



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

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

BUSIA MUNICIPAL COUNCIL

APRIL 2023

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ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQs	Bill of quantities
CC	Contracts Committee
CCTV	Closed Circuit Television
CFO	Chief Finance Officer
EC	Evaluation Committee
FY	Financial Year
HC	Health Center
LG	Local Government
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SRVCS	Services
SPLS	Supplies
BUMC	Busia Municipal Council
UGX	Uganda Shillings
USMID	Uganda Support to Municipal Infrastructure Development Program
VAT	Value Added Tax

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Busia Municipal Council that covered a representative sample of 20 procurement transactions worth UGX. 10,843,860,460 under the Financial Year 2021/22.

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

From the findings of the procurement audit exercise, the performance of Busia Municipal Council for the Financial Year 2021/22 was **Moderately Satisfactory** with overall weighted average risk rating of **66%** as detailed in chapter 3 of the report.

Despite the moderately satisfactory performance, the following issues were noted:

1. The Entity did not fully implement 80% of the previous audit recommendations despite being issued with its previous audit report for the Financial Year 2020-2021 in June 2022 which weakened the internal systems and processes and compromised performance improvement.
2. Failure to dispose several obsolete assets that were identified in the board of survey report for Financial Year 2020/2021. There was no documentary evidence of any efforts taken to dispose the items contrary to Regulation 122 (2) of the Local Governments (PPDA) Regulations 2006 which inhibits achievement of value for money as funds are held up in those assets and could suffer further loss in value due to depreciation.
3. Failure to maintain force account records on file thus no accountability for the UGX. 383,837,926 released by Uganda Road Fund to the Entity which casts doubt on the transparency and accountability for works undertaken using force account.
4. Failure to attach specifications, bills of quantities, drawings and structural designs to the requisition form and include them in the solicitation document in the procurement for the construction of the Busia Municipal Council main office block worth UGX 810,560,000 contrary to Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006. This could have led to preparation of non-responsive bids by the bidders.
5. Low bidder participation where the Entity had only one or two bidders submitting bids in three procurements worth UGX 98,979,176. The Entity may not obtain competitive bid offers thus failure to achieve value for money.
6. Irregularities during evaluation of bids such as passing firms without tax clearance certificate and manufacturer's authorisation were noted in four procurement transactions worth UGX 984,215,176 contrary to the evaluation criteria which leads unfairness and contract award to non-compliant bidders thus compromising competition.
7. Failure to conduct due diligence on all the information submitted by the bidders during evaluation and before signing contracts which was contrary to the PS/ST circular Ref: FAD154/308/01 issued on 7th August 2014 to all Accounting Officers. Specifically, the evaluation committee recommended award of contract to bidders that submitted invalid transaction tax clearance certificates in three procurements worth UGX 81,003,176. This may result into award of contracts to firms which lack the capacity to execute the contract.
8. Signing contracts at Value Added Tax (VAT) inclusive prices with companies not registered for VAT in four procurements worth UGX 123,943,176 thus financial loss of UGX. 18,906,587.

9. Slow progress of construction works for upgrading of Market Square Road (0.658 Km), Obernester Road (0.517 Km), Busia SS Road (0.176 Km), Wanyama Road (0.279 Km), Ekaka Road (0.658 Km), and Taxi park road (0.769 Km) worth UGX 19,012,397,103. By 25th October 2022 the physical progress was at 69% against time progress of 133.3%. This implies that the contractor is behind schedule and the Entity risks delayed execution of the works which might escalate the project costs due to persistent contract extensions.
10. Incomplete works in the procurement for the construction of the main office Block worth UGX 810,560,000. The bills of quantities provided for a first floor worth UGX 338,074,030 however during physical verification the Authority noted that only works on the solid slab on sections of the first floor had been undertaken yet the contract expired on 31st June 2022.
11. Payment for works not executed in the procurement for the construction of the main office Block worth UGX 810,560,000; the measurement sheets attached to interim payment certificate number two worth UGX 213,892,523 indicated that works worth UGX 47,430,000 had been done on first floor internal walls yet these were not found during physical verification. Thus the Entity incurred a financial loss of UGX 47,430,000.

Key Recommendations made:

1. The Accounting Officer should put in place a strong internal mechanism and a dedicated team (task force) of staff that will be tasked with the role of ensuring full implementation of audit recommendations made by the Authority.
2. The Accounting Officer should ensure that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the Local Governments (PPDA) Regulations, 2006.
3. The Accounting Officer should task the Municipal Engineer to provide detailed accountability for UGX. 383,837,926 released by Uganda Road Fund to the Entity in accordance with circular No. 3 of 2012 to Local Governments on use of force account mechanism including but not limited to detailed workplan, the bills of quantities for works undertaken, progress reports, stores and payment records for materials, equipment, repairs, fuel and allowances in order to show cause as to why the matter should not be forwarded to the Criminal Investigations Directorate of Uganda Police Service force for further action.
4. The user departments should attach statement of requirements and terms of reference at initiation according to Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006.
5. The Accounting Officer should ensure that all procurements are conducted in a fair, transparent and competitive manner in accordance with Section 45 and 46 of the PPDA Act, 2003 and anomalies at solicitation document preparation such as inadequate specifications and also unfair evaluation should be addressed in order to rebuild the confidence that may have been lost by the bidders.
6. The Head, Procurement and Disposal Unit should guide the Evaluation Committee members to strictly adhere to the criteria set out in the solicitation document as provided under Regulation 72 and 74 of the Local Governments (PPDA) Regulations, 2006.
7. The Accounting Officers should ensure adherence to the PS/ST's guidance on conducting due diligence.
8. The Accounting Officer should recover UGX 18,906,587 lost due to payment of VAT to providers that not registered for VAT and also caution the CFO against such irregular payments in the Entity.
9. The Accounting Officer should strengthen contract monitoring and ensure that the contractor expedites the execution of the works within the project duration time.
10. User departments should ensure effective contract management in accordance with Regulation 119 of the Local Governments (PPDA) Regulations, 2006.

11. The Accounting Officer should recover UGX 47,430,000 incurred as a financial loss due to payment for works not executed from Engineering Tradelinks Limited.

Busia Municipal Council should implement the recommended action plan on pages **27-29**.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Busia Municipal Council that covered a representative sample of 20 procurement transactions worth UGX. 10,843,860,460 under the Financial Year 2021/22. The audit involved a review of the procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act 2003 and Local Governments (PPDA) Regulations 2006.

1.2 Overall Objective

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Busia Municipal Council's procurement system and processes with the provisions of the PPDA Act 2003 and Regulations 2006 and assess the level of procurement performance over the audit period.

The specific objectives were:

1. To establish the level of compliance by the PDE with the general provisions of the PPDA Act 2003 and Local Governments (PPDA) Regulations, 2006;
2. To establish the level of compliance with the PPDA Act, 2003 and Local Governments (PPDA) Regulations, 2006 in the conduct of procurement and disposal activities; and
3. To assess the level of efficiency and effectiveness in contract implementation.

1.3 Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The audit covered a representative sample of 20 procurement transactions under the Financial Year 2021/22. The list of sampled transactions is contained in **Annex 2**. Table 1 below details the distribution of the transaction population and sample.

Table 1: Distribution of the transaction population and sample

Procurement method	Popn Value(UGX)	Sample Value(UGX)	% Value	Popn no	Sample no	% no
Open National bidding	10,034,321,284	9,934,321,284	99%	21	16	76.2%
Selective National bidding	143,189,996	98,979,176	69.1%	18	3	16.7%
Direct procurement	810,560,000	810,560,000	100%	1	1	100%
Total	10,988,071,280	10,843,860,460	98.7%	40	20	50%

1.4 Methodology

The auditors examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive audit conclusions. This involved a review of the Entity's procurement and disposal planning, initiation, bidding, evaluation,

contract placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fit for purpose.

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **2nd November 2022** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **6th December 2022** with a request to submit a management response by **9th December, 2022** which was submitted on **14th December 2022**. The exit meeting was held on **14th December 2022** at PPDA Eastern Regional Offices.

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

1.5 Procurement Structure of the Entity

The key players in the procurement structure at Busia Municipal Council included the Town Clerk as Accounting Officer, the Contracts Committee (CC), the Procurement and Disposal Unit (PDU) and the User Departments.

1.5.1 Accounting Officer

Section 26 of the PPDA Act 2003 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The Town Clerk; Mr. Vincent Okurut was designated as the Accounting Officer of the Entity during the Financial Year 2021-2022. The audit also noted that the Entity currently had a new Accounting Officer Mr. Ronald Ross Baganzi that took over the role effective FY 2022/2023.

1.5.2 Composition of the Contracts Committee

During the audit period, the Entity's Contracts Committee was fully constituted as per the provisions of Section 27 of the PPDA Act, 2003 and Regulation 15 of the Local Governments (PPDA) Regulations 2006 that require the Town Clerk to nominate five members among the public officers of the Procuring and Disposing Entity for approval by the Permanent Secretasry/Secretary to the Treasury. Table 2 below indicates Contracts Committee members.

Table 2: List of Contracts Committee Members

No.	Name	Job Title	Position on Committee	Date of Appointment
1.	Mr. Julius Ogallo Nyerere	Principal Community Development Officer	Chairperson	14 th December 2022
2.	Ms Lilian Anyango	Market master	Member	28 th January 2023
3.	Dr. Christine Fortunate Ayoma	Medical officer	Member	28 th January 2023
4.	Mr. Umar Kyebagulo Wasswea	Senior Human Resource Officer	Member	28 th January 2023

5.	Mr. Aggrey Egesa	Senior Economic Planner	Member	28 th January 2023
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1.5.3 Staffing of the Procurement and Disposal Unit

The Authority noted that the Procurement and Disposal Unit was fully constituted with a Senior Procurement Officer (Head Procurement and Disposal Unit) and an Assistant Procurement Officer as shown in table 3 below:

Table 2: Compensation of the Procurement and Disposal I Unit

No.	Name	Position	Qualification	Date of appointment
1.	Mr. Bernard Obonyo	Senior Procurement Officer	BBA (Procurement)	10 th June 2013
2.	Ms. Maliza Nabwire Obale	Procurement Officer	Bachelor of Procurement and Logistics Management	13 th April 2022

CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

2.1 To establish the level of compliance by Busia Municipal Council with the general provisions of the PPDA Act, 2003 as amended and the Local Governments (PPDA) Regulations, 2006

2.1.1 Failure to fully implement 80% of the previous audit recommendations

Busia Municipal Council was issued with its previous audit report for the Financial Year 2020-2021 in June 2022. Out of ten recommendations made, two representing 20% were fully implemented and eight representing 80% were not fully implemented as detailed in table 4 below:

Table 4: Implementation of Previous Audit Recommendations

No.	Recommended Action	Status
1.	The Accounting Officer with support from Internal Audit should come up with a strong mechanism that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, discussing them in top management meetings and setting up a task force for implementation among others.	Not implemented
2.	The Head Procurement and Disposal Unit should ensure that the solicitation documents prepared, define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulations 48 (2) and 48 (4) of the Local Governments (PPDA) Regulations.	Partially implemented
3.	The Accounting Officer should engage the Authority to train and build capacity of the various stakeholders in the procurement process such as PDU, User Departments so as to improve their performance in execution of their functions such as preparation of solicitation documents, evaluation of bids among others.	Not implemented
4.	The Head of Procurement and Disposal Unit should ensure that evaluations are conducted in line with the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003 and the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, 2003 before approving the evaluation reports	Partially implemented
5.	The Accounting Officer should follow up with the relevant Agencies and Ministries to transfer ownership of the assets to ensure that all identified assets for disposal are disposed in accordance with Regulations 122-133 of the Local Governments (PPDA) Regulations, 2006.	Partially implemented

6.	The Accounting Officer should strengthen contracts management and monitoring systems in the Entity and task the Contract Supervisors to ensure that contractors fulfil their obligations as per the contract.	Partially implemented
7.	User Departments should always propose technical specifications to the Procurement and Disposal Unit that are generic and make no reference to a particular trademark or brand name in accordance with Regulation 48 (8) of the Local Governments (PPDA) Regulations, 2006 in order to promote competition.	Partially implemented
8.	Due diligence should be conducted on all the information submitted by the bidders during evaluation and before signing contracts with bidders in accordance with the PS/ST circular Ref: FAD154/308/01 issued on 7 th August 2014	Partially implemented

Implication

Implementation of audit recommendations strengthens internal controls within the Entity and where recommendations are not implemented, it implies that there is no willingness within the Entity to improve the performance of the procurement and disposal function.

Management Response

Management acknowledged the anomaly and stated that it is going to gradually implement the recommendations.

Recommendation

The Accounting Officer should put in place a strong internal mechanism and a dedicated team (task force) of staff that will be tasked with the role of ensuring full implementation of audit recommendations made by the Authority.

2.1.2 Failure to dispose obsolete items

The board of survey report for Financial Year 2020/2021 identified several assets for disposal. However, there was no documentary evidence on efforts taken to dispose them contrary to Regulation 122 (2) of the Local Governments (PPDA) Regulations 2006. Assets were found lying idle in the yard risking being vandalized and further loss in value due to depreciation. The details of the Assets are shown in table 5 below:

Table 5: Items intended for disposal

No	Details of Asset	Quantity (No.)
1.	Pickups	2
2.	Motorcycles	6
3.	Lorries	2
4.	Generators	2
5.	Bicycle	1
6.	Bus	1

Figure 1: Items due for disposal



Implications

- This inhibits achievement of value for money as funds are held up in assets and also lost through depreciation of these assets.
- Assets are exposed to a risk of theft and vandalism.

Management Response

Management stated that that disposal had commenced and that the Executive sat on 27th October 2022 and approved the list of items due for disposal as was identified by the board of survey report. Management further stated that the delay in the disposal of obsolete assets was also due to failure to secure ownership documents from the respective agencies of government.

Recommendation

The Authority noted the Entity's response however there was no documentary evidence provided as proof of any steps taken towards disposal of obsolete assets yet management approved the report of assets recommended for disposal on 27th October 2022. The Authority recommends that;

- The Accounting Officer ensure that assets of the Entity due for disposal are disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006 and follow up on ownership documents from the Agencies that donated them be expedited.

2.1.3 Irregular use of force Account mechanism

According to the annual progress report on works projects as on 30th June 2022, routine manual and mechanised and periodic maintenance of Busia Municipal council roads was majorly funded by Uganda Road Fund as summarised in table 6 below:

Table 6: URF Funding for Busia MC FY 2021/2022

No.	Particulars	Value (UGX)
1.	Budget	549,347,216
2.	Total release	383,837,926
3.	Total expenditure	360,837,926
4.	Budget cut	165,509,290

During the review of the reports submitted by the works department to the Town Clerk and Uganda Road Fund the Authority noted the following inconsistencies;

i. Failure to maintain force account records on file thus no accountability for the UGX. 383,837,926 released by Uganda Road Fund to the Entity.

Due to failure to appoint a force account supervisor and manager the following records were not kept by the Entity for works undertaken using force account thus inhibiting accountability;

- 1) Scope of works to be undertaken.
- 2) Estimated unit price and budget for the works.
- 3) List, specifications and quantities of supplies for the works to be undertaken.
- 4) Estimated duration of the works to be executed.
- 5) Personnel involved in the works
- 6) Equipment to be used in the works.
- 7) Detailed work programme for the execution of each of the works to be undertaken.
- 8) Works management plan
- 9) Daily worksheets to indicate the works executed.
- 10) Periodic progress reports.
- 11) Final report at the completion of the assignment including daily worksheets.
- 12) Schedule of allowances.
- 13) Powers of the force account supervisor.
- 14) Evidence of verification of works undertaken.
- 15) Performance and completion certificates in relation to the works executed.

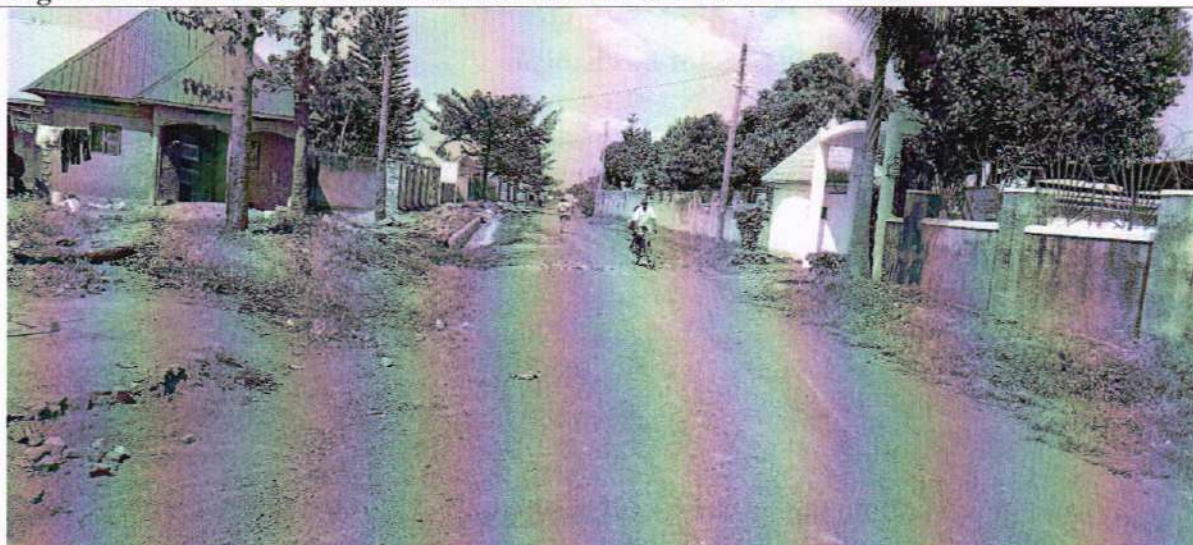
Therefore, due to lack of the above documentation the Authority could not ascertain the accuracy of the total expenditure of UGX 360,837,926 on road works reported by the Entity.

The Authority also could not ascertain the cause of the variance worth UGX 23,000,000 between UGX. 383,837,926 released by Uganda Road Fund to the Entity and the expenditure worth UGX 360,837,926 reported by the Entity.

Furthermore, during physical verification by the Authority on 25th October 2022 works were still ongoing on Samson Were road as indicated in figure 2 below. However there was no

certainty whether these works were under the financial year 2021/2022 or 2022/2023 due to lack of contract management records.

Figure 2: Routine mechanised maintenance of Samson Were Road



- Drainage improvement works were ongoing by 25th October 2022.
- Force account records were not availed therefore there was no plan and accountability for resources such as inputs, equipment, labour and time.
- There was no signpost therefore the Authority could not ascertain the name of the Road, whether works were undertaken and the financial year when they were undertaken.

ii. Inconsistent and inaccurate reporting

The Authority noted inconsistencies in the quarter two report on works submitted to the Town Clerk and the quarter two report on works submitted to the Uganda Road Fund which cast doubt on the accuracy of the expenditure of UGX 360,837,926 for FY 2021/2022 as reported by the Entity and thus indicators of fraud and embezzlement in the implementation of works using force account mechanism. The inconsistencies included the following:

- The total expenditure in the report submitted to the Town Clerk was UGX 83,140,000 and the total expenditure in the report submitted to the Uganda Road Fund was UGX 86,756,000 for quarter two thus a difference of UGX 3,616,000.
- The cost of supervision and administrative costs in the report submitted to the Town Clerk was indicated as UGX 4,691,000 and indicated as UGX 8,142,000 in the report to Uganda Road Fund thus a difference of UGX 3,451,000.
- The Authority also noted that routine mechanised maintenance works on Solo Stream (0.8km) worth UGX 4,725,000 was reported to Uganda Road Fund yet it was not reported to the Town Clerk. Thus total of cost for routine mechanised maintenance works in report submitted to the Town clerk was UGX 24,498,000 yet it was UGX 29,223,000 in the report submitted to Uganda Road Fund.
- The total cost of routine manual maintenance in the report submitted to the Town Clerk was UGX 35,160,000 and the total in the report to URF was UGX 30,600,000 thus a difference of UGX 4,560,000

Implications

- This casts doubt on the transparency and accountability for works undertaken using force account.
- There was no achievement of value for money.
- This could be an indicator of fraud and embezzlement of public funds thus no accountability.

Management response

Management stated that at the time of the audit the accountability for resources such as inputs, labour and daily sheets were with the Auditor General team and these have been retrieved and are available for verification.

Management further states that the variance in the reported figures was attributed to system errors however these have been reconciled with the reports submitted to Uganda Road Fund.

Recommendations

Management submitted inadequate responses as it only submitted seven copies of daily worksheets for drainage improvement on Buchunju road therefore the Authority recommends that the Accounting Officer:

- Ensures that works undertaken using force account mechanism are implemented in accordance with circular No. 3 of 2012 to Local Governments on use of Force Account mechanism.
- Ensures that all procurements are conducted in a manner which promotes economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003.
- Ensures that all procurement transactions are conducted in a fair, transparent and competitive manner in accordance with Sections 45 and 46 of the PPDA Act, 2003.
- Launches an investigation into the implementation of Force Account mechanism at the Municipality, hold the Municipal Engineer accountable for any financial loss and share the report with the Authority.
- Task the Municipal Engineer to provide detailed accountability for UGX. 383,837,926 released by Uganda Road Fund to the Entity in accordance with circular No. 3 of 2012 to Local Governments on use of Force Account mechanism including but not limited to detailed workplan, the bills of quantities for works undertaken, progress reports, stores and payment records for materials, equipment, repairs, fuel and allowances in order to show cause as to why the matter should not be forwarded to the Criminal Investigations Directorate of Uganda Police Force for further action.

2.2 Establish the level of compliance with the PPDA Act, 2003 and the PPDA Local Governments Regulations 2006 in the conduct of procurement and disposal activities

2.2.1 Inadequate reporting

1. Failure to report micro procurements to the Authority

The Authority noted that the Entity's procurement plan included micro procurements however these were not reported by the Entity in all the quarterly reports submitted to the Authority during Financial Year 2021/2022 contrary to Regulation 7 of the Local Governments (PPDA) Regulations, 2006.

Furthermore, there was no evidence of submission of reports on micro procurements to the contracts committee contrary to Regulation 17 (3) (e) of the Local Governments (PPDA) Regulations, 2006. The micro procurements in the procurement plan that were not reported to the Authority are detailed in table 7 below:

Table 7: Planned micro procurements not reported

No	Subject of Procurement	Source of Funding	Planned value (UGX)
1.	Procurement of uniforms for enforcement (Western division)	Local revenue	500,000
2.	Procurement of battery for BP machines and other equipment (Health)	PHC	972,000
3.	Procurement of cabin (Health)	PHC	700,000
	Total		2,172,000

Implication

This is an indicator of lack of accountability and thus exposing the Entity to a risk of financial loss.

Management response

Management acknowledged the anomaly and stated that it will implement the Authority's recommendations.

Recommendations

- The Head Procurement and Disposal Unit should submit reports on micro procurements to the Contracts Committee for consideration in accordance with Regulation 17 (3) (e) of the Local Governments (PPDA) Regulations, 2006.
- The Entity should ensure timely submission quarterly procurement and Disposal reports on micro procurements undertaken to the Authority in accordance with Regulation 7 (1) of the PPDA Local Government Regulations, 2006.

2.2.2 Failure to complete the funds availability section by User Departments.

The Authority found that in all the 20 procurement transactions reviewed worth UGX 10,843,860,460, User Departments left the funds availability section of the LG PP Form 1 indicating the actual remaining balance of funding blank.

Implication

Failure to confirm availability of funds exposes the Entity to a risk of conducting a procurement transaction for which funds are not available and may affect the Entity's ability to prioritize in the event the budget balance is found to be low.

Management response

Management observes that procurement requisitions are made based on the expected funds availability and in line with approved budget. However failure by user departments to indicate the remaining balance could be a capacity gap which shall be addressed.

Recommendation

User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.

2.2.3 Failure to attach specifications, bills of quantities, drawings and structural designs to the requisition form

The Authority noted that in two procurements ie. Supply of executive furniture and construction of the main office block worth UGX. 870,540,000, no specifications ,Bills of Quantities and structural drawings were attached to the requisition form respectively contrary to Regulation 65 (1) (a) of the Local Governments(PPDA) Regulations, 2006 provides that procurement requirements shall be documented using a requisition form that shall include a clear indication of the works, services or supplies required. Regulation 26 (1) (c) of the same regulations further provides that every User Department shall recommend a statement of requirements to the Procurement and Disposal Unit.

Furthermore, the Authority noted that there was no progress status report or measurement sheets of works conducted under the previous contract worth UGX 1,807,699,504 which self terminated by lapse of time thus there was a risk of billing for works undertaken in the previous contract which exposed the Entity to a risk of a financial loss.

The Authority also noted that in the procurement for the supply of executive office furniture worth UGX 59,980,000, specifications were not attached to the requisition form.

Implication

Failure to recommend statement of requirements by the User Department may lead to procurement outcomes not meeting the end users' requirements.

Management Response

Management stated that the statements of requirements was forwarded to procurement and disposal unit in soft copy and a print out was available on file.

Recommendation

Documentary evidence was not availed for verification therefore the Authority recommends that; User departments should always attach statement of requirements and terms of reference at initiation of each procurement according to Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006.

2.2.4 Inconsistencies in the solicitation documents

In the procurement for the construction of Busia Municipal Council main office block worth UGX 810,560,000 the solicitation document issued to bidders had the following inconsistencies;

- There were no BOQs and structural drawings in the bidding document; This is an indicator that the bills quantities were not reviewed by all the stakeholders thus leading to inconsistencies in the bills of quantities as noted in the best evaluated bidder's bid such as providing UGX 96,879,424 for the first floor roof without providing for first floor internal and external walls.
- Location of bid opening was not specific. The bidding document just indicated Busia Municipal Council.

Implications

- This could result into preparation of non-responsive bids by bidders and also lead to procurement of items which do not meet the users' requirements.
- Such inconsistencies could lead to disagreements which create unnecessary delays in the procurement process.

Management Response

Management stated that the bills of quantities and other documents were still with Value For Money audit team and council was yet to retrieve them after verification.

Recommendations

- The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that these documents are of good quality with no inconsistencies which could lead to misunderstandings between the Entity and the bidders.
- The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.

2.2.5 Failure to state the exact bid validity expiry date

The Procurement and Disposal Unit did not state the exact date of the expiry of the bid validity period in the solicitation documents in all the 20 sampled procurement transactions worth UGX10,783,590,460, contrary to PPDA Circular No.1/2013.

Implication

Failure to state exact dates may lead to disagreements between the Entity and the bidders on the start and end date of the bid validity periods.

Management Response

Management acknowledged the anomaly and stated that it will implement the Authority's recommendations.

Recommendation

The Procurement and Disposal Unit should state exact dates of expiry of bid validity periods when preparing solicitation documents as provided in the PPDA Circular No.1/2013.

2.2.6 Irregularities during evaluation of bids

The Authority noted irregularities in the evaluation of four procurement transactions worth UGX 984,215,176 as indicated in table 8 below:

Table 8: Procurement transactions with irregularities in their evaluation process

No	Subject of Procurement	Contract value (UGX)	PPDA Findings
1.	Construction of main office Block	810,560,000	<ul style="list-style-type: none">• There was no indication that Engineer Adrole Dennis was a staff of Tradelinks Company limited as his CV did not indicate tradelinks among his current employers. Thus the Authority could not ascertain if he would be available as a projects engineer for the works.

No	Subject of Procurement	Contract value (UGX)	PPDA Findings
			<ul style="list-style-type: none"> No activity schedule was in the best evaluated bidder's bid. No evidence of conducting due diligence on key documentation such as performance security and experience.
2.	Supply of computers laptops photocopiers and scanners	45,350,000	<ul style="list-style-type: none"> The best evaluated bidder submitted an expired PPDA ROP certificate; the certificate was valid from 1st January 2020 to 31st December 2020 yet the bid was submitted on 9th September 2021. The best evaluated bidder did not submit a manufacturer's Authorisation.
3.	Construction of five stance lined Pit Latrine at Busia SSS and two stance lined Pit Latrine at Mawero East PS Latrine emptying at Arubaine and Mawero East PS	43,829,176	No evidence of a signed code of conduct for contractors' personnel for EHSP.
4.	Supply of fuel	84,476,000	Hass Petroleum did not submit a tax clearance certificate
	Total	984,215,176	

Implication

Unfairness during evaluation leads to contract award to non-compliant bids and compromises on benefits of maximum competition.

Management Response

Management acknowledged the anomaly and stated that there will be a provision in the budget to facilitate training to build capacity of all user departments.

Recommendation

The Head, Procurement and Disposal Unit should guide the Evaluation Committee members to strictly adhere to the criteria set out in the solicitation document as provided under Regulation 72 and 74 of the Local Governments (PPDA) Regulations, 2006.

2.2.7 Failure to conduct due diligence

The Entity did not conduct due diligence on all the information submitted by the bidders during evaluation and before signing contracts with bidders contrary to the PS/ST circular Ref: FAD154/308/01 issued on 7th August 2014. Specifically, the evaluation committee recommended award of contract to bidders that submitted invalid transaction tax clearance certificates in three procurements worth UGX 81,003,176 as indicated in table 9 below:

Table 9: Procurements where the Entity did not conduct due diligence

No	Procurement	Bidders	TCC	Contract Amount (UGX)
1.	Construction of five stance lined Pit Latrine at Busia SSS and two stance lined Pit Latrine at Mawero East PS, Latrine emptying at Arubaine and Mawero East PS worth UGX 43,829,176	Egert investment Limited	BU05219017334	43,829,176
2.	Supply of stone aggregates, sand and hardcore worth UGX 24,964,000	Lilex investments limited	BU05210152479	24,964,000
3.	Supply of cement rolls of BRC and road lime	Lilex investments limited	BU05210152479	12,210,000
Total				81,003,176

Implication

Failure to conduct due diligence may result into award of contracts to firms which lack the capacity to execute the contract.

Management Response

Management acknowledged the anomaly and stated that due diligence on some of the statutory documents is now conducted instantly on line.

Recommendation

The Accounting Officers should ensure adherence to the PS/ST's guidance on conducting due diligence.

2.2.8 Limited Competition

A review of the sampled procurements revealed a lack of competition in the Entity's procurement processes. This is evidenced by the following irregularities:

1. Unjustified use of selective bidding

The Authority noted that in the procurement for the supply of computers laptops photocopiers and scanners worth UGX 45,350,000 the Entity used selective domestic bidding instead of open domestic bidding yet the procurement was above the threshold of UGX 30,000,000 contrary to Regulation 33 (3) of the Local Government (PPDA) Regulations, 2006.

Implication

This inhibits open and fair competition thus compromising the achievement of value for money and could be a n indicator of unethical practices in the entity.

Management Response

Management noted the anomaly and stated that it will implement the Authority's recommendations.

Recommendation

The Head, Procurement and Disposal Unit should recommend procurement methods in accordance with Regulation 33 (3) of the Local Government (PPDA) Regulations, 2006.

2. Low bidder participation

The Authority found that there was low bidder participation within the Entity in three procurements worth UGX 98,979,176. The Entity had only one or two bidders submitting bids. Table 10 below details procurements with low bidder participation.

Table 10: Low bidder Participation

No	Procurement	Amount (UGX)	No. of bidders invited	No. of bids received
1.	Supply of computers laptops photocopiers and scanners	45,350,000	3	2
2.	Construction of five stance lined Pit Latrine at Busia SSS and two stance lined Pit Latrine at Mawero East PS, Latrine emptying at Arubaine and Mawero East PS	43,829,176	4	1
3.	Renovation of ten stance pit latrine at Busia Border P/S	9,800,000	3	1
	Total	98,979,176		

Implication

The Entity may not obtain competitive bid offers thus failure to achieve value for money.

Management response

Management noted the anomaly and stated that these particular procurements were subjected to competitive bidding however, the low bidder participation could be attributed to the capacity gaps of the potential bidders thus failing to meet the requirements.

Recommendation

The Accounting Officer should ensure that all procurements are conducted in a fair, transparent and competitive manner in accordance with Section 45 and 46 of the PPDA Act, 2003 and anomalies at solicitation document preparation such as inadequate specifications and also unfair evaluation should be addressed in order to rebuild the confidence that may have been lost by the bidders.

2.2.9 Delayed invitation of bidders

In the procurement for renovation of ten stance pit latrine at Busia Border P/S worth UGX 9,800,000 the requisition was approved by the accounting officer, Mr. Okurut Vincent on 4/8/2021 but the bidders were invited on 25/2/2022 thus there was a delay of five (5) months.

Implication

Delays in the procurement process create a lengthy lead time which consequently impedes service delivery.

Management Response

Management noted the anomaly and stated that these delays are attributed to the user departments making incomplete submissions without enabling attachments such as bills of quantities hence delaying the invitation process. These anomalies have been brought to the attention of respective user departments and the entity hopes to achieve greater strides in this area.

Recommendation

The Accounting Officer should endeavour to eliminate delays in the Entity to ensure timely service delivery in accordance with Section 48 of the PPDA Act 2003.

2.2.10 Signing contracts at Value Added Tax (VAT) inclusive prices with companies not registered for VAT thus financial loss of UGX. 18,906,587

The Authority noted that in four procurements worth UGX 123,943,176 the Entity signed contracts at Value Added Tax (VAT) inclusive prices with companies which did not have VAT as one of the taxes registered for according to the URA certificates of registration in the bids submitted by the companies to the Entity. Table 11 below details procurements where BEBs were not registered for VAT but signed VAT inclusive contracts.

Table 11: Procurements where BEBs were not registered for VAT but signed VAT inclusive contracts

No	Subject of procurement	Provider	VAT contract (UGX)	inclusive value	VAT (UGX)
1.	Supply of computers laptops photocopiers and scanners	Mwanainchi General Holdings Limited - SMC		45,350,000	6,917,797
2.	Construction of five stance lined Pit Latrine at Busia S.S.S and two stance lined Pit Latrine at Mawero East P.S, Latrine emptying at Arubaine and Mawero East PS	Egert investment Ltd		43,829,176	6,685,807
3.	Supply of stone aggregates, sand and hardcore	Lilex investments ltd		24,964,000	3,808,068
4.	Renovation of ten stance pit latrine at Busia Border P/S	Nabahera Enterprises Ltd		9,800,000	1,494,915
	Total			123,943,176	18,906,587

Implication

The Entity incurred a financial loss of UGX18,906,587

Management response

Management stated that it did not pay VAT because most of these contractors did not quote for VAT and it also further stated that it will liaise with URA to validate VAT registration.

Recommendation

The payment records submitted for verification indicate that providers were paid vat inclusive amounts yet they were no VAT registered therefore the Authority recommends that;

The Accounting Officer should recover UGX 18,906,587 lost due to payment of VAT to providers that not registered for VAT and also caution the CFO against such irregular payments in the Entity.

2.3 To assess the level of efficiency and effectiveness in contract implementation

2.3.1 Slow progress of construction works on infrastructure sub projects in Busia Municipal Council under USMID; BUMC776/USMID-WRKS/2020-2021/00002 worth UGX 19,012,397,103

The Entity entered into a contract with Dott Services Limited on 24th March 2021 with a project completion date of 17th August 2022 which was extended to 18th December 2022. The scope included preliminaries and upgrading of Market Square Road (0.658 Km), Obernester Road (0.517 Km), Busia SS Road (0.176 Km), Wanyama Road (0.279 Km), Ekaka Road (0.658 Km), and Taxi park road (0.769 Km).

According to the contractor's monthly works projection for Busia Roads for the month of October 2022, the progress was at 69% physical progress against 133.3% time lapse as shown in Table 12 below:

Table 12: Progress of the project

Indicator	Planned (%)	Delivered (%)
Physical Progress	100	69
Time elapsed	133.3	69

According to the contractor's monthly works projection for Busia Roads for the month of October 2022, the pending works were as indicated in Table 13 below:

Table 13: Some of the pending works on the project

No.	Road	Some of the pending works
1.	Busia SS Road (0.176 Km)	1. Asphalt 2. Kerbstone laying
2.	Ekaka Road (0.658 Km)	1. Drainage (Longitudinal) U drain LHS 2. Service ducts 3. Cross culverts 4. Access culverts 5. Base crushed aggregate (CRR) 6. Prime 7. Asphalt 8. Kerbstone laying median
3.	Obernester Road (0.517 Km)	1. Drainage (Longitudinal) 900mm CPC 2. Drainage (Longitudinal) 600mm CPC

No.	Road	Some of the pending works
		3. Subbase (G30) 4. Service ducts 5. Base crushed aggregate (CRR) 6. Prime 7. Asphalt 8. Kerbstone laying median
4.	Wanyama Road (0.279 Km)	1. Drainage (Longitudinal) 900mm CPC 2. Drainage (Longitudinal) 600mm CPC 3. Access culverts 4. Base crushed aggregate (CRR) 5. Prime 6. Asphalt 7. Kerbstone laying median
5.	Market Square Road (0.658 Km)	Stretch A +A1 1. Access culverts 2. Manholes 3. Base crushed aggregate (CRR) Stretch B 1. Subbase (G30) 2. Base crushed aggregate (CRR) 3. Prime 4. Asphalt 5. Kerbstone laying Market Square extension 1. Drainage (Longitudinal) 1200mm CPC 2. Drainage (Longitudinal) 600mm CPC 3. Subbase (G30) 4. Service ducts 5. Cross culverts 6. Access culverts 7. Manholes 8. Base crushed aggregate (CRR) 9. Prime 10. Asphalt 11. Kerbstone laying
6.	Taxi park road (0.769 Km)	1. Subbase (G30) 2. Service ducts 3. Cross culverts 4. Access culverts 5. Manholes 6. Base crushed aggregate (CRR) 7. Prime 8. Asphalt 9. Kerbstone laying median

The Authority found works ongoing on market square road during physical verification on 25th October 2022 as indicated in figure 3 below:

Figure 3: Physical status of works on market square road on 25th October 2022



Implication

This implies that the contractor is behind schedule and the Entity risks delayed execution of the works which might escalate the project costs due to persistent contract extensions.

Management response

Management noted the anomaly and stated that the delayed execution of the works by the contractor is attributed to delayed procurement of the supervising consultant, late submission of rescope bills of quantities to the client for approval, Covid – 19, inflation leading to high costs of fuel and of most construction materials and heavy rains among other challenges see attached.

Recommendation

The Accounting Officer should strengthen contract monitoring and ensure that the contractor expedites the execution of the works within the project duration time.

2.3.2 Irregular contract management for construction of the main office Block

The Authority noted contract management irregularities in the procurement for the construction of the main office Block worth UGX 810,560,000. The irregularities included the following;

1. Incomplete works

The bills of quantities provided for a first floor worth UGX 338,074,030 however during physical verification the Authority noted that only works on the solid slab on sections of the first floor had been undertaken yet the contract expired on 31st June 2022. This is illustrated in figure 4 below:

Figure 4: Physical status of the project on 25th October 2022



- Works were done only up to the ground floor

Implication

Incomplete works imply that there was no achievement of value for money.

Management response

Management stated that most of the works in the rescope bills of quantities had been undertaken and whatever had not been put right under this phase, the contractor was advised to implement.

Recommendation

User departments should ensure effective contract management in accordance with Regulation 119 of the Local Governments (PPDA) Regulations, 2006.

2. Payment for works not executed

The measurement sheets attached to interim payment certificate number two worth UGX 213,892,523 indicated that works worth UGX 47,430,000 had been done on first floor internal walls yet these were not found during physical verification. Thus the Entity incurred a financial loss of UGX 47,430,000.

Implication

The Entity incurred a financial loss of UGX 47,430,000 due to payment for works not executed from Ms. Engineering Trade Links.

Management response.

Management stated the the contract was ad measurement and all the works paid for was certified.

Recommendations

The Audit observation was based on measurement sheets attached on the second payment certificate however the management response only provided a payment certificate for verification and did not provide measurement sheets as part of the response therefore the Authority recommends that;

- The Accounting Officer should recover UGX 47,430,000 incurred as a financial loss due to payment for works not executed.
- User departments should ensure effective contract management in accordance with Regulation 119 of the Local Governments (PPDA) Regulations, 2006.

3. Failure to appoint a clerk of works

The Bills of Quantities indicated that the contractor shall allow for supervision of the project by the clerk of works from the design consultant and the Engineer worth UGX 24,817,247. However, there was no evidence of appointment of a clerk of works and there was also no accountability of how the UGX 24,817,247 was disbursed thus a risk of financial loss to the Entity.

Implication

The Entity incurred a financial loss of UGX 24,817,247 due to failure to appoint a clerk of works.

Management response

Management stated that the bills of quantities allowed for supervision of the project by the clerk of works from the design consultant and the engineer worth UGX 24,817,247. However this activity was not paid for since this was an admeasured contract were jointly certified and measured works were only approved for payment.

Recommendation

The payment certificates availed for verification did not have measurement sheets attached therefore the Authority recommends that;

- The Accounting Officer should recover UGX 24,817,247 lost due to failure to appoint a clerk of works from Engineering Trade Links.

2.3.3 Irregularities during contract management

The Authority noted irregularities in contract management for nine procurements worth UGX 2,135,180,798 as indicated in Table 14 below:

Table 14: Transactions with irregularities at contract management

No	Subject of procurement	Contract Value (UGX)	Irregularities	Management response
1.	Consultancy for the supervision of road infrastructural subprojects in Busia Municipal	1,070,940,798	Failure to prepare monthly and quarterly progress reports The supervising consultant was supposed to prepare quarterly progress reports summarising all issues related to the project during execution over a period of time not	Management stated that all monthly reports are available for verification. Authority's comment;

No	Subject of procurement	Contract Value (UGX)	Irregularities	Management response
	Council by Air Water Earth and Kom Consult Limited Joint venture UGX 1,070,940,798		<p>later than the first week after the end of each quarter.</p> <p>The supervising consultant was supposed to prepare monthly progress reports during construction supervision. These were supposed to be submitted to the Entity in triplicate and show progress of works from the previous reporting period. The monthly reports also show payment certification for works completed/verified. Any variation orders and the constraints and proposed remedial measures.</p> <p>Due to lack of monthly and quarterly progress reports the Auditors could not ascertain the following;</p> <ul style="list-style-type: none"> • A breakdown of the additional cost due to revision of the bills of quantities. According to the contractor's monthly work projection of Busia Roads for the month of October 2022 a review/rescoping of the original design and bills of quantities with respect to the ground conditions was done by the construction supervision consultant and found that some critical items were omitted from the designs and bills of quantities at the design stage by the design consultant leading to an additional cost of UGX 2,036,215,953 but due to lack of monthly and quarterly reports the audit team could not ascertain the exact critical components omitted from the original contract bills of quantities this is an indicator of inadequate needs assessment. • The minutes for site meeting No.11 held on 29th June 2022 indicated that the environmentalist from the consultant communicated a death incidence and noted that the 	All monthly reports not availed for verification.

No .	Subject of procurement	Contract Value (UGX)	Irregularities	Management response
			contractor had submitted the preliminary report however the detailed report would be submitted by 5 th August 2022. But due to lack of monthly and quarterly construction reports the Authority could not ascertain details of the death incidence and this is an indicator of inadequate social and safety hazards mitigation measures.	
2.	Supply of stone aggregates, sand and hardcore by Lilex investments limited	24,964,000	<ul style="list-style-type: none"> •No contract management records on file •Due to the lack of all Force Account documentation as required by circular No. 3 of 2012 to Local Governments on use of force account mechanism the Authority could not ascertain the accuracy expenditure on these supplies in relation to road works. 	<p>Management stated that the records are available for verification.</p> <p>Authority's comment; Force account management records were no availed for verification.</p>
3.	Supply of cement rolls of BRC and road lime by Lilex investments ltd12,210,000		
4.	Revenue collection from Abattoir by Abayaku General services by UGX 2,100,000	2,100,000	No contract management plan	Management acknowledged the anomaly and stated that it will implement the Authority's recommendations.
5.	Supply of fuel	84,476,000	<ul style="list-style-type: none"> •There was no contract management plan on file. •Due to the lack of all force account documentation as required by circular No. 3 of 2012 to Local Governments on use of force account mechanism the Authority could not ascertain the accuracy of the fuel expenditures. •Lack of accountability for consumption of fuel in relation to a particular activity. 	
	Total	2,135,180,798		

Implications

- This affects the audit trail and proper accountability of the activities conducted.
- Lack of contract management reports/progress reports and other records such as activity reports, force account records casts doubt on whether contracts were executed in accordance with contractual requirements and terms and conditions.
- This denies the intended beneficiaries timely services.

Recommendations

- The Accounting Officer should task Heads of User Departments to ensure that contract supervisors prepare contract implementation plans in accordance with Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006.
- The Accounting Officer should prevail over contract supervisors to submit all contract management records in accordance with Regulation 119 (10) of the Local Governments (PPDA) Regulations, 2006.
- The Head of the Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 31 (o) of the PPDA Act, 2003 as amended.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.1 Overall Audit Conclusion

The performance of Busia Municipal Council for the Financial Year 2021/22 was **Moderately Satisfactory** with overall weighted average risk rating of **66%**.

Table 15: Risk rating criteria

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

3.2 Entity's Risk Assessment

The table below shows the Entity's performance per risk category based on the sampled procurements:

Table 16: Summary of risk assessment of Busia Municipal Council

Risk Category	Number of Sampled Procurements	%Number	Value(UGX)	% Value
High	13	65	1,021,389,176	9.4
Medium	4	20	9,772,571,284	90.1
Low	3	15	49,900,000	0.5
Satisfactory	0	0	0	0
Total	20	100	10,843,860,460	100

3.3 Entity's Performance

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

Table 17: Weighted risk assessment of Busia Municipal Council

Risk category	Rating (By Number)	Weights	Total weighted Average	Rating (By Value)	Weights	Total weighted Average
High	65	0.6	39	9.4	0.6	5.6
Medium	20	0.3	6	90.1	0.3	27.0
Low	15	0.1	1.5	0.5	0.1	0.1
Satisfactory	0	0.0	0	0	0.0	0.0
Total	100	1.0	46.5	100	1.0	32.7

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{46.5}{60} \times 100 = 77.5\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{32.7 \times 100}{60} = 54.5\%$$

$$\text{Combined Weighted Average} = \frac{77.5 + 54.5}{2} = 66\%$$

Figure 5: Graphical representation of the Entity's risk assessment by number

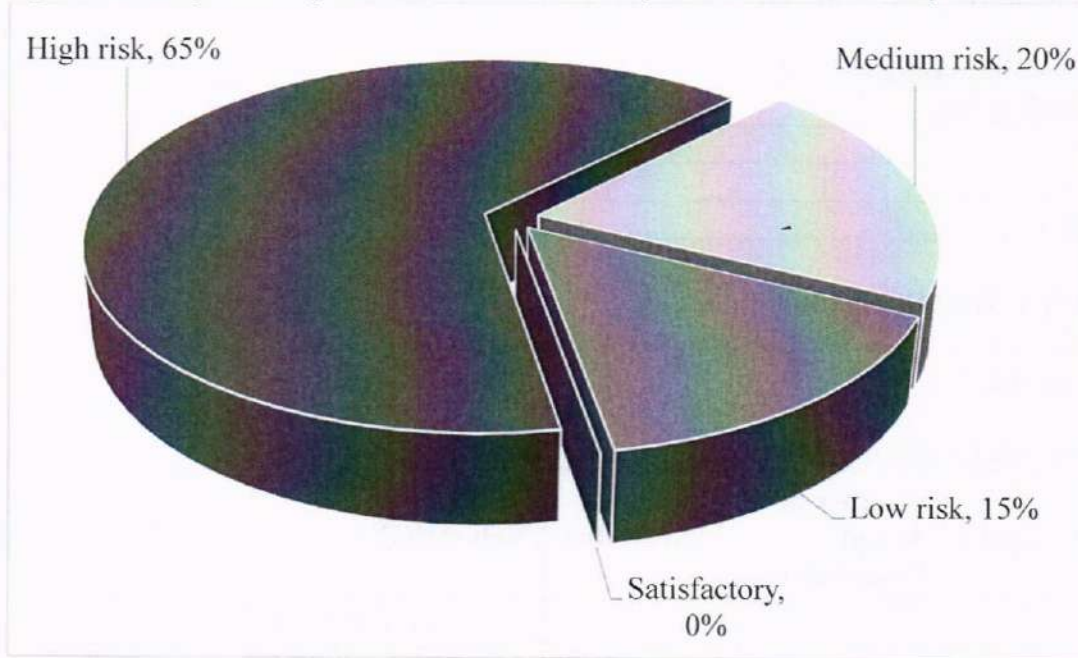
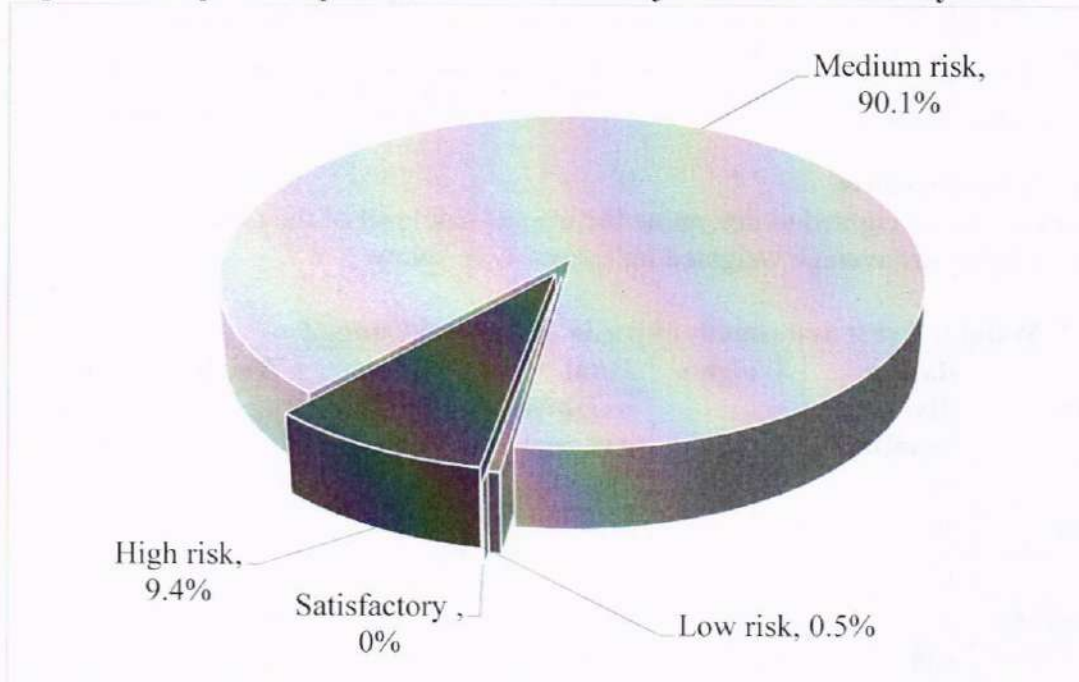


Figure 6: Graphical representation of the Entity's risk assessment by value



3.4 Recommended Action Plan

Busia Municipal Council should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 18: Recommended Action plan

No.	Recommendation	Target Date
1.	The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff (task force) for implementation of audit recommendations that will always ensure full implementation previous audit recommendations.	August 2023
2.	The Accounting Officer should ensure that assets of the Entity due for disposal are disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006.	August 2023
3.	The Accounting Officer should ensure that works undertaken using force account mechanism are implemented in accordance with circular No. 3 of 2012 to Local Governments on use of force account mechanism.	August 2023
4.	The Accounting Officer should ensure that all procurements are conducted in a manner which promotes economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003.	August 2023
5.	The Accounting Officer should ensure that all procurement transactions are conducted in a fair, transparent and competitive manner in accordance with Sections 45 and 46 of the PPDA Act, 2003.	August 2023
6.	The Accounting Officer should launch an investigation into how force account mechanism is implemented at the Municipality and hold the Municipal Engineer accountable for any financial loss.	August 2023
7.	The Head Procurement and Disposal Unit should always submit reports on micro procurements to the Contracts Committee for consideration in accordance with Regulation 17 (3) (e) of the Local Governments (PPDA) Regulations, 2006.	August 2023
8.	The Accounting Officer should ensure timely submission of quarterly procurement and Disposal reports on micro procurements undertaken by the Entity to the Authority in accordance with Regulation 7 (1) of the PPDA Local Government Regulations, 2006.	August 2023
9.	The user departments should always attach statement of requirements and terms of reference at initiation according to Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006.	August 2023
10.	The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies which could lead to misunderstandings between the Entity and the bidders. Thus good quality solicitation documents should be prepared by PDU in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.eg. SBDs with adequate specifications, fair evaluation, expressly stated bid validity periods among others.	August 2023

No.	Recommendation	Target Date	
11.	The Head, Procurement and Disposal Unit should always guide the Evaluation Committee members to strictly adhere to the criteria set out in the solicitation document as provided under Regulation 72 and 74 of the Local Governments (PPDA) Regulations, 2006.	August 2023	
12.	The Accounting Officers should ensure adherence to the PS/ST's guidance on conducting due diligence.		
13.	The Head, Procurement and Disposal Unit should recommend procurement methods in accordance with Regulation 33 (3) of the Local Government (PPDA) Regulations, 2006.	August 2023	
14.	The Accounting Officer should endeavour to eliminate delays in the Entity to ensure timely service delivery in accordance with Section 48 of the PPDA Act 2003.	August 2023	
15.	The Accounting Officer should recover UGX 18,906,587 lost due to payment of VAT to providers that not registered for VAT as indicated in the table below and also caution the CFO against such irregular payments in the Entity.	August 2023	
Table 19: VAT to be recovered			
No	Subject of procurement	Provider	VAT (UGX) to be recovered
1.	Supply of computers laptops photocopiers and scanners worth UGX 45,350,000	Mwanainchi General Holdings Limited - SMC	6,917,797
2.	Construction of five stance lined Pit Latrine at Busia S.S.S and two stance lined Pit Latrine at Mawero East P.S, Latrine emptying at Arubaine and Mawero East PS worth UGX 43,829,176	Egert investment Ltd	6,685,807
3.	Supply of stone aggregates, sand and hardcore worth UGX 24,964,000	Lilex investments ltd	3,808,068
4.	Renovation of ten stance pit latrine at Busia	Nabahera Enterprises Ltd	1,494,915

No.	Recommendation			Target Date	
		Border P/S worth UGX 9,800,000			
		Total		18,906,587	
16.	The Accounting Officer should strengthen contract monitoring and management in the Entity so that User Departments are more effective in managing contracts with the parameters of cost , quality and time in accordance with Regulation 119 of the Local Governments (PPDA) Regulations, 2006 and guided by contract implementation plans prepared for each procurement.			August 2023	
17.	The Accounting Officer should recover UGX 47,430,000 incurred as a financial loss due to payment for works not executed from Ms. Engineering Trade Links.			August 2023	
18.	The Accounting Officer should recover UGX 24,817,247 lost due to failure to appoint a clerk of works from Ms. Engineering Trade Links.			August 2023	
19.	The Head of the Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 31 (o) of the PPDA Act, 2003 as amended.			August 2023	
20.	The Accounting Officer should prevail over contract supervisors to always share copies of all contract management records with the PDU and other Departments in accordance with Regulation 119 (10) of the Local Governments (PPDA) Regulations, 2006.			August 2023	

Annex 1: Findings and rating on the individual contracts reviewed.

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Construction of main office Block.</p> <p>BUMC776/WRKS/2021-22/0000</p> <p>Direct Procurement</p> <p>Engineering Trade Links</p> <p>Estimated cost UGX 800,000,000</p> <p>Contract value; UGX 810,560,000.</p>	<p>Irregularities at initiation</p> <ol style="list-style-type: none"> 1. There was no clear scope of work to be undertaken since there were no progress reports and measurement sheets of the works that had been done under the previous contract worth UGX 1,807,699,504 which self terminated due to lapse of time. Thus there was a risk of billing for works already undertaken in the previous contract which would expose the entity to a risk of financial loss. 2. No BOQs and structural drawings were attached on the requisition form 3. The funds availability section was left blank. <p>Inadequate bidding document</p> <ol style="list-style-type: none"> 4. There were no BOQs and structural drawings in the bidding document this is an indicator that the bills quantities were not reviewed by all the stakeholders thus leading to inconsistencies in the bills of quantities as noted in the best evaluated bidder's bid such as providing UGX 96,879,424 for the first floor roof without providing for first floor internal and external walls 5. ITB 27.1 did not indicate the exact location for bid opening <p>Irregularities during evaluation</p> <ol style="list-style-type: none"> 6. There was no indication that Engineer Areole Dennis was a staff of Tradelinks company limited as his CV did not indicate Tradelinks among his current employers. Thus the Authority could not ascertain if he was available as a projects engineer for the works. 7. No activity schedule in the best evaluated bidder's bid. 8. No evidence of conducting due diligence on key documentation such as performance security and experience of the firm. <p>Irregularities during contracting</p> <ol style="list-style-type: none"> 9. Signing contract above the estimated cost; The estimated cost UGX 800,000,000 yet the contract was signed at a cost of UGX 810,560,000 thus a

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<p data-bbox="783 277 1401 349">difference of UGX 10,560,000 yet there was no confirmation of additional funding.</p> <p data-bbox="735 389 1318 418">Irregularities during contract management</p> <p data-bbox="735 463 1409 674">10. Incomplete and abandoned works; The bills of quantities provided for a first floor worth UGX 338,074,030. Physical verification by the Authority noted that only works on the solid slab on sections of the first floor had been undertaken yet the contract expired on 31st June 2022.</p> <p data-bbox="735 719 1409 981">11. Payment for works not executed The measurement sheets attached to interim payment certificate number two worth UGX 213,892,523 indicated that works worth UGX 47,430,000 had been done on first floor internal walls yet these were not found during physical verification. Thus the Entity incurred a financial loss of UGX 47,430,000.</p> <p data-bbox="735 1010 1409 1308">12. Failure to fully recover the advance payment Advance payment worth UGX 162, 112,000 was paid on 8th Dec 2021 with an advance payment bond valid until 5th June 2022 however by 24th October 2022 the payment records on file indicated that only UGX 149,147,158 had been recovered thus UGX 12,964,842 was not yet recovered yet the contract expired.</p> <p data-bbox="735 1337 1409 1621">13. Failure to appoint a clerk of works The BOQs indicated that the contractor would allow for supervision of the project by the clerk of works from the design consultant and the Engineer worth UGX 24,817,247. However there was no evidence of appointment of a clerk of works and there was also no accountability of how the UGX 24,817,247 was disbursed thus a risk of financial loss to the Entity.</p>
2.	<p data-bbox="284 1628 651 1700">Supply of computers laptops photocopiers and scanners</p> <p data-bbox="284 1727 699 1798">BUMC776/USMID/Supls/2021-22/00010</p> <p data-bbox="284 1825 639 1854">Selective Domestic Bidding</p>	<p data-bbox="735 1628 1342 1657">1. The funds availability section was left blank</p> <p data-bbox="735 1664 1409 1917">2. Use of a wrong procurement method given the threshold of the procurement. Selective bidding was used yet the estimated cost of the procurement was UGX 46,000,000 which was above the threshold of UGX 30,000,000 and thus Open Domestic Bidding method should have been used..</p>

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	<p>Mwanainchi General Holdings Limited – SMC Limited</p> <p>UGX 45,350,000</p>	<p>3. There was no evidence of receipt of invitation to bid</p> <p>4. Inadequate bidding document</p> <p>i. Bid opening location was not specifically stated in the . bidding document as it just tated as Busia Municipal Council as the location of bidding without indicating the specific office to be used for bid opening.</p> <p>ii. There was no requirement for manufacturer’s authorisation in the bidding document.</p> <p>5. Low bid submission rate</p> <p>Only two (2) bids were received out the three (3) bidders who were issued the bidding document Eurassia Business Systems Mwanainchi General Holdings</p> <p>Irregularities at evaluation</p> <p>6. The best evaluated bidder submitted an expired PPDA ROP certificate; the certificate was valid from 1st January 2020 to 31st December 2020 yet the bid was submitted on 9th September 2021.</p> <p>7. The best evaluated bidder did not submit a manufacturer’s Authorisation</p> <p>Irregularities at contract management</p> <p>8. Charging VAT by a company that is not registered for VAT. Mwanainchi General Holdings Limited – SMC Limited quoted VAT inclusive prices yet the URA certificate of registration on file did not include VAT as one of the taxes registered for by the company thus the entity incurred a financial loss of UGX 6,917,797 on the VAT inclusive supplies worth UGX 45,350,00 delivered on 17th March 2021.</p>
3.	<p>Construction of five stance lined Pit Latrine at Busia SSS and two stance lined Pit Latrine at Mawero East PS, Latrine emptying at Arubaine and Mawero East PS.</p> <p>Bumc776/wrks/2021-2022/00009</p>	<p>1. Invalid tax clearance certificate number The best evaluated bidder; Egert investments limited submitted an Invalid tax clearance certificate number</p> <p>2. No evidence of a signed code of conduct for contractors’ personnel for EHSP</p> <p>3. Charging VAT by a company that was not registered for VAT.</p>

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	Selective bidding Egert investment ltd UGX 43,829,176	Ms Egert investment Ltd VAT registered and yet was paid UGX 43,829,176 VAT inclusive thus causing a financial loss of UGX 6,685,807 to the Entity. 4. Low bidder participation. Only one bidder submitted out of the four (4) invited
4.	Supply of stone aggregates, sand and hardcore Bumc776/Supls/21-22/00004 Procurement method: ODB Lilex investments ltd Contract value: 24,964,000	1. Invalid tax clearance certificate number Lilex investments ltd submitted an Invalid tax clearance certificate number. 2. Charging VAT by a company that was not registered for VAT. Ms Lilex isn't VAT registered and yet was paid Ugx 24,964,000 VAT inclusive thus causing a financial loss worth UGX 3,808,068 to the entity. 3. Did not indicate venue for bid opening in the SBD. 4. No contract management records on file. Due to the lack of all force account documentation as required by circular No. 3 of 2012 to Local Governments on use of force account mechanism the Authority could not ascertain the accuracy expenditure on these supplies in relation to road works.
5.	Supply of cement rolls of BRC and road lime Procurement method: Contractor: Lilex investments ltd Bumc776/Supls/21-22/00006 Contract Value: 12,210,000	1. Invalid tax clearance certificate number Lilex investments ltd submitted an Invalid tax clearance certificate number. 2. No Contract management records Due to the lack of all force account documentation as required by circular No. 3 of 2012 to Local Governments on use of force account mechanism the Authority could not ascertain the accuracy expenditure on these supplies in relation to road works.
6.	Supply of fuel for road works BUMC776/Supls/2021-22/00001 Open Domestic Bidding Hicar Minings Limited UGX 13,000,000	<ul style="list-style-type: none"> • Funds availability section left blank • Hass Petroleum did not submit a tax clearance certificate. • Low bid submission; Only 2 bids received • There was no contract management plan on file. • Due to the lack of all force account documentation as required by circular No. 3 of 2012 to Local Governments on use of force account mechanism the Authority could not ascertain the accuracy of the fuel expenditures.
7.	Supply of fuel for Cemetary road and Samson Were Road	

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	BUMC776/Supls/2021-22/00001 Open Domestic Bidding Hass Petroleum (U) Limited UGX 15,104,000	<ul style="list-style-type: none"> <li data-bbox="751 280 1409 347">• Lack of accountability for consumption of fuel in relation to a particular activity.
8.	Supply of fuel for routine mechanised road works BUMC776/Supls/2021-22/00001 Open Domestic Bidding Hass Petroleum UGX 14,440,000	
9.	Supply of fuel for routine manual maintenance of roads BUMC776/Supls/2021-22/00001 Open Domestic Bidding Hicar Minings Limited UGX 13,500,000	
10.	Supply of fuel for routine mechanised maintenance road works BUMC776/Supls/2021-22/00001 Open Domestic Bidding Hass Petroleum UGX 6,472, 000	
11.	Supply of fuel for disilting BUMC776/Supls/2021-22/00001 Open Domestic Bidding Hass Petroleum UGX 5,000, 000	
12.	Supply of fuel for disilting	

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	BUMC776/Supls/2021-22/00001 Open Domestic Bidding Hass Petroleum UGX 4,960, 000	
13.	Supply of fuel for routine mechanised road works BUMC776/Supls/2021-22/00001 Open Domestic Bidding Hass Petroleum UGX 12,000, 000	

NO	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK									
1.	Construction of Busia S.S, Wanyama Bonny, marker square, Obernerster road, Ekaka roads and renovation and refurbishment of the taxi park BUMC776/USMID-WRKS/20-21/00002 Open Domestic Bidding Dott Services Limited UGX 8,631,850,486	<p>1. Slow progress of works The contract start date was 18th May 2021 with an intended completion date of 30th August 2022. The completion date for the civil works was extended to 18th December 2022 and the supervision contract extended to 25th January 2023. As per the contractor's monthly work projection of Busia Roads for the month of October 2022 the progress of works by end of September 2022 was at:</p> <table border="1"> <thead> <tr> <th>Indicator</th> <th>Planned (%)</th> <th>Delivered (%)</th> </tr> </thead> <tbody> <tr> <td>Physical Progress</td> <td>100</td> <td>69</td> </tr> <tr> <td>Time elapsed</td> <td>133.3</td> <td>69</td> </tr> </tbody> </table>	Indicator	Planned (%)	Delivered (%)	Physical Progress	100	69	Time elapsed	133.3	69
Indicator	Planned (%)	Delivered (%)									
Physical Progress	100	69									
Time elapsed	133.3	69									
2.	Consultancy for the supervision of road infrastructural subprojects in Busia Municipal Council BUMC776/USMID-SRVCS/20-21/00002 Open Domestic Bidding Air Water Earth and Kom Consult Limited Joint venture UGX 1,070,940,798	<p>This implies that the contractor was behind schedule and the Entity risked delayed execution of the works which might escalate the project costs due to persistent contract extensions.</p> <p>2. Failure to prepare monthly and quarterly progress reports</p> <ul style="list-style-type: none"> The supervising consultant was supposed to prepare quarterly progress reports summarising all issues related to the project during execution over a period of time not later than the first week after the end of each quarter which was not done. 									

NO	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
		<ul style="list-style-type: none"> • The supervising consultant was supposed to prepare monthly progress reports during construction supervision. This is supposed to be submitted to the Entity in triplicate. The reports were to show progress of works from the previous reporting period. The monthly reports were also to show payment certification for works completed/verified. Any variation orders and the constraints and proposed remedial measures. • Due to lack of monthly and quarterly progress reports the Auditors could not ascertain the following; <ol style="list-style-type: none"> 1. A breakdown of the additional cost due to revision of the bills of quantities. According to the contractor's monthly work projection of Busia Roads for the month of October 2022 a review/rescoping of the original design and bills of quantities with respect to the ground conditions was done by the construction supervision consultant and found that some critical items were omitted from the designs and bills of quantities at the design stage by the design consultant leading to an additional cost of UGX 2,036,215,953 but due to lack of monthly and quarterly reports the audit team could not ascertain the exact critical components omitted from the original contract bills of quantities this is an indicator of inadequate needs assessment. 2. The minutes for site meeting No.11 held on 29th June 2022 indicated that the environmentalist from the consultant communicate about the death incidence and she noted that the contractor had submitted the preliminary report however the detailed report was to be submitted by 5th August 2022. But due to lack of monthly and quarterly construction reports the Authority could not ascertain details of the death incidence and this is an indicator of inadequate social and safety hazards mitigation measures.
3.	Supply of executive furniture for office. Bumc776/Supls/2021-2022/00002	<ol style="list-style-type: none"> 1. No specifications attached at initiation 2. Low bidder participation. Received bids from only two firms, C and A Contractors Ltd and Makrita Furniture world.

NO	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	<p>Procurement method Open domestic bidding</p> <p>Contractor: - Makrita furniture world</p> <p>Contract value: 59,980,000</p>	
4.	<p>Renovation of ten stance pit latrine at Busia Border P/S. Bumc776/works/2021-2022/00007</p> <p>Procurement method selective domestic bidding</p> <p>Contractor: - Nabahera Enterprises Ltd</p> <p>Contract value: 9,800,000</p>	<p>1. Delayed invitation of bidders Requisition approved by the accounting officer Mr. Okurut Vincent on 4/8/2021 but the bidders were invited on 25/2/2022 hence there was a delay of 5 months.</p> <p>2. Low bid submission rate Only One (1) bid was received out the three (3) bidders who were issued the bidding document</p> <p>3. Charging VAT by a company that is not registered for VAT.</p> <p>4. Nabahera Enterprises Ltd isn't VAT registered and yet was paid UGX 9,800,000 VAT inclusive thus causing a financial loss worth UGX 1,494,915 to the entity.</p>

NO	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	<p>Supply of 3 seater desks at Busia Border Primary School, Mawero East Primary School</p> <p>BUMC776/Supls/2021-22/00007</p> <p>Open Domestic Bidding</p> <p>Muvurex Enterprises Limited</p> <p>UGX 24,600,000</p>	<p>1. The funds availability section was incomplete as the balance remaining was not indicated.</p>
2.	<p>Revenue collection from the market.</p> <p>Bumc776/SRVCS/2021-2022/00004</p> <p>Procurement method open domestic bidding</p> <p>Contractor: - Busia Municipal Traders Market vendors</p>	<p>1. Low bid submission rate Received bids from Busia trucks co Ltd and Busia Municipal market vendors and traders</p>

NO	LOW RISK CONTRACTS	REASONS FOR LOW RISK
	Contract value: UGX 13,216,000 vat inclusive	
3.	Revenue collection from Abattoir. Bumc776/SRVCS/2021- 2022/00006 Procurement method open domestic bidding Contractor: Abayaku General services Contract value: UGX 2,100,000	1. No contract management plan on file

Annex 2: Procurement and Disposal audit sample list for Busia MC for Financial Year 2021/2022

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
1.	BUMC776/USMI D-WRKS/20-21/00002	Construction of Busia S S, Wanyama Bonny, market square, Obernester road, Ekaka roads and renovation and refurbishment of taxi park.	Open Domestic Bidding	Ms. Dott Services Ltd.	8,631,850,486	Medium
2.	BUMC776/USMI D-SRVCS/20-21/00002	Consultancy for supervision of road infrastructural subprojects in Busia Municipal Council	Open Domestic Bidding	Ms. Air Water Earth and Kom Consult Ltd Joint Venture	1,070,940,798	Medium
3.	BUMC776/Wrks/2021-22/0000	Construction of main office block.	Direct Procurement	Ms. Engineering Trade Links	810,560,000	High
4.	BUMC776/S USMID-Supls/2021-22/00001	Supply of executive office furniture	Open Domestic Bidding	Ms. Makrita Furniture World	59,980,000	Medium
5.	BUMC776/ USMID-Supls/2021-22/00001	Supply of computer laptops,scanners	Selective Bidding	Ms. Mwanainchi	45,350,000	High
6.	BUMC776/Wrks/2021-22/00009	Construction of five stance lined pit latrine at Busia SSS, two stance lined pit latrine at Mawero East, Latrine emptying 15 stance at Arubaine, 10 stance at Mawero East and supply	Selective Bidding	Ms. Egert Investments Ltd	43,829,176	High

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
		and Installation of two 5000L water tanks at Busia SSS				
7.	BUMC776/Supls/2021-22/00004	Supply of hard core, lake sand, aggregates and plaster sand	Open Bidding	Ms. Lilex Investments Ltd	24,964,000	High
8.	BUMC776/Supls/2021-22/00007	Supply of 3 seater desks at Busia SS, Busia Border P/S, Mawero East Primary School	Open Bidding	Ms Muvurex Enterprises Limited	24,600,000	Low
9.	BUMC776/SRVC S/21-22/00004	Collection of revenue from the market	Open Bidding	Ms. Busia Municipal Market Vendors and Traders Association Ltd	23,200,000	Low
10.	BUMC776/Supls/2021-22/00001	Supply of fuel for Cemetary road and Samson Were Road	Open Bidding	Ms. Hass Petroleum (U) Ltd	15,104,000	High
11.	BUMC776/Supls/2021-22/00001	Supply of fuel for routine mechanized road works	Open Bidding	Ms. Hass Petroleum (U) Ltd	14,440,000	High
12.	BUMC776/Supls/2021-22/00001	Supply of fuel for routine manual maintenance of roads	Open Domestic Bidding	Ms. Hicar Minings Ltd	13,500,000	High
13.	BUMC776/Supls/2021-22/00001	Supply of fuel for road works	Open Domestic Bidding	Ms Hicar Minings Ltd	13,000,000	High
14.	BUMC776/Supls/2021-22/00001	Supply of fuel for routine mechanized road works	Open Bidding	Ms. Hass Petroleum	12,000,000	High
15.	BUMC776/Supls/2021-22/00006	Supply of cement and BRC A 98	Open Bidding	Ms. Lilex Investments Ltd	12,210,000	High

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
16.	BUMC776/Wrks/2021-22/00007	Renovation of ten stance pit latrine at Busia Border p/s.	Selective Bidding	Ms. Nabahera Enterprises Ltd	9,800,000	Medium
17.	BUMC776/SRVC S/21-22/00006	Collection of revenue from abattoir	Open Domestic Bidding	Ms. Namutalas Company Limited	2,100,000	Low
18.	BUMC776/Supls/2021-22/00001	Supply of fuel for routine mechanized road works	Open Domestic Bidding	Ms. Hass Petroleum	6,472,000	High
19.	BUMC776/Supls/2021-22/00001	Supply of fuel for disilting	Open Domestic Bidding	Ms. Hass Petroleum	5,000,000	High
20.	BUMC776/Supls/2021-22/00001	Supply of fuel for disilting	Open Domestic Bidding	Ms. Hass Petroleum	4,960,000	High
		Total			10,843,860,460	

Annex 3: Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of	This implies lack of efficiency, standardisation and avoiding competition.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	issue and receipts of bids, usage of non-qualified firms and splitting procurement requirements.	
		Procurement Structures: Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.