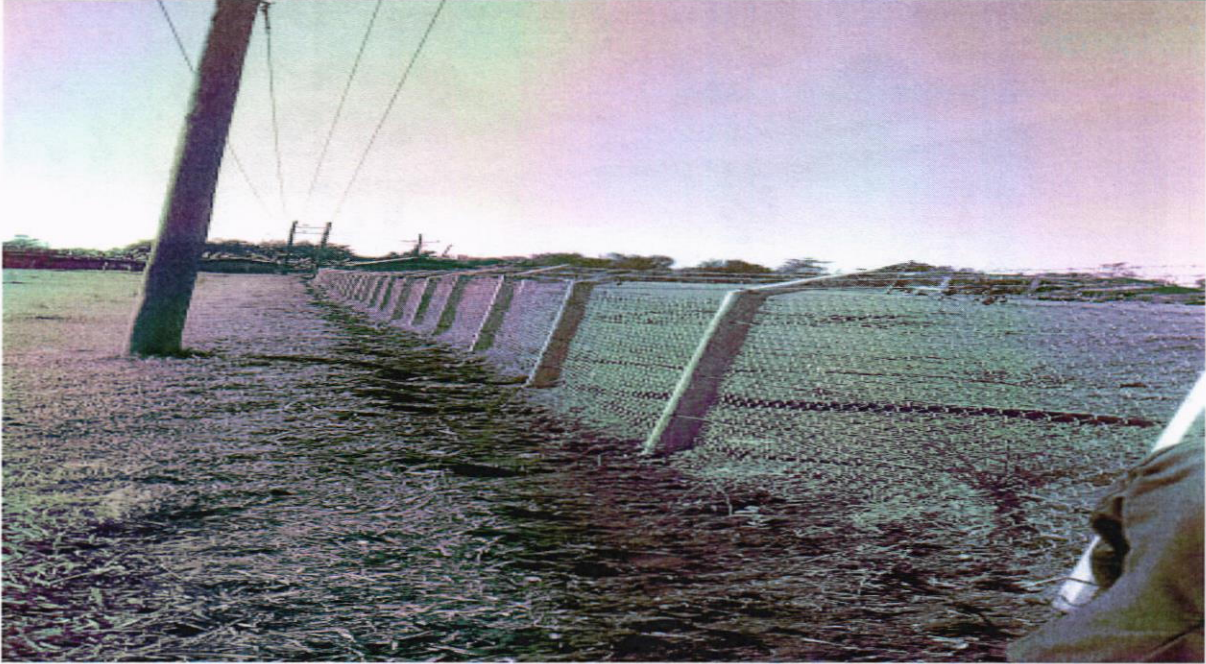
Contract: Renovation of a 3-classroom block at Burungu Primary School

Provider: Frabed Builders Ltd

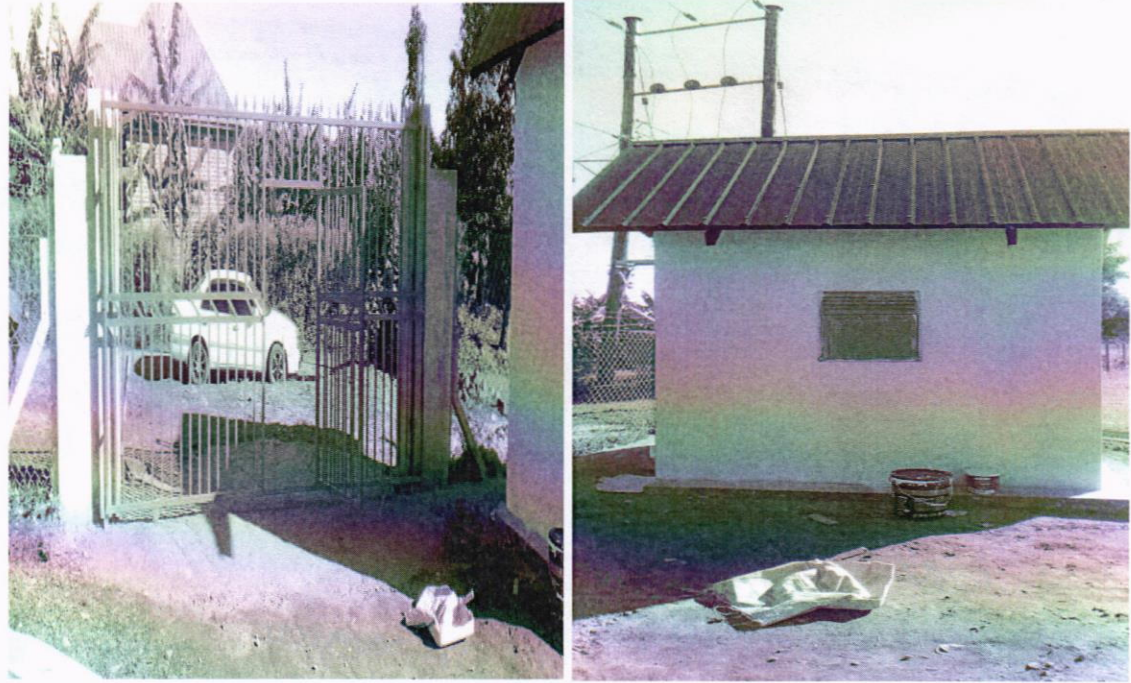
Status of Work: The works were complete and the classroom block was in use.



	Contract value (UGX): 12,944,600
Contract: Completion of fencing of Karambi North Division offices	
Provider: Mulikeko Enterprises Ltd	
Status of Work: Completed	



Left: The fence



Above: The installed gate and security house.

Annex B: Fort Portal City Council audit sample list for the Financial Year 2022/2023

No.	Procurement Ref No.	Subject of Procurement	Method of Procurement	Provider	Contract Price (UGX)	Risk rating
1.	MOH-UGIFT/WRKS/22-23/00001/Lot17	Upgrading of Kiguma and Rubingo HCIIIs to HCIIIs	Open bidding	RMF Engineering Contractors Ltd	1,840,000,000	Medium risk
2.	FORT602/WRKS/22-23/00011	Construction of a 2-unit staff house at Kitumba Primary School	Open bidding	Mubuna Investments Ltd	189,913,550	Medium risk
3.	FORT602/WRKS/22-23/00005	Renovation of a theatre at Bukuku HC IV	Open bidding	Zeta Engineering Services	64,244,510	High risk
4.	FORT602/WRKS/22-23/00004	Renovation of a three-classroom block at Burungu Primary School	Open bidding	Frabed Builders Ltd	56,535,676	Low risk
5.	FORT602/WRKS/22-23/00006	Construction of six stance latrine at Bukuku Community School	Open bidding	Frabed Builders Ltd	54,168,372	High risk
6.	FORT602/WRKS/22-23/00009	Extension of maternity ward at Kagote HCII	Selective bidding	Kromaka Engineering Services Ltd	40,200,210	Satisfactory
7.	FORT602/WRKS/22-23/00008	Construction of a 5 stance VIP latrine at Kahinju Primary School	Selective bidding	Malidad Sana Beverages Co. Ltd	28,997,556	Low risk
8.	FORT602/WRKS/22-23/00007	Construction of a latrine at Ibaale Health Center IV	Selective bidding	Beglo Enterprises Ltd	24,807,382	Satisfactory
9.	FORT602/WRKS/22-23/00024	Completion of fencing at North Division offices at Karambi	Selective bidding	Mulikeko Enterprises Ltd	12,944,600	Medium risk

No.	Procurement Ref No.	Subject of Procurement	Method of Procurement	Provider	Contract Price (UGX)	Risk rating
10.	FORT602/SRVCS/22-23/00014	Emptying of the toilets of 22 schools within Fort Portal City Council	Direct procurement	Musana James and Sons Enterprises	23,550,000	Medium risk
11.	FORT602/SUPLS/22-23/00006	Supply of a printer	Selective bidding	Zeda Cos Investments SMC Ltd	3,000,000	Medium risk
12.	FORT602/WRKS/22-23/00001	Rehabilitation of a 5stance waterborne toilet with a urinal at Kasusu market	Selective bidding	Martial Tech Ltd	17,976,242	Medium risk
13.	FORT602/SUPLS/22-23/00001	Supply of three-seater desks to selected Primary Schools in Central Division	Selective bidding	Emyoyo Ya Tooro Co. Ltd	14,700,000	Medium risk
14.	FORT602/WRKS/22-23/00001	Renovation of public toilets at Mpanga market	Selective bidding	SMJ and K Holdings Ltd	14,010,482	Medium risk
15.	FORT855/SRVCS/22-23/00001	Revenue collection from Kabundaire market	Selective bidding	Kabundaire Onion Traders Association	170,400,000	Low risk
16.	FORT855/SRVCS/22-23/00016	Revenue collection from market dues	Selective bidding	Kabundaire matooke vendors Association	50,454,000	Low risk
17.	Force Account	Routine mechanized maintenance of Kitebutura-Kaihokwa road	Force Account	District Engineer	19,600,000	Medium risk
18.	Force Account	Routine mechanized maintenance of Buraro-Nyakagongo road (1.4km)	Force Account	District Engineer	10,000,000	Medium risk

No.	Procurement Ref No.	Subject of Procurement	Method of Procurement	Provider	Contract Price (UGX)	Risk rating
19.	Force Account	Routine mechanized maintenance of Kasusu-Rubingo road (1km)	Force Account	District Engineer	18,000,000	Medium risk
20.	Force Account	Routine mechanized maintenance of Nyaika-Kiteere-Kibimba road (3.1km)	Force Account	District Engineer	13,000,000	Medium risk
TOTAL					2,666,502,580	

ANNEX C: Case by Case Risk Analysis

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	Renovation of a theatre at Bukuku HC IV	<ul style="list-style-type: none"> • Unsatisfactory works • Non-adherence to ESHS provisions
2.	Construction of a water borne toilet at Bukuku Community School	<ul style="list-style-type: none"> • Abandoned works • Expired contract

No	MEDIUM RISK	REASONS FOR MEDIUM RISK
3.	Upgrading of Kiguma and Rubingo HCIIIs to HCIIIs worth UGX 1,840,000,000	<ul style="list-style-type: none"> • Delayed completion of contract • Non-compliance with the environmental, health and social safety standards
4.	Construction of a 2-unit staff house at Kitumba Primary School worth UGX 189,913,550	<ul style="list-style-type: none"> • Failure to carry out due diligence on bidder's submitted past experience • Failure to cost ESHS aspects incorporated under Bill 1; preliminaries and General Conditions
5.	Completion of fencing at North Division offices at Karambi worth UGX 12,944,600	<ul style="list-style-type: none"> • Low bidder participation • Failure to state the intended completion date • Missing records payment records • Passing non-compliant bidder
6.	Emptying of the toilets of 22 schools within Fort Portal City Council worth UGX 23,550,000	<ul style="list-style-type: none"> • Change of contract terms and conditions at contract signing stage • Missing records Contract management, completion certificate • Ambiguous Statement of requirements
7.	Supply of a printer worth UGX 3,000,000	<ul style="list-style-type: none"> • Use of brand name • Incomplete bidding document • Unnecessary delay to receive bids • Low bidder participation
8.	Rehabilitation of a 5stance waterborne toilet with a urinal at Kasusu market worth UGX 17,976,242	<ul style="list-style-type: none"> • Missing records Final payment of UGX 4,586,126 • Delay to confirm availability of funding by the Accounting Officer • Failure to state the intended completion date
9.	Supply of three-seater desks to selected Primary Schools in Central	<ul style="list-style-type: none"> • Signing the contract outside the bid validity period • Missing records Payments

No	MEDIUM RISK	REASONS FOR MEDIUM RISK
	Division worth UGX 14,700,000	
10.	Renovation of public toilets at Mpanga market worth UGX 14,010,482	<ul style="list-style-type: none"> • Passing non-compliant bidder • Missing records Completion certificate, Payment records for the remaining balance UGX 12,010,482 • Delayed completion of contract
11.	Routine mechanized maintenance of Kitebutura-Kaihokwa road	<p>Lack of accountability records.</p> <ul style="list-style-type: none"> • Bills of quantity/scope of works for the road works • Delivery notes for the materials • payment vouchers • progress reports • completion reports
12.	Routine mechanized maintenance of Buraro-Nyakagongo road (1.4km)	<p>Lack of accountability records.</p> <ul style="list-style-type: none"> • Bills of quantity/scope of works for the road works • Delivery notes for the materials • payment vouchers • progress reports • completion reports
13.	Routine mechanized maintenance of Kasusu-Rubingo road (1km)	<p>Lack of accountability records.</p> <ul style="list-style-type: none"> • Bills of quantity/scope of works for the road works • Delivery notes for the materials • payment vouchers • progress reports • completion reports
14.	Routine mechanized maintenance of Nyaika-Kiteere-Kibimba road (3.1km)	<p>Lack of accountability records.</p> <ul style="list-style-type: none"> • Bills of quantity/scope of works for the road works • Delivery notes for the materials • payment vouchers • progress reports • completion reports

No	LOW RISK	REASONS FOR LOW RISK
15.	Renovation of a three-classroom block at Burungu Primary School worth UGX 56,535,676	Delay to confirm availability of funding by the Accounting Officer

16.	Construction of a 5 stance VIP latrine at Kahinju Primary School worth UGX 28,997,556	Low bidder participation
17.	Revenue collection from Kabundaire market worth UGX 170,400,000	Failure to report on procurement
18.	Revenue collection from market dues worth UGX 50,454,000	Low bidder participation

No	SATISFACTORY
19.	Extension of maternity ward at Kagote HCII worth UGX 40,200,210
20.	Construction of a latrine at Ibaale Health Center IV worth UGX 24,807,382

NB: Case no. 3 above was still an ongoing project at the time of the audit in October 2023

ANNEX D: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry a risk to the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and the use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals, and usurping the powers of the PDU.	This implies the use of less competitive methods which affects transparency, accountability, and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct an evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend an award to a responsive bidder.
		Record Keeping: Missing	This implies that one cannot ascertain the audit

RISK	DESCRIPTION	AREA	IMPLICATION
		procurement files and missing key records on the files namely; solicitation documents, submitted bids, evaluation reports, and contracts.	trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies a lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands-on management control and oversight" at an	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms, and splitting procurement requirements.	This implies a lack of efficiency, standardization, and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies a lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: Missing Contracts Committee records	This implies that one cannot ascertain the audit trail namely; whether the

RISK	DESCRIPTION	AREA	IMPLICATION
	appropriate level of seniority.	<p>and incomplete contract management records.</p> <p>Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.</p> <p>Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health, and safety.</p> <p>Aspects of gender, social inclusion, environment, health, and safety are not covered by the contractor during contract implementation.</p>	<p>necessary approvals were obtained in a procurement process.</p> <p>This leads to unjustified contract amendments and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.</p>
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best	<p>Planning: Lack of procurement reference numbers.</p> <p>Bidding Process: Not signing the Ethical Code of Conduct</p>	<p>This leads to failure to track the procurements which leads to poor record-keeping.</p> <p>This leads to failure to declare a conflict of interest and a lack of transparency.</p>

RISK	DESCRIPTION	AREA	IMPLICATION
	practices. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.		
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.		