



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

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

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR
FINANCIAL YEAR 2021/22**

ARUA CITY

APRIL 2023

TABLE OF CONTENTS

ACRONYMS	iii
EXECUTIVE SUMMARY	iv
CHAPTER 1: INTRODUCTION	1
1.1 Background	1
1.2 Objective of the audit	1
1.3 Scope of the audit exercise.....	1
1.4 Procurement and Disposal Audit Methodology	1
CHAPTER 2: FINDINGS AND RECOMMENDATIONS	3
2.1. Compliance with the general provisions of the PPDA Act and Regulations	3
2.2 Compliance in conducting procurement and disposal processes with the PPDA Act and Regulations.....	7
2.3 Efficiency and effectiveness during contract execution.....	26
CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY	40
3.1 Overall Procurement Performance Conclusion.....	40
3.2 Recommended Action Plan.....	42
APPENDICES	45
Appendix 1: Transaction List with Risk Rating	45
Appendix 2: Risk Rating Criteria	47
Appendix 3: Revenue sources implemented but not reported to the Authority.....	48
Appendix 4: Unserviceable/obsolete assets recommended for disposal.....	49
Appendix 5: Case by Case Summary of Findings	51
Appendix 6: Members in the Procurement and Disposal Unit	58
Appendix 7: List of the Contracts Committee members	59
Appendix 8: List of User Departments	59

LIST OF TABLES

Table 1: Population Analysis	1
Table 2: Analysis of procurement spend for FY 2021/2022.....	3
Table 3: Status of implementation of previous audit recommendations for FY 2020/21.....	4
Table 4: Obsolete assets due for disposal	6
Table 5: Procurements conducted outside the procurement plan	7
Table 6: Variances between planned amounts, estimated market prices at initiation and contracted amounts	7
Table 7: Procurements with delayed initiation of LG PP Form 1	10
Table 8: Procurements with submissions of the LG PP Form 2	11
Table 9: Procurements with inappropriate bidding documents	12
Table 10: Sampled procurements under selective bidding method	16
Table 11: Procurements with low bidder response.....	16
Table 12: Procurements with arithmetic errors.....	17
Table 13: Procurements with non-compliant best evaluated bidders	20
Table 14: Procurements with irregular conduct of negotiations.....	23
Table 15: Procurements with changed delivery periods.....	24
Table 16: Contracts without performance and ES securities	25
Table 17: Contingency funds paid out per contract.....	26
Table 18: Collections receipts issued by Arua Central Division for the period July 2021 to June 2022	27
Table 19: Okuti Lane and Adam Makelele road.....	29
Table 20: Contracts with anomalies during implementation.....	30
Table 21: The rating is as follows:.....	40
Table 22: Summary of performance of Arua City	40
Table 23: Recommended Action Plan	42

LIST OF FIGURES

Figure 1: Risk Rating by Number.....41
Figure 2: Risk Rating by Value41

ACRONYMS

BOQ	Bills of Quantities
FY	Financial Year
GCC	General Conditions of Contract
Ltd	Limited
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act
UGX	Uganda Shillings
USMID	Uganda Support to Municipal Infrastructure Development

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the procurement and disposal audit of Arua City Council that covered a sample of 21 procurement transactions under Financial Year 2021/22. The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Arua 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.

From the findings of the audit exercise, the performance of Arua City Council for Financial Year 2021/22 was **moderately satisfactory** with an average weighted risk rating of **50.17%** as per the ranking in Table 20 in Chapter 3 of the audit report.

The following key exceptions were observed:

1. The Entity's procurement plan implementation rate for FY 2021/2022 was 78.5% with a variance of UGX 4,281,273,443.
2. Failure to fully implement 81.25% of the PPDA audit recommendations for FY 2020/2021.
3. Non-disposal of public assets that were boarded off.
4. Poor planning and budgeting processes at the Entity that resulted into variances between planned amounts, estimated market prices at initiation and contracted amounts in five procurements worth UGX 406,862,325.
5. An average delay of 90 working days by User Departments to initiate seven procurements worth UGX 448,926,089.
6. An average delay of 20 working days by the Procurement and Disposal Unit to submit LG PP Form 2 to the Contracts Committee for approval in seven procurements worth UGX 484,784,889.
7. Issuance of bidding documents that had inappropriate requirements in ten procurements worth UGX 641,401,781.
8. Failure to detect arithmetic errors in three procurements worth UGX 276,488,289.
9. Irregular passing of non-compliant bidders in four procurements worth UGX 328,832,489.
10. Failure to obtain performance and environmental and social securities in three procurements worth UGX 313,482,489.
11. Failure by contract supervisors to prepare contract implementation plans in 21 procurements worth UGX 16,069,918,867.
12. Irregular payment of contingency funds worth UGX 22,711,240 without any form of justification and subsequently accountability in seven procurements worth UGX 293,507,479.
13. Irregularities during execution of eleven contracts worth UGX 14,974,673,276, for example, retaining only 5% instead of 10% of the contract amounts; failure to deduct the 6% withholding tax before effecting payments to the providers; poor quality works like peeling wall paints, floor screed cracks; slow progress of works, delayed commissioning of finished works among others.
14. Failure by the service provider, Betai Enterprises Ltd, to remit to the Entity local revenue worth of UGX 231,500,000 collected from the main market in Arua City.
15. Mismanagement of activities under force on account mechanism, for example, for periodic maintenance of Okuti Lane and Adam Makelele road for the period of July 2021 to August 2021, the Authority found that the road did not have approved budget estimates indicating

the planned allowances, equipment costs and materials for the road; there was no work program for the works to be executed; the processes for acquisition of culverts as well as payment of allowances were not documented. In addition, the Entity failed to put head walls which has led to continuous deterioration of Okuti Lane.

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

1. 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 at the Entity. In the event that amendments are made to the departmental work plans, the Head Procurement and Disposal Unit should update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.
2. The Accounting Officer should take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006.
3. The Accounting Officer should expedite the disposal process in order to avoid further depreciation of the assets and attain value for money in accordance with Part IX of the Local Governments (PPDA) Regulations, 2006.
4. The Accounting Officer should use appropriate sources of information when determining the market price of each procurement requirement in order to establish realistic estimates to aid in planning and budgeting, in accordance with Regulation 65 (2) of the Local Governments (PPDA) Regulations, 2006.
5. User Departments should initiate all procurement requirements that fall under the approved procurement plan and budgets for the financial year or are part of the approved supplementary funding so that by the time the funds are released to the Entity, contracts can be issued to expedite service delivery in accordance with the PS/ST Circular on Initiation of Procurements issued to all Accounting Officers on 8th October 2020.
6. The Procurement and Disposal Unit should ensure timely submission of the LG PP Form 2 to the Contracts Committee for approval to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.
7. The Contracts Committee should prior to approval of bidding documents, conduct quality assurance for accuracy and appropriateness of all the required documentation in accordance with Regulation 48 (2) and (4) of the Local Governments (PPDA) Regulations, 2006.
8. Evaluation committee members should check the bills of quantities/price schedules for correctness and completeness when determining the total evaluated price of each bid.
9. Evaluation committee members should adhere to the criteria set out in the solicitation document during bid evaluation in accordance with Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006.
10. The Accounting Officer should endeavour to fulfil conditions of contract effectiveness by obtaining the ES securities where required and performance securities from contractors in accordance with Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations, 2006.
11. Contract supervisors should prepare contract implementation plans and forward copies to the Head of the User Department, Secretary Contracts Committee, Internal Audit Department and Accounting Officer for monitoring purposes, in accordance with Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006.

12. The Accounting Officer should not make any payment to providers without receipt of the deliverables specified in the contract in accordance with Regulation 116 (1) of the Local Governments (PPDA) Regulations, 2006.
13. Contract supervisors should ensure that each provider meets all performance or delivery obligations as per the terms and conditions of a contract in accordance with Regulation 119 (10) (a) (i) of the Local Governments (PPDA) Regulations, 2006. The Accounting Officer should fast track the correction of defects, commissioning and handover of the completed projects to the intended beneficiaries.
14. The Accounting Officer should enforce close supervision and monitoring of revenue collections in order to realize the planned amounts required for implementation of planned activities. Betai Enterprises Ltd should be appraised and action taken against the provider for non-performance. The Accounting Officer should recover UGX 231,500,000 from Betai Enterprises Ltd.
15. The Accounting Officer should adhere to Circular No. 3 of 2012 to Local Governments on works under the force account mechanism to ensure value for money and also plan and budget for headwalls to avoid further deterioration of Okuti Lane.

Arua City Council should implement the recommended action plan on Pages 42-44 of this report.

CHAPTER 1: INTRODUCTION

1.1 Structure of the Entity

According to Section 26 of the PPDA Act, 2003 as amended, the Accounting Officer has overall responsibility for the successful execution of procurement, disposal and contract management in Arua City Council. The Accounting Officer of Arua City Council during the Financial Year under audit was Mr. Paul Batanda, the Town Clerk. The composition of the Contracts Committee and Procurement and Disposal Unit are detailed in Appendices 6 & 7.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the procurement and disposal audit of Arua City that covered a sample of 21 procurement transactions under Financial Year 2021/22. The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Arua City Council's procurement system and processes with the provisions of the PPDA Act, 2003 and PPDA Regulations, 2006 and assess the level of procurement performance over the audit period.

1.3 Objective of the audit

The primary objective of the audit exercise was to provide assurance on full and correct application of the PPDA Act, Regulations and Guidelines by Arua City Council.

The specific objectives were to:

1. Establish the level of compliance of with the general provisions of the PPDA Act, Regulations and Guidelines;
2. Establish the level of compliance with the PPDA Act, 2003 and Regulations, 2006 in the conduct of procurement and disposal processes; and
3. Assess the level of achievement of efficiency and effectiveness during contract execution.

1.4 Scope of the audit exercise

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 21 procurement transactions conducted in the Financial Year 2021/2022. The list of sampled transactions is contained in **Appendix 1**. The distribution of the transaction population and sample is in Table 1 below

:

Table 1: Population Analysis

PROCUREMENT METHOD	VALUE			NUMBER		
	Population	Sample	% Value	Population	Sample	% Number
Open National Bidding	15,468,802,477	15,437,437,477	99.8%	20	13	65.0%
Direct Procurement	426,000,000	426,000,000	100.0%	1	1	100.0%
Selective National Bidding	175,116,390	175,116,390	100.0%	7	7	100.0%
Total	16,069,918,867	16,038,553,867	99.8%	28	21	75.0%

1.5 Procurement and Disposal Audit Methodology

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

During the audit, the auditors met with the staff from the Procurement and Disposal Unit (PDU), Contracts Committee, Internal Audit, and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

A debrief meeting to discuss preliminary findings that arose during the audit was held with the Entity management and staff on **21st September 2022** before the auditors could embark on preparation of the management letter. The management letter was issued to the Entity on **6th December 2022** with a requirement to submit a management response by **20th January 2023**, which was submitted on **16th January 2023**. The exit meeting was held **31st January 2023**.

This report presents the key findings and conclusions arising from the procurement and disposal audit exercise.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1. Compliance with the general provisions of the PPDA Act and Regulations

2.1.1 Procurement plan implementation

The Entity's procurement plan implementation rate for FY 2021/2022 was 78.5% with a variance of UGX 4,281,273,443 as summarized in Table 2 below:

Table 2: Analysis of procurement spend for FY 2021/2022

Total procurement plan value inclusive VAT (UGX)	19,925,192,310
Total procurement reported value inclusive VAT (UGX)	15,643,918,867
Procurement plan implementation rate (%)	78.5%
Variance (UGX)	4,281,273,443

The Authority found that the following category of procurements were planned for however, the activities which were undertaken by the Entity under these categories in the financial year under review were not reported to the Authority and this affected the procurement plan implementation rate:

- i) Management of revenue sources, vide Appendix 3
- ii) Micro procurements conducted at the Division level; and
- iii) Activities conducted under Force Account Mechanism.

Implication

Failure to report to the Authority all procurements undertaken by the Entity contravenes the principles of transparency and accountability in public procurement.

Recommendations

1. 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 at the Entity.
2. In the event that amendments are made to the departmental work plans, User Departments should inform the Head Procurement and Disposal Unit to update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.
3. The Head Procurement and Disposal Unit should submit to the Authority quarterly procurement and disposal reports and performance data of all procurement transactions undertaken by the Entity not later than the fifteenth day of the first month of the next quarter in accordance with Regulation 7 (1) of the Local Governments (PPDA) Regulations, 2006.

Management response

This is noted. The Head, Procurement and Disposal Unit has been assigned to regularly conduct a review of the procurement plan and all Heads of Department have been urged to inform the Head, Procurement and Disposal Unit in case of changes in their work plans so as to update the procurement plan, in a letter dated 16th December 2022.

The quarterly reports for second and third quarters were submitted to the Authority in hard copies while the fourth quarter report was submitted in soft copy. In quarter one, there were no procurements to be reported.

Authority’s comment

The Authority noted the Entity’s response, however, the activities under force on account mechanism, micro procurements and revenue tenders were not reported in the quarterly report submissions made to the Authority. The Accounting Officer should therefore, ensure that all these procurements are reported in the quarterly reports submitted to the Authority.

2.1.2 Failure to fully implement PPDA audit recommendations for FY 2020/2021

The Entity was issued with the previous audit report for Financial Year 2020/21 in May 2022 and out of the sixteen recommendations made, three (18.75%) were implemented, seven (43.75%) were partially implemented and six (37.5%) were not implemented as indicated in Table 3:

Table 3: Status of implementation of previous audit recommendations for FY 2020/21

Audit Recommendation	Status of Implementation										
<p>The Accounting Officer should:</p> <ol style="list-style-type: none"> 1. Oversee the comprehensive evaluation of the revenue performance of the Entity for FYs 2020/21 and 2021/22 in order to identify gaps and areas for improvement. 2. Recommend to the Authority to suspend True Stars Investments (U) Limited, Hope Engineering and Construction Works for submitting forged tax clearance certificates and Time to Time Enterprises, Obongi Prime Enterprises for submitting suspected forged audited books of accounts in accordance with Regulation 60 of the Local Governments (PPDA) Regulations, 2006. 3. Follow up with the recovery of UGX 5,550,000 paid for non-executed works for the following procurements: <table border="1" data-bbox="260 1200 1137 1688"> <thead> <tr> <th data-bbox="260 1200 850 1272">Subject of procurement</th> <th data-bbox="850 1200 1137 1272">Funds to be recovered (UGX)</th> </tr> </thead> <tbody> <tr> <td data-bbox="260 1272 850 1391">Construction of five (5) stances waterborne toilet at Mvara Secondary School worth UGX 63,122,850</td> <td data-bbox="850 1272 1137 1391">2,300,000</td> </tr> <tr> <td data-bbox="260 1391 850 1509">Fencing of Animal Holding Ground/Lairage at River Oli Division worth UGX 45,310,601.7</td> <td data-bbox="850 1391 1137 1509">2,100,000</td> </tr> <tr> <td data-bbox="260 1509 850 1581">Fencing of River Oli Division Offices (365m) worth UGX 49,110,862</td> <td data-bbox="850 1509 1137 1581">350,000</td> </tr> <tr> <td data-bbox="260 1581 850 1688">Renovation of five (5) stances waterborne toilet at Anyafio Primary School worth UGX 20,205,900</td> <td data-bbox="850 1581 1137 1688">800,000</td> </tr> </tbody> </table> 4. Closely follow up with the recovery of UGX 1,749,000 from Rightway Enterprises (U) Limited for failure to correct defects at the 8-stance waterborne toilet at Arua Hill Primary School. 5. Closely follow up with the implementation of the Authority’s recommendations made in section 2 of this report and submit an implementation status report within two (2) months from issue of this report as required in Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006. 	Subject of procurement	Funds to be recovered (UGX)	Construction of five (5) stances waterborne toilet at Mvara Secondary School worth UGX 63,122,850	2,300,000	Fencing of Animal Holding Ground/Lairage at River Oli Division worth UGX 45,310,601.7	2,100,000	Fencing of River Oli Division Offices (365m) worth UGX 49,110,862	350,000	Renovation of five (5) stances waterborne toilet at Anyafio Primary School worth UGX 20,205,900	800,000	<p>Partially implemented</p> <p>Not implemented</p> <p>Not implemented</p> <p>Not implemented</p> <p>Not implemented</p> <p>Partially implemented</p>
Subject of procurement	Funds to be recovered (UGX)										
Construction of five (5) stances waterborne toilet at Mvara Secondary School worth UGX 63,122,850	2,300,000										
Fencing of Animal Holding Ground/Lairage at River Oli Division worth UGX 45,310,601.7	2,100,000										
Fencing of River Oli Division Offices (365m) worth UGX 49,110,862	350,000										
Renovation of five (5) stances waterborne toilet at Anyafio Primary School worth UGX 20,205,900	800,000										

Audit Recommendation	Status of Implementation
<p>The Procurement and Disposal Unit should:</p> <ol style="list-style-type: none"> 1. On a quarterly basis and in any other case, whenever necessary, review, update and submit the Entity's procurement plan to the Authority as guided in Section 58 (4) & (5) of the PPDA Act, 2003. 2. Report on all procurement and disposal requirements including micro procurements handled by the Entity to the Authority on a quarterly basis as provided in Regulation 7 of the Local Governments (PPDA) Regulations, 2006. 3. Maintain and archive all records including the contract management records on the respective procurement and disposal action files as required in Regulation 25 (1) (n) of the Local Governments (PPDA) Regulations, 2006. 	<p>Not implemented</p> <p>Not implemented</p> <p>Partially implemented</p>
<p>User Departments should:</p> <ol style="list-style-type: none"> 1. Prevail over contract supervisors to prepare and share contract implementation plans with the required stakeholders for monitoring purposes as per Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006. 2. Submit all contract management records to the Procurement and Disposal Unit for maintaining and archiving as per Regulation 119 (10) (f) of the Local Governments (PPDA) Regulations, 2006. 3. Apply force account mechanism in accordance with Section 95 (A) of the PPDA Act, 2003. 	<p>Not implemented</p> <p>Partially implemented</p> <p>Partially implemented</p>
<p>The Contracts Committee should quality assure and conduct due diligence on all solicitation documents with emphasis on instructions to bidders, evaluation criteria and methodology, statement of requirements and the special conditions of the contract.</p>	<p>Partially implemented</p>
<p>The Evaluation Committee should conduct evaluation in accordance with the provisions of Section 73, 74 and 75 of the PPDA, Act 2003.</p>	<p>Partially implemented</p>

Implications

- Failure to fully implement the Authority's audit recommendations is a breach of Section 9 of the PPDA Act, 2003.
- This is also a red flag for weak internal controls and affects the performance of the procurement and disposal function in the Entity.

Recommendations

The Accounting Officer should:

1. Recover UGX 7,229,000 and submit proof of recovery of these funds to the Authority within two months of receipt of this audit report.
2. Take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006.

Management response

This is noted for consideration. We will ensure that these audit recommendations are implemented.

2.1.3 Failure to dispose obsolete public assets

The board of survey report dated 30th August 2022 recommended assets for disposal, vide Appendix 4; however, the Entity did not dispose of the obsolete assets, contrary to Regulation 122 (6) of the Local Governments (PPDA) Regulations, 2006. Some of the assets due for disposal were:

Table 4: Obsolete assets due for disposal

	
Bitumen boiler	Double cabin pick-ups
	
Pedestrian roller	Agricultural tractor
	
One of the old street lights due for disposal	Vandalized old street light

Implication

Assets continue to lose value through depreciation and face risks of loss through theft or vandalism.

Recommendation

The Accounting Officer should expedite the disposal process in order to avoid further depreciation of the assets and attain value for money in accordance with Part IX of the Local Governments (PPDA) Regulations, 2006.

Management response

A disposal plan has been prepared for Financial Year 2022/2023 and the items shall be disposed of.

2.2 Compliance in conducting procurement and disposal processes with the PPDA Act and Regulations

The following anomalies were noted:

2.2.1 Procuring outside the procurement plan

Two procurements worth UGX 47,861,900 in Table 5 were conducted outside the Entity's procurement plan for FY 2021/2022 contrary to Section 58 (7) of the PPDA Act, 2003.

Table 5: Procurements conducted outside the procurement plan

No	Subject of procurement	Contract Value (UGX)
1.	Renovation of office block at Ayivu Division Offices	38,636,400
2.	Construction of an incinerator at Aroi Health Centre III	9,225,500
Total		47,861,900

Implications

- Conducting procurements outside the procurement plan affects achievement of objectives of the budget through encroachment on resources that would have been available for already planned activities.
- The Entity is exposed to the risk of domestic arrears.

Recommendations

1. Procurements should not be carried out outside the procurement plan except in cases of emergency situations in accordance with Section 58 (7) of the PPDA Act, 2003.
2. In the event that amendments are made to the departmental work plans, User Departments should inform the Head, Procurement and Disposal Unit to update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.

Management response

The procurement requirements were not submitted to the Procurement and Disposal Unit for inclusion in the procurement plan, but this will not be repeated in the subsequent financial years.

2.2.2 Poor planning and budgeting

The Authority observed variances between planned amounts, estimated market prices at initiation and contracted amounts in five procurements worth UGX 406,862,325, which points towards poor planning and budgeting practices at the Entity.

In addition, there was no evidence of confirmation of additional funds by the Accounting Officer prior to contract signature contrary to Regulation 87 (5) of the Local Governments (PPDA) Regulations, 2006. The procurements are indicated in Table 6 below:

Table 6: Variances between planned amounts, estimated market prices at initiation and contracted amounts

No.	Subject of procurement	Planned Amount (UGX)	LG Form Amount (UGX)	PP 1 Amount (UGX)	Contract Amount (UGX)	Variance (UGX)	Variance (UGX)
		A	B		C	(A-C)	(B-C)
1.	Construction of a 2	50,000,000	80,000,000		92,791,600	42,791,600 (58%)	12,791,600 (12%)

No.	Subject of procurement	Planned Amount (UGX) A	LG Form Amount (UGX) B	PP 1 Contract Amount (UGX) C	Variance (UGX) (A-C)	Variance (UGX) (B-C)
	classroom block at Kubo Primary School worth UGX 92,791,600					
2.	Renovation of a classroom block at Nyio Primary School worth UGX 78,491,889	40,000,000	60,000,000	78,491,889	38,491,889 (96%)	18,491,889 (30%)
3.	Renovation of an office block at Ayivu Division Offices worth UGX 38,636,400	Not on plan	25,000,000	38,636,400	(38,636,400) (100%)	13,636,400 (55%)
4.	Supply of three seater desks worth UGX 47,200,000	30,000,000	46,807,334	47,200,000	17,200,000 (57%)	392,666 (1%)
5.	Supply of medical equipment worth UGX 149,742,436	145,000,000	145,000,000	258,870,000 BEB price before conduct of negotiations	113,870,000 (79%)	113,870,000 (79%)

Overestimation of a procurement requirement

Whereas the cost of other five stance latrines was estimated at UGX 24,700,000 per latrine, the cost of the five stance latrine at Ambeko Primary School was estimated at UGX 40,000,000. This was an overestimation of the market price for the construction of a 5 stance lined VIP latrine at Ambeko Primary School due to the fact that the latrine was in the same location as the other procured latrines and the same bills of quantities were used.

Subsequently, the contract was signed at UGX 30,291,690 which was above the UGX 25,000,000 average contract price for similar latrines procured.

Implication

Poor planning and budgeting of procurement requirements causes budget distortions and affects implementation of other planned activities due to re-allocation of funds. Furthermore, the Entity is exposed to the risk of domestic arrears.

Recommendations

The Accounting Officer should:

1. Use appropriate sources of information when determining the market price of each procurement requirement in order to establish realistic estimates to aid in planning and budgeting, in accordance with Regulation 65 (2) of the Local Governments (PPDA) Regulations, 2006.
2. Ensure that the total acquisition cost of a procurement is committed prior to contract placement in accordance with Regulation 87 (5) of the Local Governments (PPDA) Regulations, 2006.
3. Ensure that all decisions made and actions undertaken by the Entity are documented.

Management response

Construction of a 2-classroom block at Kubo Primary School worth UGX 92,791,600	<p><u>Management response</u> <i>There was a general rise in prices after the budgeting process hence a supplementary budget was requested to fill the gap.</i></p>
Renovation of a classroom block at Nyio Primary School worth UGX 78,491,889	<p>Authority's comment The Entity did not submit a resolution, but rather a motion for Council to approve a supplementary budget for Education and Sports Sector.</p>
Supply of three-seater desks worth UGX 47,200,000	
Renovation of an office block at Ayivu Division Offices worth UGX 38,636,400	<p><u>Management response</u> <i>A rise in general prices of all commodities occurred after the budgeting process hence causing the variance. The Division could not negotiate to reduce the scope of the works, but decided that the contract be awarded to the best evaluated bidder and the balance of the contract sum be paid in the subsequent FY which the contractor accepted.</i></p> <p>Authority's comment The Entity did not submit any evidence to that effect.</p>
Supply of medical equipment worth UGX 149,742,436	<p><u>Management response</u> <i>The best evaluated bidder quoted highly due to the rise in prices generally and this increase in prices occurred after the budgeting process hence causing the variance. Negotiation was done to reduce the scope of the supplies.</i></p> <p>Authority's comment The Entity did not submit any evidence to that effect.</p>

2.2.3 Requisition delays

i) Delay by User Departments to initiate procurements

User Departments delayed by an average of 90 working days to initiate seven procurements worth UGX 448,926,089 in Table 7, contrary to Section 48 of the PPDA Act, 2003.

Table 7: Procurements with delayed initiation of LG PP Form 1

No.	Subject of procurement	Bid invitation date	Actual initiation date	Delay in working days
1.	Construction of a mortuary at Adumi Health Centre worth UGX 142,199,000 Note: This ultimately led to spill over of the project to the following financial year which compromised the achievement of the budget objectives	1 st July 2021	15 th March 2022	184
2.	Supply of furniture and equipment worth UGX 52,955,000	13 th September 2021	3 rd March 2022 (last requisition date)	124
3.	Supply of three seater desks worth UGX 47,200,000	13 th September 2021	24 th February 2022	119
4.	Construction of a 2 classroom block at Kubo Primary School worth UGX 92,791,600	13 th September 2021	30 th November 2021	57
5.	Repair of 330 desks at Arua Public Primary School worth UGX 15,350,000	13 th September 2021	29 th November 2021	56
6.	Renovation of the Doctor's house at Adumi Health Centre worth UGX 19,938,600	13 th September 2021	13 th October 2021	23
7.	Renovation of a classroom block at Nyio Primary School worth UGX 78,491,889	13 th September 2021	5 th October 2021	17

Implication

Initiation start delays increase procurement lead times thereby delaying service delivery to the intended beneficiaries.

Management response

Initiation of procurements in most cases is caused by delay of release of funds by the Central Government, where funds often come late. Even in some quarters, funds are not received so procurements cannot be initiated timely when funds are not enough or they are not there.

Recommendations

User Departments should:

1. Initiate all procurement requirements that fall under the approved procurement plan and budgets for the Financial Year or are part of the approved supplementary funding so that by the time the funds are released to the Entity, contracts can be issued to expedite service delivery in accordance with the PS/ST Circular on Initiation of Procurements issued to all Accounting Officers on 8th October 2020.
2. Abide by the procurement plan time schedules of the procurement requirements to promote economy and efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.

ii) Delay by the Procurement and Disposal Unit to submit LG PP Form 2 to the Contracts Committee for approval of the invitation to bid, bidding document, procurement method, evaluation committee members

On average, the Procurement and Disposal Unit took 20 working days to submit LG PP Form 2 to the Contracts Committee for approval in seven procurements worth UGX 484,784,889 in Table 8, contrary to Section 48 of the PPDA Act, 2003.

Table 8: Procurements with submissions of the LG PP Form 2

No.	Subject of procurement	Accounting Officer approval date of LG PP Form 1	Date of PDU submission of LG PP Form 2 to the Contracts Committee	Delay in working days
1.	Supply and installation of 32 single arm solar security lights on Oluko road worth UGX 159,360,000	21 st September 2021	2 nd November 2021	30
2.	Renovation of a classroom block at Nyio Primary School worth UGX 78,491,889	5 th October 2021	2 nd November 2021	27
3.	Repair of 330 desks at Arua Public Primary School worth UGX 15,350,000	29 th November	23 rd December 2021	19
4.	Supply of three seater desks worth UGX 47,200,000	24 th February 2022	22 nd March 2022	18
5.	Renovation of an office block at Ayivu Division Offices worth UGX 38,636,400	30 th November 2021	23 rd December 2021	18
6.	Construction of a 2 classroom block at Kubo Primary	30 th November 2021	23 rd December 2021	17

No.	Subject of procurement	Accounting Officer approval date of LG PP Form 1	Date of PDU submission of LG PP Form 2 to the Contracts Committee	Delay in working days
	School worth UGX 92,791,600			
7.	Supply of furniture and equipment worth UGX 52,955,000	3 rd March 2022	22 nd March 2022	12

Implication

Delay to seek the Contracts Committee's approval of the invitation to bid, bidding document, procurement method, evaluation committee members delays the bidding process stage which ultimately increases the procurement lead times that delay service delivery to the intended beneficiaries

Management response

LG PP FORM 2 is usually presented to the Contracts Committee together with LG PP FORM 1, so when the Form 1 delays, it automatically leads to the delay of Form 2.

Recommendation

The Procurement and Disposal Unit should monitor the procurement plan timelines of procurement requirements and send reminders to the User Departments in order to promote economy and efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.

2.2.4 Issuance of inappropriate bidding documents

The Authority found that the Entity issued bidding documents that had inappropriate requirements in ten procurements worth UGX 641,401,781, contrary to Regulation 48 (2) and (4) of the Local Governments (PPDA) Regulations, 2006. These were as listed in Table 9.

Table 9: Procurements with inappropriate bidding documents

No.	Subject of procurement	Anomalies found in bidding documents																								
1.	Renovation of the Doctor's house at Adumi Health Centre worth UGX 19,938,600	<p>Irregular inclusion of cost requirement for supervision of works under preliminaries</p> <p>As a result, different bidders quoted different amounts and this in turn affected the financial evaluation of bids as indicated below:</p> <table border="1"> <thead> <tr> <th>Rank at financial stage</th> <th>Name of bidder</th> <th>Bid Price</th> <th>Supervision of works Costs</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Quks Enterprises</td> <td>19,938,600</td> <td>500,000</td> </tr> <tr> <td>2</td> <td>Wetu Holdings Limited</td> <td>20,745,450</td> <td>-</td> </tr> <tr> <td>3</td> <td>Ved Engineering Limited</td> <td>24,294,017</td> <td>350,000</td> </tr> <tr> <td>4</td> <td>Vertex Construction Services Limited</td> <td>32,595,200</td> <td>2,000,000</td> </tr> <tr> <td>5</td> <td>Open World Contractors</td> <td>69,852,750</td> <td>2,500,000</td> </tr> </tbody> </table>	Rank at financial stage	Name of bidder	Bid Price	Supervision of works Costs	1	Quks Enterprises	19,938,600	500,000	2	Wetu Holdings Limited	20,745,450	-	3	Ved Engineering Limited	24,294,017	350,000	4	Vertex Construction Services Limited	32,595,200	2,000,000	5	Open World Contractors	69,852,750	2,500,000
Rank at financial stage	Name of bidder	Bid Price	Supervision of works Costs																							
1	Quks Enterprises	19,938,600	500,000																							
2	Wetu Holdings Limited	20,745,450	-																							
3	Ved Engineering Limited	24,294,017	350,000																							
4	Vertex Construction Services Limited	32,595,200	2,000,000																							
5	Open World Contractors	69,852,750	2,500,000																							

No.	Subject of procurement	Anomalies found in bidding documents
		<p><u>Management response</u> <i>Usually funds allocated for projects do not have a separate component for supervision so the only way to facilitate supervisors is to include it in the BOQs.</i></p>
2.	Supply of three seater desks worth UGX 47,200,000	<p>Inadequate statement of requirements The statement of requirements in the bidding document only indicated “three seater desks”. Parameters such as dimensions for length, width and height, the type of wood to be used and finishing were not included.</p> <p><u>Management response</u> <i>This is noted for correction in the subsequent procurements.</i></p>
3.	Supply of medical equipment worth UGX 149,742,436	<p>Inadequate statement of requirements The statement of requirements in the bidding document did not provide for installation of the equipment, user training and maintenance aspects of the equipment to ensure sustainability.</p> <p><u>Management response</u> <i>The budget did not provide for those requirements, but the Department sought for assistance from other partners in health to have a hands on training for staff and installation of the equipment.</i></p> <p>Authority’s comment The Entity did not submit any evidence to that effect.</p>
4.	Construction of a mortuary at Adumi Health Centre worth UGX 142,199,000	<p>Inadequate evaluation criteria The detailed technical evaluation stage lacked important criteria such as: history of non-performing contracts, pending litigation, performance on ESHS aspects, historical financial performance, average annual turnover, financial resources availability and capability, general experience and specific experience. In addition, the Environment, Social, Health and Safety safeguards were not provided for in the bills of quantities.</p> <p><u>Management response</u> <i>This is noted for correction in the subsequent procurements.</i></p>
5.	Construction of an incinerator at Aroi Health Centre III worth UGX 9,225,500	<p>Ambiguous evaluation criteria The evaluation criteria in the bidding document was not specific in terms of:</p> <ul style="list-style-type: none"> • The value, time frame and documentation required for bidders’ experience and past performance; • The type, number and documentation required for bidders’ equipment; • The documentation required for bidders’ financial capability; and

No.	Subject of procurement	Anomalies found in bidding documents
		<ul style="list-style-type: none"> The types, number and experience of bidders' personnel required. <p><u>Management response</u> <i>This is noted for correction in the subsequent procurements.</i></p>
6.	Supply of motor vehicle for Education Department worth UGX 179,845,355	<p>i) Inadequate statement of requirements The total life cycle costs of the vehicle such as servicing, replacement of parts, maintenance and minor repairs were not included in the statement of requirements yet these are important for ensuring sustainability and overall value for money for the whole life of the asset.</p> <p><u>Management response</u> <i>This is noted for correction in the subsequent procurements.</i></p> <p>ii) Ambiguous evaluation criteria The evaluation criteria in the bidding document was not specific in terms of:</p> <ul style="list-style-type: none"> The value, time frame and documentation required for bidders' general experience and specific experience; and The documentation required for bidders' financial capability. <p><u>Management response</u> <i>This is noted for correction in the subsequent procurements.</i></p>
7.	Supply of printers, laptops and a projector worth UGX 11,426,400	<p>Inadequate evaluation criteria There was no requirement for a manufacturer's authorization in the evaluation criteria yet it is critical for IT equipment to avoid counterfeits and unauthorized middlemen.</p> <p><u>Management response</u> <i>This is noted for correction in the subsequent procurements.</i></p>
8.	Construction of a 5 stance lined VIP latrine at Riki Primary School worth UGX 27,401,000	<p>The following issues cut across the three procurements in No.s 8, 9 and 10:</p> <p>i) Ambiguous evaluation criteria The evaluation criteria in the bidding document was not specific in terms of:</p> <ul style="list-style-type: none"> The value, time frame and documentation required for bidders' experience and past performance; The type, number and documentation required for bidders' equipment; The documentation required for bidders' financial capability; and The types, number and experience of bidders' personnel required.
9.	Construction of a 5 stance lined VIP latrine at Luvu Primary School worth UGX 24,131,800	
10.	Construction of a 5 stance lined VIP latrine at Ambeko Primary School worth UGX 30,291,690	

No.	Subject of procurement	Anomalies found in bidding documents
		<p><u>Management response</u> <i>This is noted for correction in the subsequent procurements.</i></p> <p>ii) Unnecessary bid security requirement The requirement of bid security was not necessary given that the Entity was dealing with its prequalified providers and the value for each procurement requirement was low. A bid securing declaration requirement would have been sufficient.</p> <p><u>Management response</u> <i>This is noted for correction in the subsequent procurements.</i></p>

Implications

- Inclusion of unnecessary costs in the bidding document exposed the Entity to a potential financial loss of UGX 500,000 in case these monies were paid to the contractor at the end of the defects liability period for the renovation of the Doctor's house at Adumi Health Centre.
- Inadequate statement of requirement could lead to procurement of items that are not fit for purpose hence failure to meet objectives of the procurement.
- Ambiguous and inadequate evaluation criteria expose the Entity to the risk of contracting non-compliant/ incompetent providers while at the same time limiting competition.
- Failure to provide for Environment, Health, Safety and Social safeguards poses serious risks and negative impacts to the contractors' staff, staff of the PDE and the community where the project is undertaken.

Recommendations

1. The Head Procurement and Disposal Unit should prior to submission of bidding documents to the contracts committee, conduct quality assurance for appropriateness of all the required documentation in accordance with Regulation 48 (2) and (4) of the Local Governments (PPDA) Regulations, 2006.
2. The Contracts Committee should scrutinize all sections of the bidding documents for completeness, appropriateness and quality before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.

2.2.5 Failure by the PDU to prepare a shortlist of providers under selective bidding methods for the Contracts Committee approval

In seven procurements worth UGX 175,116,390, listed in Table 10, the Authority found that the Procurement and Disposal Unit selected any firms of choice from the Entity's prequalification list and invited them to participate under the selective bidding procurement method without seeking the Contracts Committee approval of the selected firms, contrary to Regulation 38 (6) of the Local Governments (PPDA) Regulations, 2006.

Table 10: Sampled procurements under selective bidding method

No	Subject of Procurement	Contract Amount (UGX)
1.	Supply of 3-seater desks to primary schools in Arua City	30,080,000
2.	Repair of desks/ furniture in Arua Public Primary School	15,350,000
3.	Construction of an incinerator at Aroi Health Centre III	9,225,500
4.	Renovation of Ayivu Division Office Block	38,636,400
5.	Construction of a 5 stance lined VIP latrine at Riki Primary School	27,401,000
6.	Construction of a 5 stance lined VIP latrine at Luvu Primary School	24,131,800
7.	Construction of a 5 stance lined VIP latrine at Ambeko Primary School	30,291,690

Implications

- There is a risk that a fair and equal opportunity is not afforded to all providers on the prequalification list.
- This is also a red flag for collusion to create unfair advantage.

Recommendation

The Procurement and Disposal Unit should propose a shortlist of providers with reasons for selection of each provider and submit it to the Contracts Committee for approval in accordance with Regulation 38 (6) of the Local Governments (PPDA) Regulations, 2006.

Management response

This is noted and shall be adhered to as advised.

2.2.6 Low bidder participation under selective bidding

The Entity failed to obtain adequate competition in four procurements worth UGX 99,394,700 contrary to Section 46 of the PPDA Act, 2003. The procurements were:

Table 11: Procurements with low bidder response

No.	Subject of Procurement	No. of bids received	Exception noted
1.	Renovation of office block at Ayivu Division Offices worth UGX 38,636,400	2	Whereas the shortlist had 15 prequalified firms, only 3 were invited and 2 submitted bids.
2.	Construction of an incinerator at Aroi Health Centre III worth UGX 9,225,500	2	No evidence of receipt of the invitation to bid by the third bidder, Multi Tech Investments Limited.
3.	Construction of a 5 stance lined VIP latrine at Riki Primary School worth UGX 27,401,000	2	No evidence of receipt of the invitation to bid by the third bidder, True Stars Investments (U) Limited.
4.	Construction of a 5 stance lined VIP latrine at Luvu Primary School worth UGX 24,131,800	2	No evidence of receipt of the invitation to bid by the third bidder, True Stars Investments (U) Limited.

Implication

Limited competition deprives the Entity of attainment of an adequate number of bids to enable competition thus limiting achievement of value for money.

Recommendations

1. The Head Procurement and Disposal Unit should include a sufficient number of bidders when developing a shortlist under selective national bidding to ensure effective and real completion in accordance with Regulation 38 (3) of the Local Governments (PPDA) Regulations, 2006. The providers to be included on the shortlist may also be obtained from the Authority's Registrar of Providers or any other Entity's list of prequalified providers in accordance with Regulation 38 (4) (a) and (c) of the Local Governments (PPDA) Regulations, 2006.
2. The shortlist of providers should include only those providers that the Entity expects to fully satisfy the eligibility requirements and the qualification requirements of competence, capacity, resources and experience needed to execute the bid in question in accordance with Regulation 38 (5) (c) and (d) of the Local Governments (PPDA) Regulations, 2006.
3. The Accounting Officer should organize bidder capacity building engagements in order to increase bidder responsiveness in the Entity.

Management response

The above three recommendations are noted. The Head, Procurement and Disposal Unit has been urged to take note of the first two recommendations to ensure that the advice given above is taken to avoid recurrence of the anomalies mentioned. The Entity will also allocate some funding in the next budget to organize bidder capacity building to increase bidder participation.

2.2.7 Anomalies at the bid evaluation stage

The Authority observed the following anomalies during bid evaluation:

i) Failure to detect arithmetic errors

The evaluation committee failed to conduct financial evaluation appropriately hence arithmetic errors were not detected in three procurements worth UGX 276,488,289 as detailed in Table 12 below:

Table 12: Procurements with arithmetic errors

No.	Subject of procurement	Findings
1.	Renovation of classroom block at Nyio Primary School worth UGX 78,491,889 Best evaluated bidder: Hope Engineering & Construction Works	The evaluation committee did not detect arithmetic errors worth UGX 8,146,425 in the bid for Hope Engineering & Construction Works (BEB) that should have reduced the bid price from UGX 78,491,889 to UGX 70,345,464. The errors were noted in Elements No.3 and No.5: <ul style="list-style-type: none">• For Element No.3: The error arose from computation of Item E (50x150mm Tie Beam) which had a quantity of 125 and a unit cost of UGX 8,000. The Authority noted that the bidder indicated the total cost as UGX 640,000 instead of the correct amount of UGX 1,000,000.

No.	Subject of procurement	Findings																																	
		<ul style="list-style-type: none"> For Element No.5: Wall Finishes, the error arose from miscalculation of the overall sub-total for that element i.e the bidder wrongly added the components in that element and indicated the sub-total as UGX 16,525,000 instead of the correct amount of UGX 9,590,000. <p>As a result, the overall bid price was affected as indicated below:</p> <table border="1" data-bbox="616 577 1390 1240"> <thead> <tr> <th>Description</th> <th>Bidder's price/evaluated amount (UGX)</th> <th>Authority's computation of correct amount (UGX)</th> </tr> </thead> <tbody> <tr> <td>Element No.1: Windows</td> <td>14,600,000</td> <td>14,600,000</td> </tr> <tr> <td>Element No.2: Doors</td> <td>4,775,000</td> <td>4,775,000</td> </tr> <tr> <td>Element No.3: Roof</td> <td>20,516,000</td> <td>20,876,000</td> </tr> <tr> <td>Element No.4: Floor Finishes</td> <td>6,935,000</td> <td>6,935,000</td> </tr> <tr> <td>Element No.5: Wall Finishes</td> <td>16,525,000</td> <td>9,590,000</td> </tr> <tr> <td>Sub Total 1 for Bill No.1 Classroom Block</td> <td>63,351,000</td> <td>56,776,000</td> </tr> <tr> <td>Add 5% Contingencies</td> <td>3,167,550</td> <td>2,838,800</td> </tr> <tr> <td>Sub Total 2</td> <td>66,518,550</td> <td>59,614,800</td> </tr> <tr> <td>Add 18% VAT</td> <td>11,973,339</td> <td>10,730,664</td> </tr> <tr> <td>Grand Total</td> <td>78,491,889</td> <td>70,345,464</td> </tr> </tbody> </table> <p>Implication The Entity will potentially incur a financial loss of UGX 8,146,425 if all money due to the contractor is paid out at the end of the defects liability period on 16th March 2023.</p>	Description	Bidder's price/evaluated amount (UGX)	Authority's computation of correct amount (UGX)	Element No.1: Windows	14,600,000	14,600,000	Element No.2: Doors	4,775,000	4,775,000	Element No.3: Roof	20,516,000	20,876,000	Element No.4: Floor Finishes	6,935,000	6,935,000	Element No.5: Wall Finishes	16,525,000	9,590,000	Sub Total 1 for Bill No.1 Classroom Block	63,351,000	56,776,000	Add 5% Contingencies	3,167,550	2,838,800	Sub Total 2	66,518,550	59,614,800	Add 18% VAT	11,973,339	10,730,664	Grand Total	78,491,889	70,345,464
Description	Bidder's price/evaluated amount (UGX)	Authority's computation of correct amount (UGX)																																	
Element No.1: Windows	14,600,000	14,600,000																																	
Element No.2: Doors	4,775,000	4,775,000																																	
Element No.3: Roof	20,516,000	20,876,000																																	
Element No.4: Floor Finishes	6,935,000	6,935,000																																	
Element No.5: Wall Finishes	16,525,000	9,590,000																																	
Sub Total 1 for Bill No.1 Classroom Block	63,351,000	56,776,000																																	
Add 5% Contingencies	3,167,550	2,838,800																																	
Sub Total 2	66,518,550	59,614,800																																	
Add 18% VAT	11,973,339	10,730,664																																	
Grand Total	78,491,889	70,345,464																																	
2.	<p>Supply and installation of 32 single arm solar security lights on Oluko road worth UGX 159,360,000</p> <p>Best evaluated bidder: Godmax Services Limited</p>	<p>The evaluation committee did not detect arithmetic errors worth UGX 20,000,000 in the bid for Godmax Services Limited (BEB) that would have increased the bid price from UGX 159,360,000 to UGX 179,360,000.</p> <p>The error was noted in Item No.6: Fabricated street lighting pole as indicated below:</p> <table border="1" data-bbox="616 1722 1366 1912"> <thead> <tr> <th>Quantity</th> <th>Unit Price (UGX)</th> <th>Bidder's price/evaluated price (UGX)</th> <th>Authority's computation of correct amount (UGX)</th> </tr> </thead> <tbody> <tr> <td>32</td> <td>1,600,000</td> <td>31,200,000</td> <td>51,200,000</td> </tr> <tr> <td colspan="2">Variance (UGX)</td> <td colspan="2">20,000,000</td> </tr> </tbody> </table> <p>Implication: the bidder made a loss of UGX 20,000,000 which could potentially affect the quality of supplies.</p>	Quantity	Unit Price (UGX)	Bidder's price/evaluated price (UGX)	Authority's computation of correct amount (UGX)	32	1,600,000	31,200,000	51,200,000	Variance (UGX)		20,000,000																						
Quantity	Unit Price (UGX)	Bidder's price/evaluated price (UGX)	Authority's computation of correct amount (UGX)																																
32	1,600,000	31,200,000	51,200,000																																
Variance (UGX)		20,000,000																																	

No.	Subject of procurement	Findings						
3.	Renovation of an office block at Ayivu Division Offices worth UGX 38,636,400 Best evaluated bidder: Alawakil Yarahamuna Enterprises	<p>The evaluation committee did not detect arithmetic errors worth UGX 544,500 in the bid for Alawakil Yarahamuna Enterprises (BEB) that should have reduced the bid price from UGX 38,636,400 to UGX 38,091,900.</p> <p>The error was noted in addition of the sub total of Bill No. 14- Painting as indicated below:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Bidder's price/evaluated amount (UGX)</th> <th>Authority's computation of correct amount</th> </tr> </thead> <tbody> <tr> <td>Bill No. 14: Painting</td> <td>4,702,000</td> <td>4,207,000</td> </tr> </tbody> </table> <p>Implication: the Entity potentially incurred a financial loss of UGX 544,500 since this money was paid to the contractor.</p>	Description	Bidder's price/evaluated amount (UGX)	Authority's computation of correct amount	Bill No. 14: Painting	4,702,000	4,207,000
Description	Bidder's price/evaluated amount (UGX)	Authority's computation of correct amount						
Bill No. 14: Painting	4,702,000	4,207,000						

Recommendations

1. Evaluation committee members should check the bills of quantities/price schedule for correctness and completeness when determining the total evaluated price of each bid.
2. The Accounting Officer should in writing inform the providers of the arithmetic errors that were not corrected in their bids and request for a meeting to discuss/negotiate ways of recovering:
 - UGX 8,146,425 from the final payment certificate for Hope Engineering & Construction Works at the end of the defects liability period on 16th March 2023.
 - UGX 544,500 from Alawakil Yarahamuna Enterprises.

Management response

This is noted. We pledge to correct this by training our staff on how to conduct evaluations for the future procurements.

ii) Non-communication of arithmetic errors

In the construction of a 2 classroom block at Kubo Primary School worth UGX 92,791,600, the Authority found that the evaluation committee corrected arithmetic errors worth UGX 63,800 in the bid for Hope Engineering & Construction Works (BEB) that reduced the bid price from UGX 92,855,400 to UGX 92,791,600; however, these errors were not communicated to the affected bidder, contrary to Regulation 74 (3) of the Local Governments (PPDA) Regulations, 2006.

Implication

Non-communication of arithmetic errors contravenes the principles of transparency and accountability in public procurement and may result into complaints from bidders.

Recommendation

The chairperson of the evaluation committee should address to the bidder in writing a request for clarification, including arithmetic corrections made and copy all other bidders for information purposes only in accordance with Regulation 74 (3) and (4) of the Local Governments (PPDA) Regulations, 2006.

Management response

This is noted. We shall comply in the subsequent evaluations.

iii) Passing non-compliant bidders

Four procurements worth UGX 328,832,489 had evaluation irregularities as detailed in Table 13 contrary to Regulation 73 of the Local Governments (PPDA) Regulations, 2006.

Table 13: Procurements with non-compliant best evaluated bidders

No.	Subject of procurement	Findings
1.	Repair of 330 desks at Arua Public Primary School worth UGX 15,350,000 Best evaluated bidder: Arua Technical Institute-Ragem	Unfair evaluation that denied the Entity a cost saving of UGX 500,000 True Stars Investment Limited that had the lowest priced bid of UGX 14,850,000 was eliminated for not submitting historical documents i.e. audited books of account for the last 3 years and a Memorandum and Articles of Association yet the bidder was prequalified with the Entity for FY 2021/2022 and those documents were submitted. However, the Authority noted that the best evaluated bidder, Arua Technical Institute- Ragem, was given unfair advantage over other bidders and not evaluated on the following parameters as was required in the bidding document: a valid trading license, certificate of registration, Income Tax Clearance Certificate addressed to the Entity; audited books of account for the last 3 years, Power of Attorney authorizing signatory of the bid, and Memorandum and Articles of Association.
2.	Construction of mortuary at Adumi Health Centre worth UGX 142,199,000	Failure to evaluate bidders according to the evaluation criteria in the bidding document The Authority found that bidders were not evaluated on the following criteria: Acceptance of the contract conditions of the proposed contract, acceptable completion schedule, acceptability of the proposed program (work method and schedule), ESHS code of conduct and responsiveness of the bid to the bidder's capacity to mobilize key equipment and personnel consistent with the proposal regarding work methods, scheduling and material sourcing. In addition, the evaluation committee did not conduct post qualification on the best evaluated bidder to verify previous works, current commitments and personnel as was indicated in the post qualification criteria in the bidding document.
3.	In the following two procurements: 1. Construction of a 2 classroom block at Kubo Primary School worth UGX 92,791,600; and 2. Renovation of classroom block at Nyio Primary School worth UGX 78,491,889	

No.	Subject of procurement	Findings																																	
		<p>Hope Engineering & Construction Works emerged the best evaluated bidder, however, the Authority found that the bidder was irregularly evaluated compliant contrary to the evaluation criteria in the bidding document as detailed below:</p> <p>i) The bidder submitted an inappropriate method of statement, ESMP and Health and Safety plan</p> <p>Part 1: Section 4- Bidding Forms required bidders to “Provide a detailed description of the proposed method statement to execute the works including ESHS considerations.”</p> <p>However, the best evaluated bidder submitted the following:</p> <ul style="list-style-type: none"> • A method statement dated July 2018 for the Kampala Institutional and Infrastructure Development Projects (KIIDP - 2). • A Health and Safety Policy & Procedural Manual dated 2018 that was also for the KIIDP-2 project. • An Environmental Management Plan dated May 2018 that was not applicable to these particular procurements conducted in FY 2021/2022. <p>ii) The bidder did not submit a mobilization schedule</p> <p>Part 1: Section 4- Bidding Forms required bidders to “Provide a detailed description/ illustration of the proposed mobilization schedule for materials, equipment, labour, etc including sources and social safeguard considerations”.</p> <p>However, the best evaluated bidder did not submit a mobilization schedule.</p> <p>iii) The bidder did not submit a construction schedule</p> <p>Part 1: Section 4- Bidding Forms required bidders to “Provide a detailed description/ illustration of the proposed construction schedule including commissioning and decommissioning activities.”</p> <p>However, the best evaluated bidder did not submit this requirement.</p> <p>iv) The bidder’s proposed personnel did not sign the Code of Conduct for Contractor’s personnel</p> <p>The Authority found that none of the following key personnel signed the Code of Conduct for Contractor’s personnel as was required in the bidding document:</p> <table border="1" data-bbox="300 1541 1353 1960"> <thead> <tr> <th>No.</th> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Eng. Omona Charles Kasongo</td> <td>Contract Manager</td> </tr> <tr> <td>2.</td> <td>Eng. Mubiru Joel</td> <td>Site Engineer</td> </tr> <tr> <td>3.</td> <td>Epiot Michael</td> <td>General Site Foreman</td> </tr> <tr> <td>4.</td> <td>Sulaiman Mutebi</td> <td>Electrical Foreman</td> </tr> <tr> <td>5.</td> <td>Okello Richard</td> <td>Mechanical Foreman</td> </tr> <tr> <td>6.</td> <td>Kasozi Ashraf</td> <td>Quantity Surveyor</td> </tr> <tr> <td>7.</td> <td>Mukiibi Dithan</td> <td>Environmental Officer</td> </tr> <tr> <td>8.</td> <td>Robert Kitimbo</td> <td>Land Surveyor</td> </tr> <tr> <td>9.</td> <td>Apire Samuel</td> <td>Social, Health and Safety Officer</td> </tr> <tr> <td>10.</td> <td>Henry Ntale Kayondo</td> <td>Hydrologist</td> </tr> </tbody> </table>	No.	Name	Position	1.	Eng. Omona Charles Kasongo	Contract Manager	2.	Eng. Mubiru Joel	Site Engineer	3.	Epiot Michael	General Site Foreman	4.	Sulaiman Mutebi	Electrical Foreman	5.	Okello Richard	Mechanical Foreman	6.	Kasozi Ashraf	Quantity Surveyor	7.	Mukiibi Dithan	Environmental Officer	8.	Robert Kitimbo	Land Surveyor	9.	Apire Samuel	Social, Health and Safety Officer	10.	Henry Ntale Kayondo	Hydrologist
No.	Name	Position																																	
1.	Eng. Omona Charles Kasongo	Contract Manager																																	
2.	Eng. Mubiru Joel	Site Engineer																																	
3.	Epiot Michael	General Site Foreman																																	
4.	Sulaiman Mutebi	Electrical Foreman																																	
5.	Okello Richard	Mechanical Foreman																																	
6.	Kasozi Ashraf	Quantity Surveyor																																	
7.	Mukiibi Dithan	Environmental Officer																																	
8.	Robert Kitimbo	Land Surveyor																																	
9.	Apire Samuel	Social, Health and Safety Officer																																	
10.	Henry Ntale Kayondo	Hydrologist																																	

No.	Subject of procurement	Findings																														
		<p>v) The bidder did not comply with submission of information using the Bidding Forms templates under Part 1: Section 4 of the bidding document</p> <p>Part 1: Section 4 Bidding Forms stated as follows: <i>“To establish its qualifications to perform the contract in accordance with Section 3: Evaluation Methodology and Criteria, bidders shall provide the information requested in the corresponding Information Sheets hereunder:”</i></p> <p>However, the bidder did not comply with this requirement. The required Forms were:</p> <table border="1" data-bbox="312 613 1366 1294"> <thead> <tr> <th data-bbox="312 613 1075 687">Description of Form</th> <th data-bbox="1075 613 1366 687">Documentation required</th> </tr> </thead> <tbody> <tr> <td data-bbox="312 687 1075 725">Proposed Personnel</td> <td data-bbox="1075 687 1366 725">Form 1</td> </tr> <tr> <td data-bbox="312 725 1075 763">CV of proposed personnel</td> <td data-bbox="1075 725 1366 763">Form 2</td> </tr> <tr> <td data-bbox="312 763 1075 801">Forms for equipment</td> <td data-bbox="1075 763 1366 801">Form 3, Form 3A</td> </tr> <tr> <td data-bbox="312 801 1075 840">Bidder Information Sheet</td> <td data-bbox="1075 801 1366 840">Form 4</td> </tr> <tr> <td data-bbox="312 840 1075 878">Party to JV/Consortium/Association Information Sheet</td> <td data-bbox="1075 840 1366 878">Form 4A</td> </tr> <tr> <td data-bbox="312 878 1075 916">Historical contract non-performance</td> <td data-bbox="1075 878 1366 916">Form 5</td> </tr> <tr> <td data-bbox="312 916 1075 954">Pending litigation</td> <td data-bbox="1075 916 1366 954">Form 5A</td> </tr> <tr> <td data-bbox="312 954 1075 1032">Environmental, Social, Health and Safety (ESHS) performance declaration</td> <td data-bbox="1075 954 1366 1032">Form 5B</td> </tr> <tr> <td data-bbox="312 1032 1075 1070">Current Contract Commitments/Works in Progress</td> <td data-bbox="1075 1032 1366 1070"></td> </tr> <tr> <td data-bbox="312 1070 1075 1108">Financial situation: Historical Financial Performance</td> <td data-bbox="1075 1070 1366 1108">Form 6</td> </tr> <tr> <td data-bbox="312 1108 1075 1146">Average annual turnover</td> <td data-bbox="1075 1108 1366 1146">Form 7</td> </tr> <tr> <td data-bbox="312 1146 1075 1184">Financial resources</td> <td data-bbox="1075 1146 1366 1184">Form 8</td> </tr> <tr> <td data-bbox="312 1184 1075 1223">General experience</td> <td data-bbox="1075 1184 1366 1223">Form 9</td> </tr> <tr> <td data-bbox="312 1223 1075 1294">Specific experience in key activities</td> <td data-bbox="1075 1223 1366 1294">Form 10, Form 10A, Form 10 A (b)</td> </tr> </tbody> </table>	Description of Form	Documentation required	Proposed Personnel	Form 1	CV of proposed personnel	Form 2	Forms for equipment	Form 3, Form 3A	Bidder Information Sheet	Form 4	Party to JV/Consortium/Association Information Sheet	Form 4A	Historical contract non-performance	Form 5	Pending litigation	Form 5A	Environmental, Social, Health and Safety (ESHS) performance declaration	Form 5B	Current Contract Commitments/Works in Progress		Financial situation: Historical Financial Performance	Form 6	Average annual turnover	Form 7	Financial resources	Form 8	General experience	Form 9	Specific experience in key activities	Form 10, Form 10A, Form 10 A (b)
Description of Form	Documentation required																															
Proposed Personnel	Form 1																															
CV of proposed personnel	Form 2																															
Forms for equipment	Form 3, Form 3A																															
Bidder Information Sheet	Form 4																															
Party to JV/Consortium/Association Information Sheet	Form 4A																															
Historical contract non-performance	Form 5																															
Pending litigation	Form 5A																															
Environmental, Social, Health and Safety (ESHS) performance declaration	Form 5B																															
Current Contract Commitments/Works in Progress																																
Financial situation: Historical Financial Performance	Form 6																															
Average annual turnover	Form 7																															
Financial resources	Form 8																															
General experience	Form 9																															
Specific experience in key activities	Form 10, Form 10A, Form 10 A (b)																															

Implications

- Irregularities during evaluation of bids expose the Entity to the risk of awarding contracts to contractors who lack the capacity to execute the contracts according to the contract terms and conditions.
- There is a potential risk of collusion by the evaluation committee to award contracts to favored bidders.

Recommendations

1. Evaluation Committee members should adhere to the criteria set out in the solicitation document during bid evaluation in accordance with Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006.
2. Where a bid is not substantially compliant and responsive to the bid documents, it should be rejected by the Entity in accordance with Regulation 73 (3) of the Local Governments (PPDA) Regulations, 2006.

Management response

This is noted and shall not be repeated in the subsequent evaluations. A training will be organized for all staff on how to conduct evaluation of bids.

iv) Conducting negotiations in disregard of the provisions of the Local Governments (PPDA) Regulations, 2006

Evaluation committees assumed the role of a negotiation committee and irregularly conducted negotiations in two procurements worth UGX 100,155,000 contrary to Regulation 83 (7) (a) of the Local Governments (PPDA) Regulations, 2006 which states that “Negotiations with a bidder are not permitted until after the Contracts Committee has approved the evaluation committee’s recommendation of the best evaluated bidder and the need to hold negotiations in the case of competitive methods of procurement.”

Table 14: Procurements with irregular conduct of negotiations

No.	Subject of procurement	Findings												
1.	Supply of three seater desks worth UGX 47,200,000	<p>According to the evaluation report dated 28th April 2022, the best evaluated bidder, Tabu & Brothers Ent Ltd, had an evaluated price of UGX 61,360,000 as indicated below:</p> <table border="1" data-bbox="571 763 1396 920"> <thead> <tr> <th>Quantity</th> <th>Unit Price</th> <th>Sub-Total</th> </tr> </thead> <tbody> <tr> <td>250</td> <td>208,000</td> <td>52,000,000</td> </tr> <tr> <td colspan="2">VAT (18%)</td> <td>9,360,000</td> </tr> <tr> <td colspan="2">Grand Total</td> <td>61,360,000</td> </tr> </tbody> </table> <p>The evaluation report recommended negotiations and the Evaluation Committee went ahead to assume the powers of an appointed Negotiation Committee, when they conducted negotiations with the best evaluated bidder.</p> <p>The parameters that were negotiated on according to the record of negotiation on file were:</p> <ul style="list-style-type: none"> • Scope of supplies be reduced from UGX 61,360,000 to UGX 47,200,000 to match available money. • 192 desks to be supplied instead of 250 pieces at a rate of UGX 208,000 per piece. <p>There was no negotiation report prepared, however, the Contracts Committee minutes indicated an approval of the evaluation report recommendation to award the contract at a price of UGX 47,200,000, but the quantity was not indicated in the approval.</p> <p>The contract was signed on 16th May 2022 at UGX 47,200,000 in print, however the quantity indicated as “227 desks at UGX 208,000 each” was written in ball ink pen and not in print like the rest of the contents of the contract.</p> <p>The Authority noted that 227 desks at a rate of UGX 208,000 imply a total cost of UGX 47,216,000 and not UGX 47,200,000 as in the signed contract and was also VAT exclusive.</p> <p><u>Management response</u> <i>The above mentioned anomalies have been noted and this shall not be repeated in the subsequent procurements.</i></p>	Quantity	Unit Price	Sub-Total	250	208,000	52,000,000	VAT (18%)		9,360,000	Grand Total		61,360,000
Quantity	Unit Price	Sub-Total												
250	208,000	52,000,000												
VAT (18%)		9,360,000												
Grand Total		61,360,000												

No.	Subject of procurement	Findings
2.	Supply of furniture and equipment worth UGX 52,955,000	<p>The Evaluation Committee usurped the powers of a negotiation committee and irregularly conducted negotiations with the Best Evaluated Bidder. The evaluation report dated 28th April 2022 recommended negotiations and the evaluation team conducted negotiations with the provider, Prime Impex 2001 Limited on the same day to reduce the scope of supplies from UGX 57,080,000 to UGX 52,955,000 to match the available money.</p> <p>The Contracts Committee approval on file was for the evaluation report recommending contract award at UGX 52,955,000 but the scope was not indicated. The contract was also signed on 16th May 2022 at UGX 52,955,000 but without indicating the scope.</p> <p><u>Management response</u> <i>The above mentioned anomalies have been noted and this shall not be repeated in the subsequent procurements.</i></p>

Implication

Evaluation Committees conducting negotiations could lead to unfavorable bid adjustments that are disadvantageous to the Entity in terms of time, quality and cost.

Recommendation

Evaluation committees should desist from conducting negotiations. Negotiations should be conducted by a negotiation team approved by the Contracts Committee after approval of the evaluation report in accordance with Regulations 83 (1) and (7) (a) of the Local Governments (PPDA) Regulations, 2006.

2.2.8 Anomalies at the contract signing stage

The Authority observed the following anomalies during the contract signing stage:

i) Change of Conditions of Contract at the time of contract signing

In two procurements worth UGX 100,155,000, the Authority found that the delivery period in the signed contract was stated as three months after contract signing (GCC 12.1) contrary to the Delivery and Completion Schedule of the bidding document that stated the delivery period as two months. The procurements with changed delivery periods are shown in Table 15 below:

Table 15: Procurements with changed delivery periods

No.	Subject of procurement	Contract value (UGX)
1.	Supply of three seater desks	47,200,000
2.	Supply of furniture and equipment	52,955,000
Total		100,155,000

Implications

- Change of terms and conditions of contract was unfair to other providers that did not participate in the bidding process because of perceived unfavorable delivery period.
- The change in the delivery period also increased the contractual completion period by an additional month hence delaying service delivery to the intended beneficiaries.

Recommendations

1. The Head Procurement and Disposal Unit should see to it that the contract and documents forming part of the contract are representative of the bidding document.
2. The Contracts Committee should play its oversight role of quality assurance of contract documents such that the draft contract documents, terms and conditions are appropriate and complete before approval in accordance with Section 28 (1) (c) of the PPDA Act, 2003.

Management response

This is noted and shall not be repeated in the subsequent contracts.

ii) Failure to obtain Performance and Environmental and Social securities

The Entity did not obtain performance and/or Environmental & Social (ES) securities in three procurements worth UGX 313,482,489 in Table 16, contrary to the conditions of contract as indicated below:

Table 16: Contracts without performance and ES securities

No.	Subject of procurement	Condition of contract breached
1.	Construction of a 2 classroom block at Kubo Primary School worth UGX 92,791,600	GCC 61.1 stated that “A performance security and ES security shall be required.... shall be 10% of the contract price.” However, Hope Engineering and Construction Works did not submit the guarantees.
2.	Renovation of a classroom block at Nyio Primary School worth UGX 78,491,889	GCC 61.1 stated that “A performance security and ES security shall be required.... shall be 10% of the contract price.” However, Hope Engineering and Construction Works did not submit the guarantees.
3.	Construction of a mortuary at Adumi Health Centre worth UGX 142,199,000	No evidence of submission of the 10% performance security by Link Investment Ltd, as was required in the bidding document.

Implication

Failure to obtain securities exposes the Entity to risks associated with non- performance of the contracts, such as the contractor’s failure to complete the obligations under the contract.

Recommendation

The Accounting Officer should endeavour to fulfil conditions of contract effectiveness by obtaining the ES securities where required and performance securities from contractors in accordance with Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations, 2006.

Management response

This is noted and shall not be repeated and in the subsequent contracts, since it is already being enforced.

iii) Failure by contract supervisors to prepare contract implementation plans

Appointed contract supervisors did not prepare contract implementation plans in all the 21 sampled procurements worth UGX 16,069,918,867. The Authority also found that the appointment letters from the Accounting Officer did not stipulate the duties and obligations of the Contract Supervisors in managing contracts as outlined under Regulation 119 (10) of the Local Governments (PPDA) Regulations, 2006.

Implication

Failure to prepare contract implementation plans hinders effective contract monitoring and supervision and could lead to non-performance of obligations by both the providers and the Entity.

Recommendations

1. Contract supervisors should prepare contract implementation plans and forward copies to the Head of the User Department, Secretary Contracts Committee, Internal Audit Department and Accounting Officer for monitoring purposes, in accordance with Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006.
2. The Accounting Officer should in his appointment of a Contract Supervisor stipulate the duties and obligations of the Contract Supervisor in managing the contract as outlined under Regulation 119 (10) of the Local Governments (PPDA) Regulations, 2006.

Management response

All contract supervisors have been cautioned and have been asked to ensure that contract implementation plans are prepared at the beginning of every project.

2.3 Efficiency and effectiveness during contract execution

2.3.1 Payment of contingency funds without any form of justification and accountability

Contingency funds worth UGX 22,711,240 were paid in seven procurements worth UGX 293,507,479 without any form of justification and subsequent accountability. The Authority did not find any bills of quantities prepared for the use of the contingency amounts nor evidence that such works were undertaken. The seven procurements are indicated in Table 17 below:

Table 17: Contingency funds paid out per contract

No.	Subject of procurement	Contingency amount
1.	Construction of a 2 classroom block at Kubo Primary School worth UGX 92,791,600	10% contingency worth UGX 8,435,600
2.	Renovation of a classroom block at Nyio Primary School worth UGX 78,491,889	5% contingency worth UGX 3,167,550
3.	Renovation of an office block at Ayivu Division Offices worth UGX 38,636,400	10% contingency worth UGX 3,512,400
4.	Renovation of the Doctor's house at Adumi Health Centre worth UGX 19,938,600	5% contingency worth UGX 1,812,600
5.	Construction of an incinerator at Aroi Health Centre III worth UGX 9,225,500	Contingency worth UGX 835,500
6.	Construction of a 5 stance lined VIP latrine at Luvu Primary School worth UGX 24,131,800	10% contingency worth UGX 2,193,800
7.	Construction of a 5 stance lined VIP latrine at Ambeko Primary School worth UGX 30,291,690	10% contingency worth UGX 2,753,790

Implications

- Unjustifiable expenditures exposed the Entity to the risk of a financial loss worth UGX 22,711,240.
- There was no value for money since the contingency fees paid could not be linked to any output.

Recommendation

The Accounting Officer should not make any payment to a provider without receipt of the deliverables specified in the contract in accordance with Regulation 116 (1) of the Local Governments (PPDA) Regulations, 2006.

Management response

This has been noted and those responsible for preparation of payment certificates have been cautioned and asked to avoid the unnecessary loss of funds.

2.3.2 Management of revenue tenders

The Authority reviewed the file for the management of, and revenue collection from the main market in Arua City and found that:

The Entity signed the contract with Betai Enterprises Ltd on 30th June 2021 at a contract sum of UGX 40,000,000 VAT inclusive per month for the 1st quarter FY 2021/2022 with the following terms:

- GCC 20.1 stated the completion period as three months ending 30th September 2021 renewable upon satisfactory performance.
- Funds were to be remitted to Arua City Council Collection Account with Stanbic Bank Arua Branch A/C NO: 9030017618988

However, on 24th July 2021, the provider requested for reduction in the contract sum citing the negative impact of the COVID 19 pandemic. On 6th August, a report on review of contract sum for contracted revenue sources of loading and offloading and Arua main market fees recommended reduction of the contract sum by 6M i.e from UGX 40M to UGX 34M. On 30th September 2021, an amendment to the contract was signed for the contract period starting 1st October 2021 to 30th June 2022. Table 18 below indicates the performance of the contract from July 2021 to June 2022:

Table 18: Collections receipts issued by Arua Central Division for the period July 2021 to June 2022

Quarter	Month	Contract Amount (UGX)	Actual Amount remitted (UGX)	Date of payment
I 2021	July	40,000,000	-	-
	August	40,000,000	-	-
	September	40,000,000	22,000,000	13 th September 2021 (S/N: 1017)
Sub - Total		120,000,000	22,000,000	(98,000,000) deficit
II 2021	October	34,000,000	75,000,000	2 nd October 2021 (S/N: 1183)
	November	34,000,000	27,000,000	24 th November 2021 (S/N: 1724)
	December	34,000,000	-	-
Sub - Total		102,000,000	102,000,000	-
III 2022	January	34,000,000	-	-
	February	34,000,000	30,000,000	1 st February 2021(S/N: 1998)
	March	34,000,000	40,500,000	4 th March 2022 (S/N: 2100)
Sub - Total		102,000,000	70,500,000	(31,500,000) deficit

Quarter	Month	Contract Amount (UGX)	Actual Amount remitted (UGX)	Date of payment
IV 2022	April	34,000,000	-	-
	May	34,000,000	-	-
	June	34,000,000	-	-
Sub - Total		102,000,000	-	(102,000,000) deficit

Exceptions noted:

Betai Enterprises Ltd breached the contractual terms of remittance of funds per month to Arua Central Division Account as detailed below:

- i) Quarter I has a deficit of UGX 98M not remitted by the provider.
- ii) Quarter III has a deficit of UGX 31.5M not remitted by the provider.
- iii) Quarter IV has a deficit of UGX 102M not remitted by the provider.

Implications

- Failure by the service provider to remit local revenue affects the implementation of the Entity's planned activities funded by local revenue hence failure to deliver services to the intended beneficiaries.
- This is a red flag for potential fraud and collusion between the service provider and the lower local government/ contract supervisor to embezzle public funds as there was no evidence that action was taken against the non-performance.
- There is a potential financial loss of UGX 231,500,000 to the Entity.

Recommendations

1. The Accounting Officer should enforce close supervision and monitoring of revenue collections in order to realize the planned amounts required for implementation of planned activities.
2. Betai Enterprises Ltd should be appraised and action taken against the provider for non-performance.
3. The Accounting Officer should recover UGX 231,500,000 from Betai Enterprises Ltd.

Management response

A contract was signed with Betai Enterprises Limited on 30th June 2021 at a contract sum of UGX 40,000,000 VAT inclusive per month for first quarter of FY 2021-2022 and on 30th September 2021 an amendment to the contract was signed by reducing the contract sum by UGX 6,000,000 from UGX 40,000,000 to UGX 34,000,000 as a result of the negative impact of COVID 19 pandemic.

However, in January 2022 when vendors were resettled in the main market, Council took over the collection of market gate fees while Betai Enterprises Ltd was contracted to collect only from vendors outside of the market at UGX 15,000,000 (fifteen million) which explains the reduction from UGX102,000,000 to UGX 70,000,000.

Authority's comment

The Entity did not submit evidence that:

- i) The Council took over the collection from January 2022 to June 2022 and deposited the revenues collected at the market gate to the Arua City Collection Account with Stanbic Bank.
- ii) The contract with Betai Enterprises Limited was amended from UGX 34,000,000 per month to UGX 15,000,000 per month (for collection from vendors outside the market) and that all the revenues were remitted to the Arua City Collection Account with Stanbic Bank.


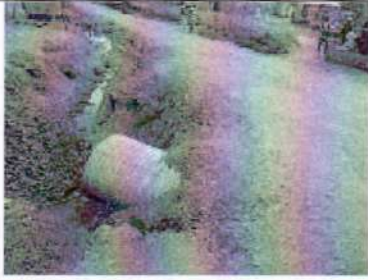

2.3.3 Force on account mechanism

The Authority reviewed the file for Periodic maintenance of Okuti Lane and Adam Makelele road for the period of July 2021 to August 2021 including hire of equipment from China Railway Group No.2021 worth UGX 146,688,596 and found that:

- i) The road did not have approved budget estimates indicating the planned allowances; equipment costs and materials for the road;
- ii) There was no work program for the works to be executed;
- iii) The process for acquisition of culverts was not documented; and
- iv) The payment of allowances was not documented.

During physical inspection of the roads, the Authority found that there were no headwalls on Okuti Lane as indicated in Table below:

Table 19: Okuti Lane and Adam Makelele road

		
Two sections of Okuti Lane with no headwalls		Adam Makelele road

Implications

- There is contravention of the principles of accountability and transparency in the application of the force account mechanism.
- Failure to put head walls has led to continuous deterioration of Okuti Lane.

Recommendations

The Accounting Officer should:

1. Adhere to Circular No. 3 of 2012 to Local Governments on the application of the use of force account mechanism to ensure value for money.
2. Plan and budget for headwalls to avoid further deterioration of Okuti Lane.



Management response



This is noted. The department will be tasked to adhere to the circular on application of the use of force account.


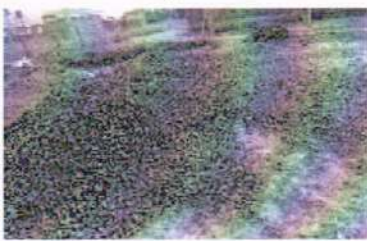
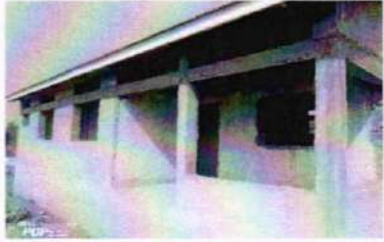

2.3.4 Irregularities during contract implementation


Eleven procurements worth UGX 14,974,673,276 had anomalies during contract implementation as detailed in the Table 20:

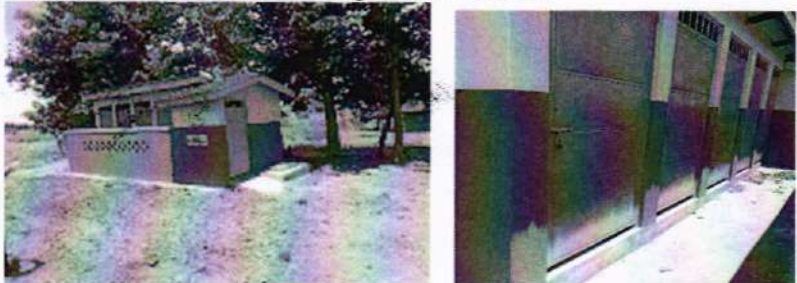

Table 20: Contracts with anomalies during implementation


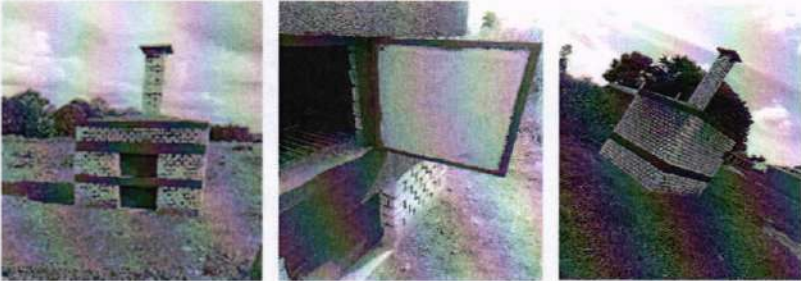
No.	Subject of procurement	Exceptions noted
1.	<p>Construction of a 2 classroom block at Kubo Primary School worth UGX 92,791,600</p> <p>Contractor: Hope Engineering and Construction Works</p>	<p>i) Irregular payment</p> <ul style="list-style-type: none"> The Entity retained only 5% (UGX 4,639,580 VAT inclusive) instead of 10% (UGX 9,279,160 VAT inclusive) contrary to GCC 57.1 which stated that <i>"The proportion of payments retained is 10%"</i>. Also the 6% withholding tax worth UGX 4,718,216 was not deducted before effecting payment to the provider. <p><u>Management response</u> <i>This is noted for correction.</i></p> <p>ii) Failure by the contractor to submit the Program of Works The contractor did not submit the program of works contrary to GCC 36.1 which stated that <i>"The contractor shall submit the Program of Works within 07 days of contract signature."</i></p> <p><u>Management response</u> <i>This is noted and is now being enforced in this financial year's projects.</i></p> <p>iii) Project inspection anomalies The Authority found that:</p> <ul style="list-style-type: none"> Finishing was not done well i.e external painting was done with only undercoat contrary to the BOQ requirement of applying one undercoat and 3 coats of silk emulsion on external surfaces of walls; Lightening arrestors worth UGX 3M were not fixed; The floor screed had cracks; and Grass planting worth UGX 500,000 was not done. <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Grass not planted</p> </div> <div style="text-align: center;">  <p>Floor screed cracks</p> </div> </div> <p><u>Management response</u> <i>This has been noted and the contract supervisor has been tasked to go on site with the contractor and give instructions to the contractor to correct the anomalies since the retention money has not yet been paid.</i></p>
2.	<p>Renovation of classroom block at Nyio Primary School worth UGX 78,491,889</p>	<p>i) Irregular payment According to the Interim Payment Certificate No.1, the net amount recommended for payment was UGX 74,567,294.5 however, the Authority found that:</p>



No.	Subject of procurement	Exceptions noted
	Contractor: Hope Engineering and Construction Works	<ul style="list-style-type: none"> The Entity retained only 5% (UGX 3,924,595) instead of 10% (UGX 7,849,188.9) contrary to GCC 57.1 which stated that “The proportion of payments retained is 10%”. This implies that the correct net amount should have been UGX 70,642,700. The 6% withholding tax was not deducted before effecting payment to the contractor. <p><u>Management response</u> <i>This is noted for correction.</i></p> <p>ii) Failure by the contractor to submit the Program of Works The contractor did not submit the program of works contrary to GCC 36.1 which stated that “The contractor shall submit the Program of works within 07 days of contract signature.”</p> <p><u>Management response</u> <i>This is noted and is now being enforced in this financial year’s projects.</i></p> <p>iii) Project inspection anomalies The Authority observed poor painting finishes of the classroom block at the front view as shown below:</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Front view of classroom</p> </div> <div style="text-align: center;">  <p>Paint peeling off the wall</p> </div> </div> <p><u>Management response</u> <i>This is noted. The contract supervisor has been tasked to go on site with the contractor and give instructions to the contractor to correct the anomalies.</i></p>
3.	Construction of a mortuary at Adumi Health Centre worth UGX 142,199,000 Contractor: Link Investment Ltd	<p>i) Irregular advancement of funds to the contractor The Authority found that the Entity made an advance payment worth UGX 76,151,646 (54% of the contract price) on 23rd June 2022 to Link Investment Ltd, against an advance payment guarantee with an expiry date of 5th September 2022, yet there was no provision/clause for payment of advance to the contractor in the signed contract. In addition, there was no provision/clause on recovery of the monies advanced to the contractor. This was contrary to Regulation 115 (4) and (5) of the Local Governments (PPDA) Regulations, 2006.</p>

No.	Subject of procurement	Exceptions noted
		<p><u>Management response</u> <i>This advance was paid because the financial year was ending and funds that remain on the account by 30th June are usually taken back so payment of the contractor would become difficult which can lead to litigation.</i></p> <p>ii) Expired advance payment guarantee before recovery of the advance paid to the contractor The Entity did not request the contractor to extend the advance payment guarantee duration before its expiry on 5th September 2022 yet the advance paid to the contractor worth UGX 76,151,646 was not yet recovered.</p> <p><u>Management response</u> <i>This was an oversight on the side of the Entity and it shall not be repeated.</i></p> <p>iii) Slow progress of works According to the progress report dated 2nd September 2022, 33% of the project time had elapsed from the commencement date of 14th July 2022, with only the substructure completed amounting to 18% of the physical progress of works and the financial progress was at 54% yet the contractual completion date is 16th November 2022. The status of the works is shown in the pictures below:</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Substructure</p> </div> <div style="text-align: center;">  <p>Site materials</p> </div> </div> <p><u>Management response</u> <i>The contractor was tasked to ensure that works are completed and now they are in the finishing stage as indicated below:</i></p> <div style="display: flex; justify-content: space-around;">   </div>





No.	Subject of procurement	Exceptions noted
		 <p data-bbox="647 577 1445 613">Workers on site Roof</p> <p data-bbox="647 658 1445 689"><u>Authority comment</u></p> <p data-bbox="647 689 1445 797">The Authority notes the Entity's efforts and advises the Entity to always manage the contracts effectively to ensure that works are completed within the contracted time.</p>
4.	Repair of 330 desks at Arua Public Primary School worth UGX 15,350,000	<p data-bbox="647 797 1506 833">Failure to deduct 6% withholding tax (WHT)</p> <p data-bbox="647 833 1506 949">The Entity did not deduct WHT worth UGX 921,000 before effecting the full payment of UGX 15,350,000 on 23rd June 2022 to the Provider, Arua Technical Institute Ragem.</p> <p data-bbox="647 985 1506 1016"><u>Management response</u></p> <p data-bbox="647 1016 1506 1093"><i>This was an oversight on the side of the Entity and it shall not be repeated.</i></p>
5.	Construction of 5 stance lined VIP latrine at Riki Primary School worth UGX 27,401,000 Contractor: Eppo Engineering	<p data-bbox="647 1093 1506 1128">i) Irregular payment</p> <p data-bbox="647 1128 1506 1317">The contractor was paid less by UGX 1,331,571 of the actual amount of UGX 24,469,093 due on completion. The Authority noted that the Entity after deducting the 5% retention and 6% WHT, paid the contractor UGX 23,137,522 instead of the correct amount of UGX 24,469,093.</p> <p data-bbox="647 1352 1506 1384"><u>Management response</u></p> <p data-bbox="647 1384 1506 1460"><i>This was an error from the Accounts Department. We are going to investigate and the necessary action shall be taken.</i></p>
6.	Construction of 5 stance lined VIP latrine at Luvu Primary School worth UGX 24,131,800 Contractor: Quks Enterprises	<p data-bbox="647 1460 1506 1496">i) Failure to fully pay the provider</p> <p data-bbox="647 1496 1506 1648">The Authority found that only UGX 14,744,549 was paid to the contractor on 19th June 2022. The balance worth UGX 8,180,661 excluding retention had not been paid despite the Entity issuing the contractor a certificate of completion on 4th July 2022.</p> <p data-bbox="647 1684 1506 1715"><u>Management response</u></p> <p data-bbox="647 1715 1506 1800"><i>The contractor requested 70% of payment because works were at 70% as indicated in the contractor's requisition.</i></p> <p data-bbox="647 1836 1506 1868">Authority's comment</p> <p data-bbox="647 1868 1506 1980">The Authority noted the response, however, the payment certificate, certificate of completion and the audit site visit indicate that the works had been completed.</p>

No.	Subject of procurement	Exceptions noted
		<p>ii) Project inspection anomalies The Authority found that:</p> <ul style="list-style-type: none"> • The project was not in use because it had not been commissioned despite its completion on 4th July 2022; and • The contractor did not plant the grass and trees worth UGX 880,000 as shown in the pictures below: <div data-bbox="635 510 1433 792">  </div> <p>Area were grass should be planted; Side view of the locked toilets</p> <p><u>Management response</u> <i>The project is now under use after commissioning on 19th December 2022:</i></p> <div data-bbox="635 981 1279 1317">  </div> <p>Authority's comment The pictorial evidence provided in the management response did not match with the pictorial observation under the finding.</p>
7.	<p>Construction of 5 stance lined VIP latrine at Ambeko Primary School worth UGX 30,291,690</p> <p>Contractor: Obongi Prime Enterprise</p>	<p>Project inspection anomalies</p> <ul style="list-style-type: none"> • Some parts of the splash apron were below the ground level hence not serving its purpose; • Environmental and social considerations like planting of trees and wearing personal protective equipment by the contractor's staff were not adhered to during correction of defects; and • The facility was not in use since the date of issuance of the certificate of completion on 19th June 2022 due to the defects under correction (6 months' defects liability period).

No.	Subject of procurement	Exceptions noted
		 <p data-bbox="651 546 1501 613">Front view where splash apron was below ground level and the Contractor's personnel correcting defects without wearing PPE</p> <p data-bbox="651 658 951 689"><u>Management response</u></p> <p data-bbox="651 696 1246 728"><i>The project is now in use after commissioning.</i></p> <p data-bbox="651 770 946 801">Authority's comment</p> <p data-bbox="651 808 1501 875">The Entity did not submit evidence of commissioning and did not provide a management response for the rest of the issues raised.</p>
8.	<p data-bbox="300 880 627 1021">Construction of an incinerator at Aroi Health Centre III worth UGX 9,225,500</p> <p data-bbox="300 1066 627 1133">Contractor: Quks Enterprises</p>	<p data-bbox="651 880 1043 911">Project inspection anomalies</p> <ul data-bbox="651 918 1501 1171" style="list-style-type: none"> <li data-bbox="651 918 1501 985">• The project had not been commissioned since its completion on 25th June 2022; <li data-bbox="651 992 1501 1059">• The incinerator needs a splash apron to protect the foundation; and <li data-bbox="651 1066 1501 1171">• Planting of paspalam worth UGX 40,000 and ornamental trees worth UGX 50,000 was not done as shown in the pictures below:  <p data-bbox="651 1464 791 1496">Front view</p> <p data-bbox="927 1464 1034 1496">Opening</p> <p data-bbox="1203 1464 1343 1496">Back view</p> <p data-bbox="651 1538 951 1570"><u>Management response</u></p> <p data-bbox="651 1576 1246 1608"><i>The project is now in use after commissioning.</i></p> <p data-bbox="651 1650 946 1682">Authority's comment</p> <p data-bbox="651 1688 1501 1756">The Entity did not submit evidence of commissioning and did not provide a management response for the rest of the issues raised.</p>
9.	<p data-bbox="300 1756 627 1897">Renovation of Doctor's house at Adumi Health Centre worth UGX 19,938,600</p> <p data-bbox="300 1942 627 2009">Contractor: Quks Enterprises</p>	<p data-bbox="651 1756 1016 1787">Project inspection findings</p> <p data-bbox="651 1794 1501 1906">The Authority found that the project had not been commissioned and handed over to the intended beneficiary as shown in the pictures below:</p>

No.	Subject of procurement	Exceptions noted
		<div style="display: flex; justify-content: space-around;">   </div> <p style="display: flex; justify-content: space-around;"> Side view Front view </p> <p><u>Management response</u> <i>The project is now in use after commissioning.</i></p> <p><u>Authority's comment</u> The was no evidence submitted to that effect.</p>
USMID PROJECT		
10.	Rehabilitation of Go-Down road worth UGX 13,506,952,197 Contractor: China Railway 7 th Group	<p>i) Delay to provide for investment service costs by the contractor</p> <p>The Authority noted delays by the contractor in undertaking repairs of vehicles like the Fortuner (UBG 650Y), purchase of vehicles and motorcycles and provision of speacilized survey equipment, yet provision of these was a responsibility of the contractor.</p> <p><u>Management response</u></p> <ul style="list-style-type: none"> • <i>The survey equipment was supplied;</i> • <i>One vehicle was delivered while the other vehicle and two motorcycles are yet to be delivered.</i> <p><u>Authority comment</u></p> <p>The Entity did not provide evidence of delivery of the survey equipment and the one motor vehicle.</p> <p>ii) Sub-contracting a local contractor that potentially lacked capacity</p> <p>GCC 7.2 required the contractor to subcontract at least 30% of the works to a competent local contractor. However, the proposed local sub-contractor, Hope Engineering and Construction Works, did not provide any evidence of competence in proposed sub-contract works such as drainage works, earth works, pavement layers of gravel or crushed stone, asphalt pavement and seal, and auxiliary works. In addition, the Authority did not find the sub-contractors personnel on site although drainage works were ongoing. There was also no evidence of approval of the subcontract by the Project Manager.</p>

No.	Subject of procurement	Exceptions noted
		<p><u>Management response</u> <i>The issue of a sub-contractor doing some work with the main contractor has never been brought to the attention of Management in the contract for the Go Down road.</i></p> <p><u>Authority comment</u> The proposal of a sub-contractor was part of the contractor's bid and was assessed during evaluation. Furthermore, it was a responsibility of the Entity to ensure that the contractor practically sub contracts 30% of the works to a competent local provider as per GCC 7.2. The Entity should therefore invoke GCC 7.2 to ensure compliance and building capacity of local contractors.</p> <p>iii) Slow progress of the works According to the consultant's progress report for the month of July 2022, the works commenced on 10th January 2022 with a contract completion period of 10 months. But as at 31st July 2022, 44% of the project time had lapsed with the physical progress being at 28% and financial progress at 38%. This implies that the project was behind schedule.</p> <p>The Authority noted the following:</p> <p>a) Delay of six months to relocate utilities Whereas the contract commenced on 10th January 2022, the approvals and contractors for relocation of utilities were obtained in July 2022.</p> <p>b) Pending submissions from the contractor The Authority found that the contractor had not submitted some requirements and this had also been raised by the Supervising Consultant in their progress report for the month of July 2022. The pending submissions from the contractor were:</p> <ul style="list-style-type: none"> • Approved work program; • Borrow pits reinstatement plan; • Site organization chart; • In-house safety and health rules and regulations; • Statutory test certificates of site machinery and equipment; and • Security management plan. <p>c) Pending works The following were the pending works:</p> <ul style="list-style-type: none"> • Relocation of MTN cables and power lines; • Excavation of service ducts; • Installation of prefabricated culverts; • Concrete kerbing, concrete channelling and concrete linings for open drains;

No.	Subject of procurement	Exceptions noted				
		<ul style="list-style-type: none"> • Pitching, stone work and protection against erosion; • Filling of natural gravel for sub base; • Cement stabilized crushed aggregate for road subbase; • Crushed aggregate for road base; • Asphalt pavements and seals; • Installation of road markings including humps, white lines, and road studs; • Grassing and planting of trees; • Road lighting; • Trash cans; and • Bus stop shelters. <p>Physical site inspection pictures as at 15th September 2022 showing ongoing works</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Wire mesh</p> </div> <div style="text-align: center;">  <p>Installed wire mesh</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <p>Some of the areas of the road to be worked on</p> <p><u>Management response</u> <i>The above issues are true as noticed by the Authority. The relocation works started and the contractor tried to address some of the staffing issues. A stakeholders meeting is going to convene to further address the remaining issues. The drainage works are however at 98% completion rate.</i></p>				
11.	<p>Consultancy services for supervision of civil works in cluster one (Arua, Gulu & Kitgum): For Arua City-UGX 1,027,900,000 for Go Down road (1.050km) by Segamu Consults</p> <p>Failure to submit reports according to the agreed contractual terms Whereas funds worth UGX 722,210,597 from January to June 2022 were paid to the Consultant, there was no evidence of submission of the following reports as per agreed contract terms:</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Type of report</th> <th style="width: 50%;">Deadline</th> </tr> </thead> <tbody> <tr> <td>Draft inception report</td> <td>Within 14 days of commencement of services i.e 19th January 2022</td> </tr> </tbody> </table>	Type of report	Deadline	Draft inception report	Within 14 days of commencement of services i.e 19 th January 2022
Type of report	Deadline					
Draft inception report	Within 14 days of commencement of services i.e 19 th January 2022					

No.	Subject of procurement	Exceptions noted
	Final inception report	1 week after receipt of the Employer's comments
	Draft Consultant's Quality Assurance Manual	Within one month of the date of commencement of the consultancy contract
	Final Consultant's Quality Assurance Manual	Within 2 weeks after receipt of Employer's comments
	Draft design review report	Within one month after commencement of services
	Final Design Review Report	1 week after receipt of the Employer's comments
	Draft Contractor's mobilization report	On completion of Contractor's mobilization but not later than 3 months after commencement of services
	Final Contractor's mobilization report	1 week after receipt of the Employer's comments
	Quarterly progress reports	Not later than the first week after the end of each quarter

Management response
This is noted. The contract supervisor has been tasked to make a follow up on this issue and make a report to the Accounting Officer.

Implications

- There is delayed service delivery to the intended beneficiaries due to delayed completion and commissioning of projects.
- Poor contract monitoring and supervision could lead to non-performance by the contractors hence failure to achieve value for money.
- Breach of contractual terms during payment was irregular and also exposes the Entity to the risk of having no fallback position in case of non-performance by the contractors.

Recommendations

1. The Accounting is advised to address the USMID aforementioned issues as soon as possible to enable successful completion of the works with efficient performance.
2. The Accounting Officer should fast track the correction of defects, commissioning and handover of the completed projects to the intended beneficiaries.
3. Contract supervisors should ensure that:
 - i) Each provider meets all performance or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 119 (10) (a) (i) of the Local Governments (PPDA) Regulations, 2006.
 - ii) The Entity meets all payment and other obligations as per the terms and conditions of a contract in accordance with Regulation 119 (10) (a) (iii) of the Local Governments (PPDA) Regulations, 2006.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section graphically presents the scores per area assessed under the different compliance inspection questions.

3.1 Overall Procurement Performance Conclusion

The performance of Arua City for the Financial Year 2021/22 was **moderately satisfactory** with an overall weighted average risk rating of **50.17%**.

Table 21: The rating is as follows:

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

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 below:

Table 22: Summary of performance of Arua City

Risk Rating	No.	% by No.	Weight	Weighted score by No.	Value	% Value	Weight	Weighted score by value
High	5	23.81	0.6	14.286	685,327,289	4.265	0.6	2.559
Medium	8	38.095	0.3	11.429	14,899,414,587	92.716	0.3	27.815
Low	8	38.095	0.1	3.8095	485,176,991	3.019	0.1	0.302
Total	21	100	1	29.525	16,069,918,867	100	1	30.676

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{29.525}{60} \times 100 = 49.208\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{30.676}{60} \times 100 = 51.127\%$$

$$\text{The average weighted risk rating} = \frac{49.208 + 51.127}{2} = 50.17\%$$

Figure 1: Risk Rating by Number

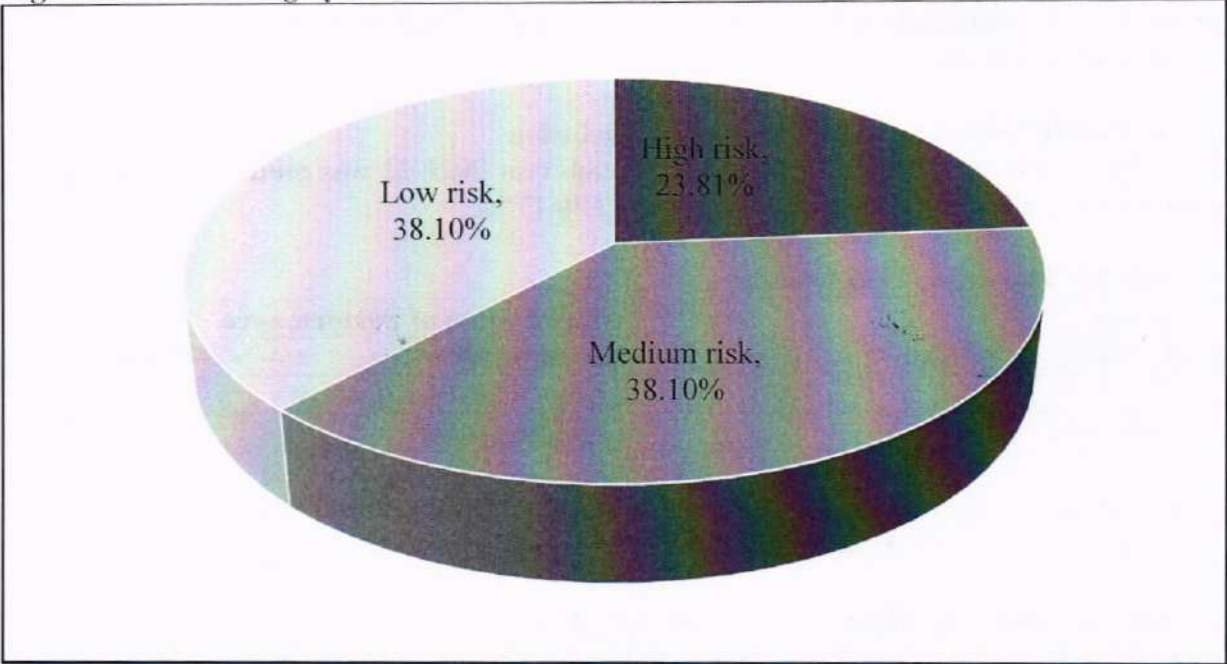
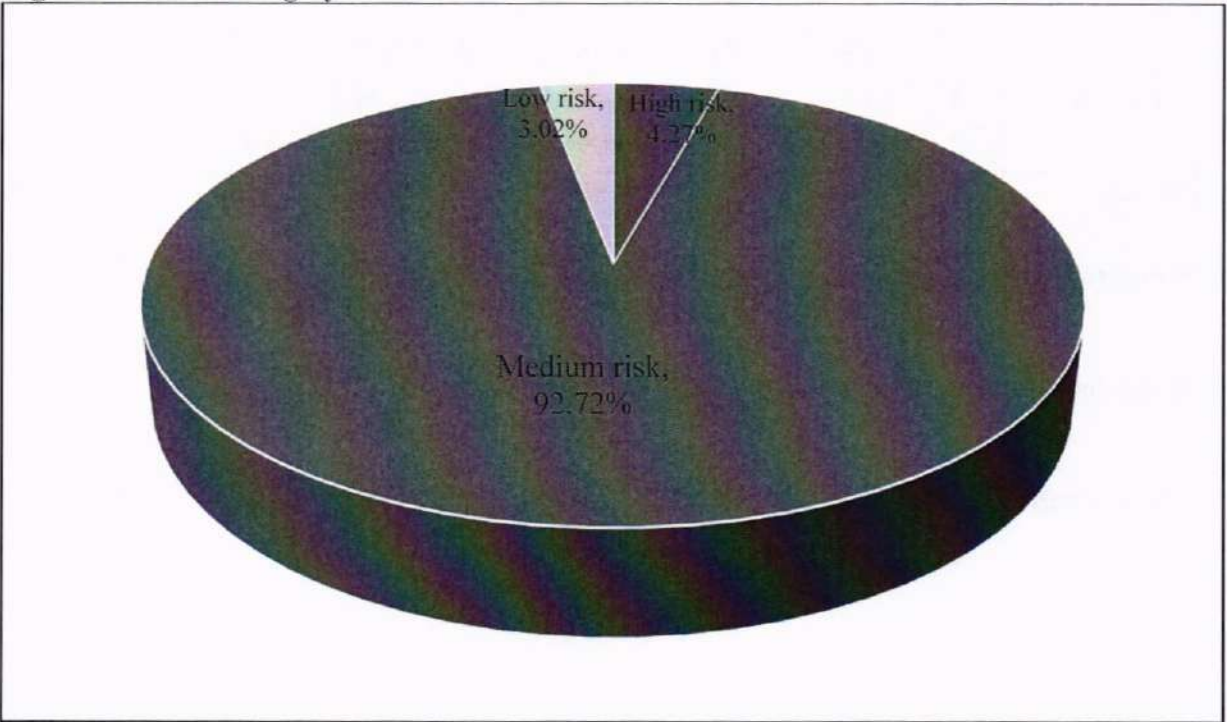


Figure 2: Risk Rating by Value



3.2 Recommended Action Plan

Arua City should implement the following recommendations to improve its performance in accordance with Section 9 (1) (a) of the PPDA Act, 2003.

- i) All the previous audit recommendations for FY 2020/2021 in Table 3 on page 3 of this audit report.
- ii) The following recommendations arising from the audit of FY 2021/2022:

Table 23: Recommended Action Plan

Recommendation	Timeline
<p>The Accounting Officer should:</p> <ol style="list-style-type: none"> 1. Regularly conduct or designate persons to regularly conduct a review of the procurement plan to harmonize it with the existing circumstances at the Entity. 2. Take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006. 3. Expedite the disposal process in order to avoid further depreciation of the assets and attain value for money in accordance with Part IX of the Local Governments (PPDA) Regulations, 2006. 4. Use appropriate sources of information when determining the market price of each procurement requirement in order to establish realistic estimates to aid in planning and budgeting, in accordance with Regulation 65 (2) of the Local Governments (PPDA) Regulations, 2006. 5. Ensure that the total acquisition cost of a procurement is committed prior to contract placement in accordance with Regulation 87 (5) of the Local Governments (PPDA) Regulations, 2006. 6. Organize bidder capacity building exercises in order to increase bidder responsiveness in the Entity. 7. Should in writing inform the providers of the arithmetic errors that were not corrected in their bids and request for a meeting to discuss/negotiate ways of recovering: <ul style="list-style-type: none"> • UGX 8,146,425 from the final payment certificate for Hope Engineering & Construction Works at the end of the defects liability period on 16th March 2023 for the procurement of renovation of classroom block at Nyio Primary School worth UGX 78,491,889. • UGX 544,500 from Alawakil Yarahamuna Enterprises for the procurement of renovation of an office block at Ayivu Division Offices worth UGX 38,636,400. 8. Endeavour to fulfil contract effectiveness by obtaining the ES securities where required and performance securities from contractors in accordance with Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations, 2006. 9. Not make any payment to a provider without receipt of the deliverables specified in the contract in accordance with Regulation 116 (1) of the Local Governments (PPDA) Regulations, 2006. 	<p>June 2023</p>

Recommendation	Timeline
<ol style="list-style-type: none"> 10. Enforce close supervision and monitoring of revenue collections in order to realize the planned amounts required for implementation of planned activities. 11. Recover UGX 231,500,000 from Betai Enterprises Ltd for management and revenue collection from the main market in Arua City for FY 2021/2022. 12. Adhere to Circular No. 3 of 2012 to Local Governments on the application of the use of force account mechanism to ensure value for money. 13. Address the USMID aforementioned issues as soon as possible to enable successful completion of the works with efficient performance. 14. Fast track the correction of defects, commissioning and handover of the completed projects to the intended beneficiaries. 	
<p>The Head Procurement should:</p> <ol style="list-style-type: none"> 1. Submit to the Authority quarterly procurement and disposal reports and performance data of all procurement transactions undertaken by the Entity not later than the fifteenth day of the first month of the next quarter in accordance with Regulation 7 (1) of the Local Governments (PPDA) Regulations, 2006. 2. Not conduct procurements outside the procurement plan except in cases of emergency situations in accordance with Section 58 (7) of the PPDA Act, 2003. 3. Monitor the procurement plan time schedules of procurement requirements and send reminders to the User Departments in order to promote economy and efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003. 4. Prior to issuance of bidding documents, conduct quality assurance for appropriateness of all the required documentation in accordance with Regulation 48 (2) and (4) of the Local Governments (PPDA) Regulations, 2006. 5. Propose a shortlist of providers with reasons for selection of each provider and submit it to the Contracts Committee for approval in accordance with Regulation 38 (6) of the Local Governments (PPDA) Regulations, 2006. 6. Include sufficient bidders when developing a shortlist under selective national bidding to ensure effective and real completion in accordance with Regulation 38 (3) of the Local Governments (PPDA) Regulations, 2006. The providers to be included on the shortlist may also be obtained from the Authority's Registrar of Providers or any other Entity's list of prequalified providers in accordance with Regulation 38 (4) (a) and (c) of the Local Governments (PPDA) Regulations, 2006. 7. See to it that the contract and documents forming part of the contract are representative of the bidding document that was issued to bidders. 	June 2023
<p>User Departments should:</p> <ol style="list-style-type: none"> 1. Inform the Head Procurement and Disposal Unit to update the procurement plan in the event that amendments are made to their departmental work plans in accordance with Section 58 (4) of the PPDA Act, 2003. 	June 2023

Recommendation	Timeline
<ol style="list-style-type: none"> 2. Initiate all procurement requirements that fall under the approved procurement plan and budgets for the Financial Year or are part of the approved supplementary funding so that by the time the funds are released to the Entity, contracts can be issued to expedite service delivery in accordance with the PSST Circular on Initiation of Procurements issued to all Accounting Officers on 8th October 2020. 3. Abide by the procurement plan time schedules of the procurement requirements to promote economy and efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003. 4. Prevail over contract supervisors to prepare contract implementation plans and forward copies to the Head of the User Department, Secretary Contracts Committee, Internal Audit Department and Accounting Officer for monitoring purposes, in accordance with Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006. 5. Each provider meets all performance or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 119 (10) (a) (i) of the Local Governments (PPDA) Regulations, 2006. 6. The Entity meets all payment and other obligations as per the terms and conditions of a contract in accordance with Regulation 119 (10) (a) (iii) of the Local Governments (PPDA) Regulations, 2006. 	
<p>The Contracts Committee should:</p> <ol style="list-style-type: none"> 1. Scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003. 2. Play its oversight role of quality assurance of contract documents such that the draft contract documents, terms and conditions are appropriate and complete before approval in accordance with Section 28 (1) (c) of the PPDA Act, 2003. 	June 2023
<p>Evaluation Committee members should:</p> <ol style="list-style-type: none"> 1. Always check the bills of quantities/price schedule for correctness and completeness when determining the total evaluated price of each bid. 2. In writing address to the bidder a request for clarification, including arithmetic corrections made and copy all other bidders for information purposes only in accordance with Regulation 74 (3) and (4) of the Local Governments (PPDA) Regulations, 2006. 3. Adhere to the criteria set out in the solicitation document during bid evaluation in accordance with Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006. 4. Not conduct negotiations until after the Contracts Committee approves the evaluation report recommending negotiations and the negotiation team that is proposed by the Procurement and Disposal Unit in accordance with Regulations 83 (1) and (7) (a) of the Local Governments (PPDA) Regulations 2006. 	June 2023

APPENDICES

Appendix 1: Transaction List with Risk Rating

No	Procurement Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Value (UGX)	Risk Rating
1.	ARUA851/SPLS/21-22/00008	Supply of 3-seater desks to primary schools in Arua City	Selective Bidding	AAS Lanzua & Sons	30,080,000	Low
2.	ARUA851/SRCVS/21-22/00045	Repair of desks/furniture in Arua Public Primary School	Selective Bidding	Arua Technical Institute Ragem	15,350,000	Low
3.	ARUA851/WRKS/21-22/00007	Construction of a 2 classroom block with office at Kubo Primary School	Open Domestic Bidding	Hope Engineering & Construction Works	92,791,600	Medium
4.	ARUA851/WRKS/21-22/00008	Construction of an incinerator at Aroi Health Centre III	Selective Bidding	Quks Enterprises	9,225,500	Medium
5.	ARUA851/WRKS/21-22/00011	Renovation of Ayivu Division Office Block	Selective Bidding	Alawakil Yarahamuna Enterprises	38,636,400	High
6.	ARUA851/WRKS/21-22/00009	Construction of 5 stance lined VIP latrine at Riki Primary School	Selective Bidding	Eppo Engineering	27,401,000	Low
7.	ARUA851/WRKS/21-22/00010	Construction of 5 stance lined VIP latrine at Luvu Primary School	Selective Bidding	Quks Enterprises	24,131,800	Low
8.	ARUA851/WRKS/21-22/00012	Construction of 5 stance lined VIP latrine at Ambeko Primary School	Selective Bidding	Obongi Prime Enterprise	30,291,690	Medium
9.	Arua-Gulu-Kitgum/	Rehabilitation of Go-Down road	Open Domestic Bidding	China Railway 7 th Group	13,506,952,197	Medium

No	Procurement Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Value (UGX)	Risk Rating
	WRKS/USMID/21-22/00001					
10.	Arua-Gulu-Kitgum/SRVCS/USMID/21-22/00001	Consultancy services for supervision of Go-Down road	Open Domestic Bidding	Segamu Consults	1,027,900,000	Medium
11.	ARUA851/WRKS/21-22/00002	Renovation of classroom block at Nyio Primary School	Open Domestic Bidding	Hope Engineering & Construction Works	78,491,889	High
12.	ARUA851/WRKS/21-22/00003	Renovation of Doctor's house at Adumi Health Centre	Open Domestic Bidding	Quks Enterprises	19,938,600	Medium
13.	ARUA851/SUPLS/21-22/00006	Supply of motor vehicle for Education Department	Open Domestic Bidding	Cooper Motor Corporation (U) Ltd	179,845,355	Low
14.	ARUA851/SPLS/21-22/00007	Supply and installation of solar street lights on Oluko road	Open Domestic Bidding	Godmax Services Limited	159,360,000	Medium
15.	ARUA851/SPLS/21-22/00010	Supply of printers, laptops and a projector	Open Domestic Bidding	Explore I.T Technologies Limited	11,426,400	Low
16.	ARUA851/SPLS/21-22/00009	Supply of furniture & equipment	Open Domestic Bidding	Prime Impex 2001 Ltd	52,955,000	Medium
17.	ARUA851/SPLS/21-22/00014	Supply of three seater desks to schools	Open Domestic Bidding	Tabu & Brothers Enterprises	47,200,000	Low
18.	ARUA851/SPLS/21-22/00015	Supply of medical equipment	Open Domestic Bidding	Skailab Supplies EA Limited	149,742,436	Low

No	Procurement Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Value (UGX)	Risk Rating
19.	ARUA851/WRKS/21-22/00014	Construction of mortuary at Adumi Health Centre	Open Domestic Bidding	Link Investment Ltd	142,199,000	High
20.	ARUA851/SVCS/19-20/000	Management and revenue collection from the main market in Arua City	Direct (from July 2021 to June 2022)	Betai Enterprises Limited	426,000,000	High
21.	Force on account mechanism	Periodic maintenance of Okuti Lane and Adam Makelele road for the period of July 2021 to August 2021		Works Department		High

Appendix 2: Risk Rating Criteria

RISK	DESCRIPTION
HIGH	Such procurements are 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".
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely 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 appropriate level of seniority.
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 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.
SATISFACTORY	Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.

Appendix 3: Revenue sources contracted but not reported to the Authority

No.	Subject of procurement	Provider	Contract Value (UGX) per month
1.	Revenue collection from Main market	Betai Enterprises Limited	40,000,000
2.	Revenue collection from Taxi Park	Gule Musa & Sons	16,000,000
3.	Revenue collection from the abattoir	Arua Livestock & Meat Sellers Association	13,000,000
4.	Revenue collection from loading and off loading	Betai Enterprises Limited	13,500,000
5.	Revenue collection from Odramacaku livestock market	Odramacaku Main & Livestock Vendors Association (Mr. Andebo Peter)	2,000,000
6.	Revenue collection from street parking	Obongi Prime Enterprises	1,650,000
7.	Revenue collection from Awindiri Market	Onzivu Market Vendors Association	1,500,000
8.	Revenue collection from Onduparaka market	Mr. Pariyo Albert	1,300,000
9.	Revenue collection from Ediofe Eyitia market	Arua Vendors Association (Mr. Acewera Titus)	1,200,000
10.	Revenue collection from Otokoa market	Otokowa Market Vendors Association	1,100,000
11.	Revenue collection from Dadamu market	Dadamu Market Vendors Association	1,000,000
12.	Revenue collection from Odramacaku main market	Odramacaku Main & Livestock Vendors Association (Mr. Andebo Peter)	500,000
13.	Revenue collection from Ombeteni market	Mr. Aleku Martin	400,000
14.	Revenue collection from Ediofe Slaughter slab	Mr. Adriko Wilson	400,000
15.	Revenue collection from Oria market	Mr. Odrana Jackson	325,000
16.	Revenue collection from Ariceni market	Mr. Tiyo Bosco	300,000
17.	Revenue collection from Liria market	Mr. Onzima Richard	300,000
18.	Revenue collection from Kigo market	Mr. Azabo Judas (Landlord)	250,000
19.	Revenue collection from Lia market	Mr. Madira Alex	250,000
20.	Revenue collection from Mangasaba market	Mr. Bayo Samuel	200,000
21.	Revenue collection from Riki market	Mr. Adibo Phillipam	200,000
22.	Revenue collection from Oluodri market	Mr. Tiyo Bosco	150,000
23.	Revenue collection from Andelizua market	Mr. Madepi Alex	150,000
24.	Revenue collection from Driwala-BAT market	Mr. Andoroti Godfrey	150,000
25.	Revenue collection from Nyawunyawu market	Mr. Madepi Alex	150,000

No.	Subject of procurement	Provider	Contract Value (UGX) per month
26.	Revenue collection from Enyau Livestock market	Mr. Bayo Karl Peter	150,000
27.	Revenue collection from Itia market	Otokowa Market Vendors Association	120,000
28.	Revenue collection from Ajirikoli market	Mr. Bayo Carl Peter	100,000
29.	Revenue collection from Ndrowusi market	Mr. Tiyo Bosco	80,000
30.	Revenue collection from Kololo market	Mr. Candia Fabiano	50,000
31.	Revenue collection from Eraka market	Mr. Bayo Carl Peter	50,000
32.	Revenue collection from Edroni Market	Mr. Andebo Peter	25,000

Appendix 4: Unserviceable/obsolete assets recommended for disposal

No	Item description	Reference No	Quantity	No.	Item description	Reference No	Quantity
	Parking Yard				Office of the Deputy Town Clerk		
1.	Agricultural tractor	LG 0008-112	1		Laser jet printer 2035	LGDP/011	1
2.	Double cabin pick-up	LG 0005-112	1		Central Registry		
3.	Double cabin pick-up	UG 2706R	1		Office chairs		2
4.	Bitumen boiler		1		Laptop computer		1
5.	Pedestrian roller		1		Senior Community Development Office/Office Supervisor		
	Arua Public Library				HP Deskjet 2130		1
6.	Dust bins		2		Senior Law Enforcement Office/Commercial Office		
7.	Notice board		1		Desktop computer	MOLG/DDP.111/05	1
8.	Wall clock		1		Office chair		1
	Main Store				Mayor's office		
9.	Borehole pipe		1		Desktop Computer		1
10.	Assorted beds and other equipment under kitchen shade				Desktop computer (DELL)		1
	Art Clinic				Office desks		2
11.	Office chairs		2		Deputy Mayor's office		

No	Item description	Reference No	Quantity	No.	Item description	Reference No	Quantity
12.	Isolation Ward				Sofa chair		1
	Maternity Ward				Office chairs		2
13.	Wooden cupboard		1		Physical Planning Block		
	Dental Unit				Fuel pump		1
14.	Compressor		1		Sign post		3
15.	Suction Unit		1		ICT Unit		
	General Ward				24-port switch		1
16.	Stool		2		Consultation Room 2		
17.	Office chair		1		Drip stand		1
	Eye Clinic				Generator		1
18.	Inverter		1		Records Office		
19.	Batteries		2		Desktop PCs	UGD/011/GOV- s/480	1
20.	Compressor for fridge		1		YCC		
	PPUMIS Studio				Vaccine carriers		3
21.	curtains		4		Principal Community Development Office		
	Senior Environment Office				Filing cabinet		1
22.	Executive office chair		1		Procurement and Disposal Unit		
	Health Inspector				Fans		2
23.	Office chairs		3		Secretary Education Department		
	Extension cable		1		Office desk		1
24.	Stapler		1				
25.	Laser jet printer P2035	AMC/HLT/1 0-11	1				

Appendix 5: Case by Case Summary of Findings

No	Subject of procurement	Summary of findings
1.	Supply of 3-seater desks to primary schools in Arua City worth UGX 30,080,000	<ul style="list-style-type: none"> • Failure by the PDU to prepare a shortlist of providers for the Contracts Committee approval • Failure by the Contract Supervisor to prepare a contract implementation plan
2.	Repair of desks/ furniture in Arua Public Primary School worth UGX 15,350,000	<ul style="list-style-type: none"> • Delay of 56 working days by the User Department to initiate the procurement • Delay of 19 working days by the PDU to submit LG PP Form 2 to the Contracts Committee for approval of the invitation to bid, bidding document, procurement method, evaluation committee members • Failure by the PDU to prepare a shortlist of providers for the Contracts Committee approval • Unfair evaluation that denied the Entity a cost saving of UGX 500,000 • Failure by the Contract Supervisor to prepare a contract implementation plan • Failure to deduct 6% withholding tax (WHT) worth UGX 921,000 at the time of payment
3.	Construction of 2 classroom block with office at Kubo Primary School worth UGX 92,791,600	<ul style="list-style-type: none"> • Poor planning and budgeting causing a variance of UGX 42,791,600 (58%) between the planned amount and contracted amount and a variance of UGX 12,791,600 (12%) between the estimated market price at initiation and contracted amount • Delay of 57 working days by the User Department to initiate the procurement • Delay of 17 working days by the PDU to submit LG PP Form 2 to the Contracts Committee for approval of the invitation to bid, bidding document, procurement method, evaluation committee members • Non communication of arithmetic errors worth UGX 63,800 in the bid for Hope Engineering & Construction Works (BEB) • Passing a non-compliant BEB for example without submission of a mobilization schedule, construction schedule, submission of an inappropriate method of statement, ESMP and Health and Safety plan, etc • Failure to obtain 10% Performance and Environmental and Social securities • Failure by the Contract Supervisor to prepare a contract implementation plan • Payment of 10% contingency worth UGX 8,435,600 to the contractor, Hope Engineering & Construction Works, without any form of justification and accountability • Deduction of wrong retention amount at time of payment i.e 5% (UGX 4,639,580 VAT inclusive) instead of 10% (UGX 9,279,160 VAT inclusive) of the valued works

No	Subject of procurement	Summary of findings
		<ul style="list-style-type: none"> • Failure to deduct WHT before effecting payment to the contractor • Failure by the contractor to submit the Program of Works • Project inspection anomalies such as: paint peeling off the walls, lightening arrestors worth UGX 3M were not fixed; cracks on the floor screed and failure to plant grass worth UGX 500,000
4.	Construction of an incinerator at Aroi Health Centre III worth UGX 9,225,500	<ul style="list-style-type: none"> • Procuring outside the procurement plan • Ambiguous evaluation criteria such as: not specifying the value, time frame and documentation required for bidders' experience and past performance; the type, number and documentation required for bidders' equipment; the types, number and experience of bidders' personnel required • Failure by the PDU to prepare a shortlist of providers for the Contracts Committee approval • Low bidder participation i.e only 2 bids were received • Failure by the Contract Supervisor to prepare a contract implementation plan • Payment of contingency worth UGX 835,500 to the contractor, Quks Enterprises, without any form of justification and accountability • Project inspection anomalies such as: failure to commission the project since its completion on 25th June 2022; the incinerator needs a splash apron to protect the foundation; and failure to plant paspalam worth UGX 40,000 and ornamental trees worth UGX 50,000
5.	Renovation of Ayivu Division Office Block worth UGX 38,636,400	<ul style="list-style-type: none"> • Procuring outside the procurement plan • Poor planning and budgeting causing a variance of UGX 13,636,400 (55%) between the estimated market price at initiation and the contracted amount • Delay of 18 working days by the PDU to submit LG PP Form 2 to the Contracts Committee for approval of the invitation to bid, bidding document, procurement method, evaluation committee members • Failure by the PDU to prepare a shortlist of providers for the Contracts Committee approval • Low bidder participation i.e only 2 bids were received • Failure to detect arithmetic errors worth UGX 544,500 in the bid for Alawakil Yarahamuna Enterprises (BEB) hence the Entity potentially incurred a financial loss of UGX 544,500 since this money was paid to the contractor • Failure by the Contract Supervisor to prepare a contract implementation plan • Payment of 10% contingency worth UGX 3,512,400 to the contractor, Alawakil Yarahamuna Enterprises, without any form of justification and accountability

No	Subject of procurement	Summary of findings
6.	Construction of 5 stance lined VIP latrine at Riki Primary School worth UGX 27,401,000	<ul style="list-style-type: none"> • Ambiguous evaluation criteria such as: not specifying the value, time frame and documentation required for bidders' experience and past performance; the type, number and documentation required for bidders' equipment; the documentation required for bidders' financial capability; and the types, number and experience of bidders' personnel required • Unnecessary bid security requirement in the bidding document • Failure by the PDU to prepare a shortlist of providers for the Contracts Committee approval • Low bidder participation i.e only 2 bids were received • Failure by the Contract Supervisor to prepare a contract implementation plan • Paying the contractor less money without justification i.e the contractor, Eppo Engineering, was paid UGX 23,137,522 instead of the correct amount of UGX 24,469,093
7.	Construction of 5 stance lined VIP latrine at Luvu Primary School worth UGX 24,131,800	<ul style="list-style-type: none"> • Ambiguous evaluation criteria such as: not specifying the value, time frame and documentation required for bidders' experience and past performance; the type, number and documentation required for bidders' equipment; the documentation required for bidders' financial capability; and the types, number and experience of bidders' personnel required • Unnecessary bid security requirement in the bidding document • Failure by the PDU to prepare a shortlist of providers for the Contracts Committee approval • Low bidder participation i.e only 2 bids were received • Failure by the Contract Supervisor to prepare a contract implementation plan • Payment of 10% contingency worth UGX 2,193,800 to the contractor, Quks Enterprises, without any form of justification and accountability • Failure to fully pay the provider i.e the balance worth UGX 8,180,661 excluding retention has not been paid to the contractor, Quks Enterprises, despite the Entity issuing the contractor a certificate of completion on 4th July 2022 • Project inspection anomalies such as: failure to plant the grass and trees worth UGX 880,000
8.	Construction of 5 stance lined VIP latrine at Ambeko Primary School worth UGX 30,291,690	<ul style="list-style-type: none"> • Procuring outside the procurement plan • Overestimation of a procurement requirement at UGX 40,000,000 hence the costs skyrocketed and the contract was signed at UGX 30,291,690 which was above the UGX 25M average contract price for similar latrines procured • Ambiguous evaluation criteria such as: not specifying the value, time frame and documentation required for bidders' experience and past performance; the type, number and documentation

No	Subject of procurement	Summary of findings
		<p>required for bidders' equipment; the documentation required for bidders' financial capability; and the types, number and experience of bidders' personnel required</p> <ul style="list-style-type: none"> • Unnecessary bid security requirement in the bidding document • Failure by the PDU to prepare a shortlist of providers for the Contracts Committee approval • Failure by the Contract Supervisor to prepare a contract implementation plan • Payment of 10% contingency worth UGX 2,753,790 to the contractor, Obomgi Prime Enterprise, without any form of justification and accountability • Project inspection anomalies such as: some parts of the splash apron were below the ground level hence not serving its purpose; environmental and social considerations like planting of trees and wearing personal protective equipment by the contractor's staff were not adhered to during correction of defects • The facility was not in use since the date of issuance of the certificate of completion on 19th June 2022 due to the defects under correction (6 months' defects liability period)
9.	Rehabilitation of Go-Down road worth UGX 13,506,952,197	<ul style="list-style-type: none"> • Unjustified correction of arithmetic errors worth UGX 2,574,000,005 in the bid for China Railways 7th Group which increased the bid price from UGX 10,932,952,192 to UGX 13,506,952,197 • Failure by the Contract Supervisor to prepare a contract implementation plan • Delay to provide for investment service costs by the contractor such as purchase of vehicles and motorcycles, setting up of the laboratory and survey equipment, etc • Sub-contracting a local contractor that potentially lacked capacity • Slow progress of the works ie as at 31st July 2022, 44% of the project time had lapsed with the physical progress being at 28% and financial progress at 38%. • Delay of six months to relocate utilities • Pending submissions from the contractor such as: approved work program; borrow pits reinstatement plan; site organization chart; in-house safety and health rules and regulations; statutory test certificates of site machinery and equipment; and security management plan • Pending works such as relocation of MTN cables and power lines; excavation of service ducts; installation of prefabricated culverts; concrete kerbing, concrete channelling and concrete linings for open drains; pitching, stone work and protection against erosion; filling of natural gravel for sub base; cement stabilized crushed aggregate for road subbase; crushed aggregate

No	Subject of procurement	Summary of findings
		for road base; asphalt pavements and seals; installation of road markings including humps, white lines, and road studs; grassing and planting of trees; road lighting; trash cans; and us stop shelters
10.	Consultancy services for supervision of Go-Down road worth UGX 1,027,900,000	<ul style="list-style-type: none"> • Failure by the Contract Supervisor to prepare a contract implementation plan • Failure to submit reports according to the agreed contractual terms such as Draft inception report, Final inception report, Draft Consultant's Quality Assurance Manual, Final Consultant's Quality Assurance Manual, Draft design review report, Final Design Review Report, Draft Contractor's mobilization report, Final Contractor's mobilization report, Quarterly progress reports.
11.	Renovation of classroom block at Nyio Primary School worth UGX 78,491,889	<ul style="list-style-type: none"> • Poor planning and budgeting leading to a variance of UGX 38,491,889 (96%) between the planned amount and contract amount and a variance of UGX 18,491,889 (30%) between the estimated market price at initiation and contract amount • Delay of 17 working days by the User Department to initiate the procurement • Delay of 27 working days by the PDU to submit LG PP Form 2 to the Contracts Committee for approval of the invitation to bid, bidding document, procurement method, evaluation committee members • Failure to detect arithmetic errors worth UGX 8,146,425 in the bid for Hope Engineering & Construction Works (BEB) hence exposing the Entity to a potentially financial loss of UGX 8,146,425 • Passing a non-compliant bidder, Hope Engineering & Construction Works (BEB) eg without submission of a mobilization schedule, construction schedule, submission of an inappropriate method of statement, ESMP and Health and Safety plan, etc • Failure to obtain 10% Performance and Environmental and Social securities • Failure by the Contract Supervisor to prepare a contract implementation plan • Payment of 5% contingency worth UGX 3,167,550 to the contractor, Hope Engineering & Construction Works, without any form of justification and accountability • Deduction of wrong retention amount at time of payment i.e 5% (UGX 3,924,595) instead of 10% (UGX 7,849,188.9) of the valued works • Failure to deduct WHT before effecting payment to the contractor, Hope Engineering & Construction Works • Failure by the contractor to submit the Program of Works

No	Subject of procurement	Summary of findings
		<ul style="list-style-type: none"> Project inspection anomalies such as: poor painting finishes of the classroom block at the front view
12.	Renovation of Doctor's house at Adumi Health Centre worth UGX 19,938,600	<ul style="list-style-type: none"> Delay of 23 working days by the User Department to initiate the procurement Irregular inclusion of cost requirement for supervision of works under preliminaries in the solicitation document Failure by the Contract Supervisor to prepare a contract implementation plan Payment of 5% contingency worth UGX 1,812,600 to the contractor, Quks Enterprises, without any form of justification and accountability The project had not been commissioned and handed over to the intended beneficiary by the time of the audit
13.	Supply of motor vehicle for Education Department worth UGX 179,845,355	<ul style="list-style-type: none"> Inadequate statement of requirements, for example, non- inclusion of the total life cycle costs of the vehicle such as servicing, replacement of parts, maintenance and minor repairs Ambiguous evaluation criteria such as: failure to specify the value, time frame and documentation required for bidders' general experience and specific experience; and the documentation required for bidders' financial capability. Failure by the Contract Supervisor to prepare a contract implementation plan
14.	Supply and installation of solar street lights on Oluko road worth UGX 159,360,000	<ul style="list-style-type: none"> Delay of 30 working days by the PDU to submit LG PP Form 2 to the Contracts Committee for approval of the invitation to bid, bidding document, procurement method, evaluation committee members Failure to detect arithmetic errors worth UGX 20,000,000 in the bid for Godmax Services Limited (BEB) hence the bidder made a loss of UGX 20,000,000 which could potentially affect the quality of supplies Failure by Contract Supervisor to prepare a contract implementation plan
15.	Supply of printers, laptops and a projector worth UGX 11,426,400	<ul style="list-style-type: none"> Inadequate evaluation criteria i.e there was no requirement for a manufacturer's authorization yet it is critical for IT equipment to avoid counterfeits and unauthorized middlemen Failure by the Contract Supervisors to prepare a contract implementation plan
16.	Supply of furniture & equipment worth UGX 52,955,000	<ul style="list-style-type: none"> Delay of 124 working days by the User Department to initiate the procurement Delay of 12 working days by the PDU to submit LG PP Form 2 to the Contracts Committee for approval of the invitation to bid, bidding document, procurement method, evaluation committee members

No	Subject of procurement	Summary of findings
		<ul style="list-style-type: none"> • The evaluation committee irregularly conducted negotiations without the approval of the Contracts Committee • Irregular change of the delivery period from 2 months in the issued bidding document to 3 months at time of contract signing • Failure by the Contract Supervisor to prepare a contract implementation plan
17.	Supply of three seater desks to schools worth UGX 47,200,000	<ul style="list-style-type: none"> • Poor planning and budgeting leading to a variance of UGX 17,200,000 (57%) between the planned amount and contracted amount • Delay of 119 working days by the User Department to initiate the procurement • Delay of 18 working days by the PDU to submit LG PP Form 2 to the Contracts Committee for approval of the invitation to bid, bidding document, procurement method, evaluation committee members • Inadequate statement of requirements that lacked parameters such as dimensions for length, width and height, the type of wood, etc • The evaluation committee irregularly conducted negotiations without the approval of the Contracts Committee • Irregular change of the delivery period from 2 months in the issued bidding document to 3 months at time of contract signing • Failure by the Contract Supervisors to prepare a contract implementation plan
18.	Supply of medical equipment worth UGX 149,742,436	<ul style="list-style-type: none"> • Poor planning and budgeting leading to a variance of UGX 113,870,000 (79%) between the planned amount and contracted amount and a variance of UGX 113,870,000 (79%) between the estimated market price at initiation and contracted amount • Inadequate statement of requirements i.e failure to provide for installation of the equipment, user training and maintenance aspects of the equipment to ensure sustainability.
19.	Construction of mortuary at Adumi Health Centre worth UGX 142,199,000	<ul style="list-style-type: none"> • Delay of 184 working days by the User Department to initiate the procurement • Inadequate evaluation criteria i.e failure to require bidders to submit history of non-performing contracts, pending litigation, performance on ESHS aspects, historical financial performance, average annual turnover, financial resources availability and capability, general experience and specific experience. • Failure to evaluate bidders according to the evaluation criteria stated in the bidding document • Failure to obtain 10% Performance and Environmental and Social securities • Failure by the Contract Supervisor to prepare a contract implementation plan

No	Subject of procurement	Summary of findings
		<ul style="list-style-type: none"> Irregular advancement of funds to the contractor, Link Investment Ltd, worth UGX 76,151,646 (54% of the contract price) on 23rd June 2022 yet there was no provision for it in the contract Expired advance payment guarantee on 5th September 2022 before recovery of the advance paid to the contractor Slow progress of works i.e the progress report dated 2nd September 2022 indicated that 33% of the project time had elapsed from the commencement date of 14th July 2022, with only the substructure completed amounting to 18% of the physical progress of works and the financial progress was at 54% yet the contractual completion date is 16th November 2022.
20.	Management and revenue collection from the main market in Arua City from July 2021 to June 2022 worth UGX 426,000,000	<ul style="list-style-type: none"> Failure by the Contract Supervisor to prepare a contract implementation plan No evidence of remittance of Quarter I deficit of UGX 98M to Arua Central Division Account, by the provider, Betai Enterprises Ltd No evidence of remittance of Quarter III deficit of UGX 31.5M to Arua Central Division Account, by the provider, Betai Enterprises Ltd No evidence of remittance of Quarter IV deficit of UGX 102M to Arua Central Division Account, by the provider, Betai Enterprises Ltd
FORCE ON ACCOUNT MECHANISM		
21.	Periodic maintenance of Okuti Lane and Adam Makelele road for the period of July 2021 to August 2021	<ul style="list-style-type: none"> Failure by the Contract Supervisors to prepare a contract implementation plan The road did not have approved budget estimates indicating the planned allowances, equipment costs and materials for the road There was no work program for the works to be executed The process for acquisition of culverts was not documented The payment of allowances was not documented

Appendix 6: Members in the Procurement and Disposal Unit

No	Name	Job Title	Academic Qualification	Procurement Certification	Years of Experience
1.	Mr. Omale Jimmy	Senior Procurement Officer	Bachelor's Degree in B. Com (Purchasing and Supplies option); Post Graduate Diploma in Purchasing & Supplies	CIPS Level 5	14 years
2.	Ms. Afuru Iren	Procurement Officer	Bachelor's Degree in Procurement & logistics management; Post Graduate Diploma in Purchasing & Supplies	CIPS Level 4	4 years

Appendix 7: List of the Contracts Committee members

No	Name	Job Title	Position on Contracts Committee	Appointment Date	Date of Expiry
1.	Mr. Afedra Bosco	Assistant Engineering Officer (Mechanical)	Chairperson	11/02/2020	11/02/2023
2.	Dr. Taban Luke	Senior Veterinary Officer	Member	11/02/2020	11/02/2023
3.	Ms. Taliru Beatrice	Community Development Officer	Member	11/02/2020	11/02/2023
4.	Ms. Shidah Zubeda Olekua	Senior Assistant Town Clerk	Member	11/02/2020	11/02/2023
5.	Mr. Lumu Musa	Statistician	Member	11/02/2020	11/02/2023

Appendix 8: List of User Departments

No	User Department	Head of Department	Job Title
1.	Administration	Mr. Jobile Cornelius	Assistant Deputy Town Clerk
2.	Finance	Mr. Adriko B. Sam	Senior Accountant
3.	Production	Dr. Taban Luke	Senior Veterinary Officer
4.	Works	Mr. Dradria Anthony	Senior Civil Engineer
5.	Education	Mr. Obiayi Ombere Raymond	City Education Officer
6.	Community Services	Ms. Drate Judith	City Community Development Officer
7.	Health	Dr. Apangu Pontius	City Health Officer