



**COMPLIANCE AUDIT REPORT FOR FINANCIAL YEAR  
2022/23**

**APAC DISTRICT LOCAL GOVERNMENT**

**DECEMBER 2023**

## TABLE OF CONTENTS

ACRONYMS.....	iii
EXECUTIVE SUMMARY .....	iv
CHAPTER 1: INTRODUCTION.....	1
1.1 Structure of the Entity .....	1
1.2 Background .....	1
1.3 Objective of the audit.....	1
1.4 Scope of the audit exercise.....	1
1.5 Procurement and Disposal Audit Methodology .....	1
CHAPTER 2: FINDINGS AND RECOMMENDATIONS .....	3
2.1. COMPLIANCE BY THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003 AND REGULATIONS 2006 WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT AND DISPOSAL PROCESSES .....	3
2.2 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, 2003 AND REGULATIONS 2006 .....	28
2.3 EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION INCLUDING THE APPLICATION OF ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS IN THE PROCUREMENT PROCESS .....	29
CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY .....	39
3.1 Overall Procurement Performance Conclusion.....	39
3.2 Recommended Action Plan.....	41
APPENDICES .....	45
Appendix 1: Transaction list of audited files.....	45
Appendix 2: Risk Rating Criteria .....	46
Appendix 3: List of unserviceable assets recommended for disposal .....	47
Appendix 4: Undetected arithmetic error in the bid for Wela Classic Ventures Limited.....	50
Appendix 5: Undetected arithmetic errors in the bid for Megum Technical Services Ltd.....	51
Appendix 6: Members in the Procurement and Disposal Unit .....	58
Appendix 7: List of the Contracts Committee members .....	58
Appendix 8: List of User Departments .....	58

## LIST OF TABLES

Table 1: Analysis of procurement spend for FY 2022/2023.....	3
Table 2: Activities undertaken under Force Account Mechanism.....	3
Table 3: Procurements conducted outside the procurement plan .....	4
Table 4: Status of implementation of previous audit recommendations for FY 2019/20.....	6
Table 5: Items irregularly procured by Entity staff without going through the Procurement and Disposal Unit.....	9

Table 6: Procurements with delayed Contracts Committee approvals .....	11
Table 7: Procurements where the direct procurement method was used unjustifiably .....	12
Table 8: Procurements with inappropriate bidding document requirements .....	14
Table 9: Procurements with low bidder response rate at the bidding stage.....	17
Table 10: Procurements with delayed approvals of evaluation committee members.....	18
Table 11: Procurements whose Letters of Credits were not authenticated .....	18
Table 12: Procurements with undetected arithmetic errors .....	20
Table 13: Procurements with non-compliant best evaluated bidders .....	22
Table 14: Bidders not informed about the arithmetic corrections made in their bids.....	25
Table 15: Contracts without performance and ES securities .....	26
Table 16: Missing records.....	27
Table 17: Procurements with anomalies during contract implementation.....	29
Table 18: Performance Rating .....	39
Table 19: Summary of performance of Apac District Local Government .....	39
Table 20: Recommended Action Plan .....	41

## **LIST OF FIGURES**

Figure 1: Risk Rating by Number.....	40
Figure 2: Risk Rating by Value .....	40

## **ACRONYMS**

BOQs	Bills of Quantities
FY	Financial Year
GCC	General Conditions of Contract
Ltd	Limited
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act
UGX	Uganda Shillings

## **EXECUTIVE SUMMARY**

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the compliance audit of Apac District Local Government that covered a sample of ten procurement transactions under Financial Year 2022/23. The overall objective of the compliance audit was to assess and establish the degree of compliance of Apac District Local Government'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 audit exercise, the performance of Apac District Local Government for Financial Year 2022/23 was **unsatisfactory** with an average weighted risk rating of **78.8%** as per the ranking in table 18 in Chapter 3 of this audit report.

### **The following key exceptions were noted:**

1. Failure by the Entity to fully implement 71.43% of the previous procurement and disposal audit recommendations for Financial Year 2019/20 i.e 42.86% of the audit recommendations were partially implemented while 28.57% were not implemented.
2. Failure by the Entity to dispose of unserviceable assets as recommended in the Board of Survey report dated 5<sup>th</sup> September 2022.
3. Failure by the Sub-County Chiefs to provide evidence of remittance of revenues worth UGX 72,000,000 for the months of July 2022 to February 2023 for the sub-counties of Apoi; Ibuje; Apac; Akokoro; and Chegere.
4. The Entity incurred a financial loss of UGX 15,832,945 arising from the evaluation committees' failure to detect arithmetic errors in five procurements worth UGX 464,763,585.
5. The Entity did not obtain performance and Environmental & Social (ES) securities for three contracts worth UGX 391,812,485.
6. Six procurements worth UGX 531,425,797 had contract management anomalies, such as, delayed deliveries, irregular variations of contracts by 38% of the original contract sum; payment for unexecuted works and irregular payment of contingency fees without justification, among others.
7. Evaluation committees irregularly evaluated bidders as compliant despite not satisfying the requirements in the bidding document under evaluation criteria in three procurements worth UGX 150,135,512.
8. The Entity's procurement plan implementation rate for FY 2022/2023 was 102.9% with a variance of UGX 69,102,652 due to failure to include all procurements requirements in the Entity's consolidated procurement plan.
9. The Contracts Committee usurped powers of the Accounting Officer and irregularly delegated the entire procurement processes to Entity staff to purchase eight items worth UGX 89,544,500.
10. The Contracts Committee delayed by an average of 74 working days to approve procurement methods, bidding documents and invitations to bid of five procurements worth UGX 483,425,797.

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

1. The Accounting Officer should:
  - i) 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.

- ii) Dispose of all obsolete assets to avoid further depreciation and attain value for money in accordance with Part IX of the Local Governments (PPDA) Regulations, 2006.
  - iii) Task the Sub-County Chiefs (of Apoi Sub- County, Ibuje Sub- County, Apac Sub- County, Akokoro Sub- County and Chegere Sub- County) to submit proof of remittance of revenues collected in FY 2022/2023 and submit evidence to the Authority.
  - iv) Recover the money indicated below lost through undetected arithmetic errors and submit evidence of recovery to the Authority as indicated below:
    - a) UGX 1,000,000 from Wela Classic Ventures Limited for the supply of three-seater classroom desks to selected Primary Schools and assorted furniture to DHO's Office.
    - b) UGX 567,930 from Step Entertainment Ltd for the construction of a semi-detached staff house with a two-stance drainable latrine at Kidilani H/C III.
    - c) UGX 10,458,915 from Amidi General Services Ltd for the rehabilitation of 10 deep wells/boreholes.
    - d) UGX 3,806,100 from SB Engineering and Construction Co. Ltd for the supply of three-seater classroom desks to selected primary schools in Apac district (Lot 2).
  - v) Fast track the completion, commissioning and handover of the completed projects to the intended beneficiaries.
  - vi) Not make payments to contractors for works not executed without obtaining guarantees for the amounts to be paid to the contractors.
  - vii) Task the District Engineer to show cause why disciplinary action should not be taken against him for the irregular contract variations and payments made under the contracts listed in No. 1 (viii) below.
  - viii) Recover unjustified contingency fees worth UGX 2,543,390 from the following contractors:
    - a) UGX 1,510,790 from Megum Technical Services Ltd for the construction of a semi-detached staff house with a two-stance drainable latrine at Kungu H/C III.
    - b) UGX 1,032,600 from Step Entertainment Ltd for the construction of a semi-detached staff house with a two-stance drainable latrine at Kidilani H/C III.
  - ix) Task contractors to fulfil conditions of contract effectiveness such as obtaining the ES securities and performance securities where required from contractors in accordance with Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations, 2006. In the event that the contracted provider fails to fulfil the contractual obligations and such failure constitutes fundamental breach of the contract e.g. failure to provide securities, the contract should be terminated in accordance with GCC 68.2 (f) for works and Regulation 89 (2) (b) of the Local Governments (PPDA) Regulations, 2006.
2. 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.
  3. User Departments should prepare an annual work plan for procurement activities based on the approved budget and submit it to the Procurement and Disposal Unit to facilitate orderly execution of annual procurement activities in accordance with Regulation 62 (1) of the Local Governments (PPDA) Regulations, 2006. 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.

4. The Contracts Committee should:
  - i) Recommend to the Accounting Officer where required/necessary the delegation of functions in the procurement and disposal processes in accordance with Regulation 17 (2) (b) of the Local Governments (PPDA) Regulations, 2006.
  - ii) Approve submissions received from the Procurement and Disposal Unit in a timely manner to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.

Apac District Local Government should implement the recommended action plan on Pages **41-44** of this report.

## **CHAPTER 1: INTRODUCTION**

### **1.1 Structure of the Entity**

According to Section 26 of the PPDA Act, 2003, the Accounting Officer has overall responsibility for the successful execution of procurement, disposal and contract management in Apac District Local Government. The Accounting Officer of Apac District Local Government during the Financial Year under audit was Mr. Geoffrey Okaka, the Chief Administrative Officer. The composition of the Procurement and Disposal Unit and the Contracts Committee are detailed in Appendices 6 and 7 respectively.

### **1.2 Background**

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the compliance audit of Apac District Local Government that covered a sample of ten procurement transactions under Financial Year 2022/23. The overall objective of the compliance audit was to assess and establish the degree of compliance of Apac District Local Government'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.

### **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 Apac District Local Government.

The specific objectives were:

1. To establish the level of compliance by the Entity with the general provisions of the PPDA Act, 2003 and Regulations 2006 with regard to the performance of the procurement structures and conduct of procurement and disposal processes.
2. To assess the degree of compliance of the Entity's disposal process with the provisions of the PPDA Act, 2003 and the Local Governments (PPDA) Regulations, 2006.
3. To assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements in the procurement process.

### **1.4 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 ten procurement transactions worth UGX 686,921,397 conducted in the Financial Year 2022/2023. The list of sampled transactions is contained under **Appendix 1**.

### **1.5 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.

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 **18<sup>th</sup> August 2023** before the auditors could embark on preparation of the management letter. The management letter was sent to the Entity on **4<sup>th</sup> October 2023** with a requirement to submit a management response by **20<sup>th</sup> October 2023**. The response was submitted on **24<sup>th</sup> October 2023** at PPDA Northern Regional Office, on Plot 1, Lower Churchill Drive in Gulu City.

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

## CHAPTER 2: FINDINGS AND RECOMMENDATIONS

### 2.1. COMPLIANCE BY THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003 AND REGULATIONS 2006 WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT AND DISPOSAL PROCESSES

#### 2.1.1 Procurement plan implementation

The Authority found that the Entity's procurement plan implementation rate for FY 2022/2023 was 102.9% with a variance of UGX 69,102,652 as summarized in table 1.

**Table 1: Analysis of procurement spend for FY 2022/2023**

Total procurement plan value inclusive VAT (UGX)	2,399,365,090
Total procurement reported value inclusive VAT (UGX)	2,468,467,742
Procurement plan implementation rate (%)	102.9%
Variance (UGX)	(69,102,652)

However, the Authority observed that the Entity had gaps during planning and budgeting stages as well as reporting to the Authority and this affected the procurement plan implementation rate as detailed below:

#### i) Failure to include in the procurement plan, activities undertaken under Force Account Mechanism

The Authority found that activities under Force Account Mechanism were not included in the Entity's consolidated procurement plan for FY 2022/2023. However, the third quarter report submitted to the Authority indicated that four activities worth UGX 58,124,500 in table 2 were undertaken using Force Account Mechanism.

**Table 2: Activities undertaken under Force Account Mechanism**

No.	Subject of procurement	Contract Value (UGX)	Provider	Contract Award Date
1.	Routine maintenance of Adem-Lari Community Access Road under URF	14,895,000	Sub County Chief /Chegere Sub County	30 <sup>th</sup> March 2023
2.	Culvert installation at Aminkec swamp Community Access Road	3,000,000	Sub County Chief /Chegere Sub County	30 <sup>th</sup> March 2023
3.	Routine maintenance of Olelpek-Omele-Akuli Community Access Road	16,000,000	Sub County Chief /Apac Sub County	30 <sup>th</sup> March 2023
4.	Emergency repair/renovation of paediatric ward (general repair of the roof and replacement of ceiling boards)	24,229,500	Senior Hospital Administrator, Apac Hospital	30 <sup>th</sup> March 2023
<b>Total</b>		<b>58,124,500</b>		

### **Implication**

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.

### **Recommendation**

User Departments should prepare an annual work plan for procurement activities based on the approved budget and submit it to the Procurement and Disposal Unit to facilitate orderly execution of annual procurement activities in accordance with Regulation 62 (1) of the Local Governments (PPDA) Regulations, 2006.

### **Management response**

*The Entity acknowledges the above finding and has put plans in place to make sure that all procurements are handled early enough and that the procurement plan is revised regularly to include activities not initially planned for and or road works under the Uganda Road Fund whose monies are sometimes abruptly released as was the case with the above roads.*

### **ii) Procurements conducted outside the procurement plan**

The Authority found that five procurements worth UGX 82,026,100 in table 3 were not included on the Entity's consolidated procurement plan for FY 2022/2023, but were undertaken by the Entity in the financial year under review and reported on in the quarterly submissions made to the Authority:

**Table 3: Procurements conducted outside the procurement plan**

No.	Subject of Procurement	Contract Value (UGX)	Contract Award Date
1.	Purchase of a water pump for Apac district Hospital water tank	21,000,000	5 <sup>th</sup> December 2022
2.	Hosting of radio talk shows on Ebola Viral Disease (EVD)	6,525,000	5 <sup>th</sup> December 2022
3.	Purchase of a bush cutting machine, a laser jet printer and a flat TV screen 50'' for Apac Main Hospital.	4,550,000	5 <sup>th</sup> December 2022
4.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 1: 100 desks) to to the following schools: Adir, Adir Annex, Ololango and Apoi Primary Schools	25,000,000	27 <sup>th</sup> June 2023
5.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 2: 100 desks) to Kungu, Ibuje, Olelpek and Apoi Primary Schools	24,951,100	27 <sup>th</sup> June 2023
<b>Total</b>		<b>82,026,100</b>	

### **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 incurring domestic arrears.

### **Recommendations**

1. User Departments should prepare an annual work plan for procurement activities based on the approved budget and submit it to the Procurement and Disposal Unit to facilitate orderly execution of annual procurement activities in accordance with Regulation 62 (1) of the Local Governments (PPDA) Regulations, 2006.
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 Entity acknowledges the above finding and has put plans in place to ensure that all procurements are handled early enough and that the procurement plan is revised regularly to include activities not initially planned for.*

### **iii) Anomalies in micro procurements conducted at the Division level**

The Authority found that:

- Micro procurements were not included in the Entity's consolidated procurement plan for FY 2022/2023;
- There was no evidence that the Accounting Officer delegated authority to user departments to undertake micro procurements contrary to Regulation 41 (7) of the Local Governments (PPDA) Regulations, 2006;
- Micro procurements undertaken by user departments were not reported to the Contracts Committee on a monthly basis contrary to Regulation 41 (8) of the Local Governments (PPDA) Regulations, 2006; and
- Subsequently, all micro procurements undertaken in the financial year under review were not reported to the Authority in the quarterly report submissions by the Entity.

### **Implication**

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

### **Recommendation**

The Accounting Officer should formally delegate authority to Heads of User Departments where necessary to undertake micro procurements and user departments should on a monthly basis report all micro procurements undertaken to the Contracts Committee in accordance with Regulations 41 (7) and (8) of the Local Governments (PPDA) Regulations, 2006.

### **Management Response**

*This is noted for corrective action. All micro procurements undertaken shall be reported to the Contracts Committee and the Procurement and Disposal Unit. The Entity will also ensure that proper delegation is granted for procurements whose thresholds lies within the micro procurement method.*

### **2.1.2 Failure to report on management of revenue sources**

The Authority found that the estimated total collections from revenues was UGX 108,000,000 (A total of UGX 9,000,000 per month from 13 sources); however, contracts awarded and reported in the third quarter report submitted to the Authority indicated total collections worth UGX 35,250,000 for only four months i.e March to June 2023 from the 13 sources. For the

months of July 2022 to February 2023, the Authority was informed that Sub-Counties collected the revenues but these were not reported to the Authority.

**Implication**

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

**Recommendation**

The Accounting Officer should task Sub-County Chiefs (of Apoi Sub- County, Ibuje Sub-County, Apac Sub- County, Akokoro Sub- County and Chegere Sub- County) to submit proof of remittance of revenues collected in FY 2022/2023. In the subsequent financial years, they should prepare and submit monthly reports on revenue collections and management in their respective sub-counties to the Accounting Officer and copy in the Procurement and Disposal Unit.

**Management response**

*The Sub-County Chiefs have already been informed to provide evidence of remittances of monies they collected from revenue sources under their direct management/control. This evidence will be provided.*

**2.1.3 Failure to fully implement PPDA audit recommendations for FY 2019/20**

The Entity was issued with the previous procurement and disposal audit report for Financial Year 2019/2020 on 12<sup>th</sup> April 2021 and out of the 14 recommendations made, four (28.57%) were implemented, six (42.86%) were partially implemented and four (28.57%) were not implemented as indicated in table 4:

**Table 4: Status of implementation of previous audit recommendations for FY 2019/20**

Audit Recommendation	Status of Implementation	Management response
<p>The Accounting Officer should:</p> <ol style="list-style-type: none"> <li>1. Put in place a feasible mechanism to implement the recommendations of the Authority as required in Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006.</li> <li>2. Institute an investigation into the possible causes of low bidder participation at the Entity and submit a comprehensive report to the Authority within three (3) months from issue of the FY 2019/2020 audit report.</li> <li>3. Liaise with the Authority to provide capacity building to the various users of the Entity on public procurement processes especially on procurement planning, initiation, evaluation and contract management.</li> </ol>	<p>Not implemented</p> <p>Not implemented</p> <p>Not implemented</p>	<ol style="list-style-type: none"> <li>1. Plans will be put in place including discussions on findings by the Authority during District Technical Planning Committee and District Executive Committee meetings.</li> <li>2. The Entity will organize for a review workshop with all potential bidders in the region to find out about their experiences regarding bidding for projects in the Apac DLG.</li> <li>3. The Entity acknowledges that it did not liaise with the Authority to provide capacity building to various users in the Entity</li> </ol>

Audit Recommendation	Status of Implementation	Management response
		<i>largely due to COVID 19 restrictions at the time and budgetary cuts. However, this will be revisited and implemented.</i>
<p>The Procurement and Disposal Unit should:</p> <ol style="list-style-type: none"> <li>1. Maintain and archive all records of the procurement and disposal process as guided in Regulation 25 (1) (n) of the Local Governments (PPDA) Regulations, 2006.</li> <li>2. Prepare bidding documents with favourable requirements and terms to the Entity, but also achievable by potential bidders in order to maximize competition and achieve value for money in procurement as provided for in Section 46 of the PPDA Act, 2003.</li> </ol>	<p>Partially implemented</p> <p>Partially implemented</p>	<ol style="list-style-type: none"> <li>1. <i>This has been substantially implemented but the Entity strives to continuously improve while acknowledging challenges that come with record keeping.</i></li> <li>2. <i>This has been substantially implemented despite a few areas that will be improved further.</i></li> </ol>
<p>The Contracts Committee should diligently quality assure the bidding documents with focus on the key areas such as the Instructions to Bidders, Evaluation Criteria and Methodology, Statement of Requirements, Special Conditions of the Contract and contract forms before approving them for issue to bidders as well as the evaluation reports.</p>	Partially implemented	<i>This has been substantially implemented despite a few areas that will be improved further.</i>
<p>The Evaluation Committee to conduct detailed evaluation of bids against all the criteria and Statements of Requirements provided in the bidding documents.</p>	Partially implemented	<i>This has been substantially implemented despite a few areas that will be improved further.</i>
<p>Heads of User Departments should:</p> <ol style="list-style-type: none"> <li>1. Task the Engineering Department to comply with the provisions stipulated in Section 95 (A) of the PPDA Act, 2003 when handling procurements under force account mechanism.</li> <li>2. Ensure that contract supervisors closely monitor contract implementation and where necessary request for extension of the period of performance as</li> </ol>	<p>Not implemented</p> <p>Partially implemented</p>	<ol style="list-style-type: none"> <li>1. <i>The Office of the Chief Administrative Officer has taken up this issue with the Engineering Department to ensure compliance when handling road works under force account mechanism.</i></li> <li>2. <i>This has considerably been implemented. However, the Entity plans another engagement with all</i></li> </ol>

Audit Recommendation	Status of Implementation	Management response
<p>provided in Regulation 119 (10) (b) of the Local Government (PPDA) Regulations, 2006.</p> <p>3. Guarantee that officers involved with the administration of payments to contractors closely follow the provisions of these Regulations, and exercise due vigilance at all times, so that no irregular payments are made to contractors as required in Regulation 103 (1) of the Local Governments (PPDA) Regulations, 2006.</p>	<p>Partially implemented</p>	<p><i>stakeholders to fully grasp their roles regarding contract management.</i></p> <p>3. <i>True this is partially implemented, but the Entity continues to make changes in the Finance department including recent transfers with the view of improving this even further.</i></p>

**Implication**

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

**Recommendation**

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.

**2.1.4 Failure by the Internal Auditor to provide assurance on the Entity’s procurement and payment processes**

The Authority did not find any evidence of assurance provided by the Internal Audit Unit at the time of payment to confirm that all goods, services and works were properly ordered, received, examined and paid for in accordance with Regulation 28 of the Local Governments (PPDA) Regulations, 2006.

**Implication**

There was no assurance that value for money was realized from all the supplies, works or services procured during the audit period under review.

**Recommendation**

The Head of the Internal Audit Department should audit the procurement and disposal procedures as well as the payments made in accordance with Regulation 28 of the Local Governments (PPDA) Regulations, 2006.

**Management response**

*The Accounting Officer discussed the issue with the Head of Internal Audit and tasked him to produce quarterly audit reports on procurement activities starting from first quarter for this FY 2023/24. The Head Internal Audit was tasked to make sure the findings are regularly discussed in District Technical Planning Committee meetings in order to identify and resolve the issues early enough.*

**2.1.5 The Contracts Committee usurped the powers of the Accounting Officer and delegated the functions of the Procurement and Disposal Unit to Entity Staff**

The Authority found that the Contracts Committee usurped powers of the Accounting Officer and irregularly delegated entire procurement processes to Entity staff to purchase eight items worth UGX 89,544,500 indicated in table 5 below, which was in breach of the laid down rules and methods for conducting public procurement and contrary to Regulation 29 of the Local Governments (PPDA) Regulations, 2006.

The Authority found the following anomalies:

- i) The procurement requisitions were not submitted to the Procurement and Disposal Unit to recommend the appropriate procurement methods and procedures contrary to Section 31(g) of the PPDA Act, 2003.
- ii) There was no documented procurement process to indicate that the principles of non-discrimination, transparency, accountability, fairness, maximization of competition, economy, and promotion of ethics were conformed to during acquisition of providers of the items contrary to Section 43 of the PPDA Act, 2003.
- iii) There was no independence in performance of functions during the procurement processes since each individual acted as the Accounting Officer, Procurement and Disposal Unit, Evaluation Committee, Contracts Committee and User Department contrary to Section 38 of the PPDA Act 2003.
- iv) The irregularly delegated staff did not demonstrate that the prices at which they purchased the items were competitive prices and achieved value for money.
- v) The Entity staff did not evaluate the eligibility and capacity of the providers through a prequalification exercise or bid evaluation to establish whether the items were obtained from licensed bidders with the capacity to provide the goods and services.
- vi) The Entity did not enter into written agreements/contracts with the providers of the goods and services hence there was no recourse in case the goods or services were defective.
- vii) Payments for good and services were irregularly made directly to staff of the Entity contrary to Regulation 117 (5) of the Local Governments (PPDA) Regulations, 2006.

**Table 5: Items irregularly procured by Entity staff without going through the Procurement and Disposal Unit**

No.	Subject of Procurement	Entity staff that were advanced funds	Amount (UGX)
1.	Repair and servicing of motor vehicle UG 4487 M	Senior Hospital Administrator (Mr. Joseph Onuk)	2,000,000
2.	Repair and service of LG 01720-02 Land Cruiser hard top	Senior Hospital Administrator (Mr. Joseph Onuk)	4,140,000
3.	Repair and servicing of motor vehicle LG 0016-009	District Education Officer	3,000,000
4.	Purchase of a water pump for Apac district Hospital water tank	Senior Hospital Administrator (Mr. Joseph Onuk)	21,000,000
5.	Hosting of radio talk shows on Ebola Viral Disease (EVD)	Senior Hospital Administrator (Mr. Joseph Onuk)	6,525,000
6.	Purchase of a bush cutting machine, a Laser Jet printer and a flat TV screen 50'' for Apac Main Hospital	Senior Hospital Administrator (Mr. Joseph Onuk)	4,550,000

No.	Subject of Procurement	Entity staff that were advanced funds	Amount (UGX)
7.	Purchase of assorted medical equipment for Apac Hospital and other health facilities	District Biomedical Engineer (Mr. Ambrose Ongwech)	24,100,000
8.	Emergency repair/renovation of Pediatric ward (general repair of the roof and replacement of ceiling boards) <b>Exception:</b> This was not an emergency. The User Department initiated the procurement on 3 <sup>rd</sup> February 2023 and the funds were paid to the Hospital Director on 1 <sup>st</sup> May 2023. This was adequate time to hold a formal procurement process using selective national bidding procurement method.	Senior Hospital Administrator (Mr. Joseph Onuk)	24,229,500

### Implications

- Public resources worth UGX 89,544,500 were subjected to the risk of potential fraud and abuse by individuals without backstopping.
- Delegation of the procurement function to individuals undermines the independence in performance of functions by the different players within the procurement system.

### Recommendations

1. The Accounting Officer should caution the Contracts Committee for usurping the powers of the Accounting Officer by irregularly delegating the procurement function to Entity staff thus undermining the role of the Procurement and Disposal Unit in the procurement process.
2. The Contracts Committee should only recommend to the Accounting Officer the delegation of functions in the procurement and disposal processes in accordance with Regulation 17 (2) (b) of the Local Governments (PPDA) Regulations, 2006.
3. User Departments should initiate procurement and disposal requirements and forward them to the Procurement and Disposal Unit for implementation in accordance with Section 34 (b) of the PPDA Act, 2003.

### Management response

*The Entity acknowledges the role confusion among the different players and arrangements will be made to clarify the roles and responsibilities of different actors in procurement as well as capacity building to ensure that the above does not happen. The Office of the Chief Administrative Officer will have an engagement with the Contracts Committee regarding issues identified above and others. There are also plans for a one-day refresher training to have the members of Contracts Committee trained in liaison with the Authority.*

### 2.1.6 Delay by the Contracts Committee to approve procurement methods, bidding documents and invitations to bid

The Authority found that the Contracts Committee delayed by an average of 74 working days to approve procurement methods, bidding documents and invitations to bid in five procurements worth UGX 483,425,797 indicated in table 6 below:

**Table 6: Procurements with delayed Contracts Committee approvals**

No.	Subject of procurement	Date Accounting Officer approved LG PP Form 1	Date Contracts Committee approved procurement method, bidding documents and invitations to bid	Delay in working days
1.	Supply of two assorted micro irrigation kits and 100 ox ploughs to Production department worth UGX 56,620,412	1 <sup>st</sup> July 2022	5 <sup>th</sup> September 2022	46
2.	Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III worth UGX 162,160,950	1 <sup>st</sup> July 2022	5 <sup>th</sup> September 2022	46
3.	Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III worth UGX 161,087,535	1 <sup>st</sup> July 2022	5 <sup>th</sup> September 2022	46
4.	Rehabilitation of 10 deep wells/boreholes worth UGX 68,564,000	1 <sup>st</sup> July 2022	5 <sup>th</sup> September 2022	46
5.	Feasibility study and detailed engineering design of solar piped water supply scheme for Agoga Rural Growth Centre in Ibuje Sub County Apac district worth UGX 34,992,900	1 <sup>st</sup> July 2022	14 <sup>th</sup> March 2023	184
<b>Average delay in working days</b>				<b>74</b>

#### Implication

The Contracts Committee's delayed authorization of submissions received from PDU increased the procurement lead times thereby delaying service delivery to the intended beneficiaries.

#### Recommendation

The Contracts Committee should approve submissions received from the PDU in a timely manner to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003. Where submissions from the PDU are incomplete, the Contracts Committee should reject them in writing stating the reasons for their rejection in accordance with Regulation 18(9) of the Local Governments (PPDA) Regulations, 2006.

### Management response

The delays were due to user departments submitting procurement requisitions without additional information attached, for example, bills of quantities, Terms of Reference or specifications, but the Entity has noted this for corrective action. The Office of the Chief Administrative Officer has tasked the PDU to continuously work with user departments to sort out any challenges regarding development of statements of requirements in a timely manner starting this FY 2023/24.

#### **2.1.7 Unjustified use of the direct procurement method**

On 6<sup>th</sup> June 2023, the Contracts Committee approved the direct procurement method in three procurement transactions worth UGX 84,944,000 in table 7 citing “*Circumstance surrounding its acquisition*”; however, the Authority found that:

- i) The circumstances surrounding the acquisitions were not indicated and/or explained in the minutes to support the decision of the Contracts Committee.
- ii) The time the direct procurement processes took was sufficient for the Entity to use a more competitive procurement method of selective bidding.
- iii) The three seater desks were bought separately using different providers contrary to Regulation 64 (1) of the Local Governments (PPDA) Regulations, 2006 which provides that “*A Procuring and Disposing Entity shall not, with the intention of avoiding a particular method of procurement or the benefits of scale, split up procurement requirements which can be procured as a single contract.*”

**Table 7: Procurements where the direct procurement method was used unjustifiably**

No	Subject of procurement	Provider	Contract Value (UGX)	Exceptions
1.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 1: 100 desks) to the following schools: Adir, Adir Annex, Ololango and Apoi Primary Schools	Wela Classic Ventures Limited	25,000,000	Total procurement process time taken (from initiation to contract signing): <b>20 working days</b>  <b>Chronology:</b> i) Initiation date: 2 <sup>nd</sup> June 2023 ii) Contracts Committee approval of procurement method and bidder: 6 <sup>th</sup> June 2023 iii) Bid invitation date: 8 <sup>th</sup> June 2023 iv) Bid evaluation report date: 26 <sup>th</sup> June 2023 v) Contract award date: 27 <sup>th</sup> June 2023 vi) Contract signing date: 30 <sup>th</sup> June 2023 with a completion period of 2 months vii) Actual delivery date: 24 <sup>th</sup> July 2023
2.	Supply of three seater classroom desks to selected primary schools	SB Engineering and	24,951,100	Total procurement process time taken (from initiation to contract signing): <b>20 working days</b>

No	Subject of procurement	Provider	Contract Value (UGX)	Exceptions
	in Apac district (Lot 2: 100 desks) to Kungu, Ibuje, Ollepek and Apoi Primary Schools	Construction Co. Ltd		<p><b>Chronology:</b></p> <ul style="list-style-type: none"> <li>i) Initiation date: 2<sup>nd</sup> June 2023</li> <li>ii) Contracts Committee approval of procurement method and bidder: 6<sup>th</sup> June 2023</li> <li>iii) Bid invitation date: 8<sup>th</sup> June 2023</li> <li>iv) Bid evaluation report date: 26<sup>th</sup> June 2023</li> <li>v) Contract award date: 27<sup>th</sup> June 2023</li> <li>vi) Contract signing date: 30<sup>th</sup> June 2023 with a completion period of 2 months</li> <li>vii) Delivered on 24<sup>th</sup> July 2023</li> </ul>
3.	Feasibility study and detailed engineering design of solar piped water supply scheme for Agoga Rural Growth Centre in Ibuje Sub-County, Apac district	Terracon Technical Works Ltd	34,992,900	<p>Total procurement process time taken (from initiation to contract signing): <b>236 working days</b></p> <p><b>Chronology:</b></p> <ul style="list-style-type: none"> <li>i) Initiation and approval of Form 1 by Accounting Officer date: 1<sup>st</sup> July 2022</li> <li>ii) Date Contracts Committee approved procurement method, provider and bidding document: 14<sup>th</sup> March 2023</li> <li>iii) Date of invitation of bidder: 24<sup>th</sup> March 2023</li> <li>iv) Date of technical evaluation report: 19<sup>th</sup> April 2023</li> <li>v) Date Contract Committee approved technical evaluation report: 28<sup>th</sup> April 2023</li> <li>vi) Notification of financial bid opening: 2<sup>nd</sup> May 2023</li> <li>vii) Date of financial evaluation report: 18<sup>th</sup> May 2023</li> <li>viii) Date Contract Committee approved financial evaluation report: 19<sup>th</sup> May 2023</li> <li>ix) Date contract was signed: 25<sup>th</sup> May 2023 with a contractual completion period: two months</li> </ul>

### **Implication**

There is a possibility that the Entity missed the opportunity to obtain competitive prices for the procurements in question by opting to use the direct procurement method, for instance, the Authority found that the Entity purchased similar desks at UGX 190,000 in March 2023 under selective bidding but in these direct procurements, the desks were purchased at higher prices of UGX 250,000 (Lot 1) and UGX 249,511 (Lot 2). Thus, a probable missed cost saving of UGX 6,000,000 for Lot 1 and UGX 5,951,100 for Lot 2.

### **Recommendations**

1. The Contracts Committee should:
  - i) Ensure that all procurements are conducted in a manner that maximizes competition and value for money in accordance with Section 43 (c) of the PPDA Act, 2003.
  - ii) Reject requests for approval of procurement methods where the justifications for the method recommended by the Procurement and Unit is inadequate.
2. The Head Procurement and Disposal Unit should:
  - i) Follow the rules for use of each procurement method for each particular procurement requirement in accordance with Regulation 33 of the Local Governments (PPDA) Regulations, 2006.
  - ii) Procure items which are of a similar nature and which are likely to attract the same potential bidders as a single contract in order to benefit from the economies of scale in accordance with Regulation 64 (1) of the Local Governments (PPDA) Regulations, 2006.

### **Management response**

*The Entity would like to clarify that the “Circumstance surrounding acquisition of the furniture” was due to the fact that there was limited time to conduct a thorough competitive process given the fact that the requests were submitted late, and that the providers selected had already supplied the same furniture to the Entity during the same period. However, several meetings have already been held with the concerned departments to make sure such requests are submitted to the PDU early enough. For the current FY 2023/24 these requests will be submitted before January 2024.*

### **Authority’s comment**

The Entity’s response is noted; however, the above procurements did not meet the conditions for use of the direct procurement method. User Departments are therefore advised to submit their requisitions to the PDU early enough so that the Entity can obtain maximum competition and ensure value money in the conduct of public procurement.

#### **2.1.8 Inappropriate requirements in the bidding documents**

The Authority found that five procurements worth UGX 496,432,897 had inappropriate requirements in the bidding documents as detailed in table 8:

**Table 8: Procurements with inappropriate bidding document requirements**

No.	Subject of procurement	Exceptions
1.	Supply of two assorted micro irrigation kits and 100 ox ploughs to Production	<b>Ambiguous evaluation criteria</b> Item 6.2 (d) under the Technical Evaluation Criteria in the bidding document required bidders to have “ <i>Availability of after sales services e.g. repair, training, spare parts etc</i> ” however,

No.	Subject of procurement	Exceptions
	department worth UGX 56,620,412	<p>the Entity did not indicate how each of these requirements would be assessed.</p> <p><b><u>Management response</u></b>  <i>The Entity acknowledges this error for corrective action. However, the provision was for supply of motorcycles and no bidder was disqualified because of this provision.</i></p> <p><b><u>Contradictory warranty period</u></b>  Under the Special Conditions of Contract, GCC 28.3 provided that “<i>The period of validity of the warranty shall be <b>three months (120 days)</b> from the date of approval of supplies by the Entity</i>”; However, 120 days in the bidding document implies working days which are equivalent to six months.</p> <p><b><u>Management response</u></b>  <i>This has been noted and will be reconciled in future. However, the period of warranty was meant to be three months from the date of approval of supplies by the Entity.</i></p>
2.	Supply of three-seater class room desks to selected primary schools and assorted furniture to DHO’s Office worth UGX 48,000,000	<p><b><u>Ambiguous evaluation criteria</u></b>  Item 6.2 (d) under the Technical Evaluation Criteria in the bidding document required bidders to have “<i>Availability of after sales services e.g. supply of spare parts, repair/replacement of broken parts etc</i>” however, the Entity did not indicate how each of these requirements would be assessed.</p> <p><b><u>Management response</u></b>  <i>The Entity acknowledges this error for corrective action. However, the provision was for supply of motorcycles and no bidder was disqualified because of this provision.</i></p> <p><b><u>Contradictory warranty period</u></b>  Under the Special Conditions of Contract, GCC 28.3 provided that “<i>The period of validity of the warranty shall be <b>three months (120 days)</b> from the date of approval of supplies by the Entity</i>”; However, 120 days in the bidding document implies working days which are equivalent to six months.</p> <p><b><u>Management response</u></b>  <i>This has been noted and will be reconciled in future. However, the period of warranty was meant to be three months from the date of approval of supplies by the Entity.</i></p>
3.	Construction of a semi-detached staff house with a two stance drainable latrine at Kungu	<p><b><u>Irregular provision for allowances under preliminaries in the bills of quantities</u></b>  Item D: allowed a prime cost sum of UGX 7,500,000 for “<i>Technical supervision, Environmental Impact Screening, Environment and Social Safe guards and issuance of Certificate</i></p>

No.	Subject of procurement	Exceptions
	H/C III worth UGX 162,160,950	<p><i>of Environmental Restoration. However, supervision costs are supposed to be independent of bidder's bid prices.</i></p> <p><b><u>Management response</u></b>  <i>The bills of quantities (BOQs) were designed and sent by the Ministry of Health with those activities included in preliminaries. This has been the norm for all projects under UgIFT. However, the Entity will in future consultations with the responsible Ministry, try to make adjustments to exclude supervision costs from the BOQs.</i></p>
4.	Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III worth UGX 161,087,535	<p><b>Irregular provision for allowances under preliminaries in the bills of quantities</b>  Item D: allowed a prime cost sum of UGX 7,500,000 for "Technical supervision, Environmental Impact Screening, Environment and Social Safe guards and issuance of Certificate of Environmental Restoration. However, such costs are supposed to be independent of bidder's bid prices.</p> <p><b><u>Management response</u></b>  <i>The bills of quantities were designed and sent by the Ministry of Health with those activities included in preliminaries. This has been the norm for all projects under UgIFT. However, the Entity will in future consultations with the responsible Ministry, try to make adjustments to exclude supervision costs from the BOQs.</i></p>
5.	Rehabilitation of 10 deep wells/boreholes worth UGX 68,564,000	<p><b>Irregular provision for allowances under preliminaries in the bills of quantities</b>  Supervision costs for the rehabilitation of ten boreholes were provided for at UGX 5,000,000 in the bidder's priced BOQs i.e (supervision of UGX 500,000 per borehole).</p> <p>However, supervision costs are supposed to be independent of bidder's bid prices.</p> <p><b><u>Management response</u></b>  <i>The Entity has noted this and will ensure that future projects will have no supervision costs included in the bills of quantities.</i></p>

### Implications

- Ambiguous evaluation criteria lead to unfair and inadequate assessment of bidders' compliance to the Entity's requirements.
- Contradictory warranty periods could lead to contracted providers submitting insufficient warranty covers for the items procured.
- Inclusion of supervision costs to form part of the bid price could compromise independence in contract supervision if these funds are paid to the contractors to pay the contract supervisors.

## Recommendations

1. The Head Procurement and Disposal Unit should prior to issuance of bidding documents, conduct quality assurance for appropriateness of all the required documentation in accordance with Regulation 48 (2) of the Local Governments (PPDA) Regulations, 2006.
2. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.
3. The Accounting Officer should direct that all Entity costs that are needed for contract monitoring are planned for by the user departments and expended internally to ensure effective control and monitoring.

### 2.1.9 Low bidder participation

The Authority found that the Entity received an average of two bids in three procurements worth UGX 287,345,362 indicated in table 9:

**Table 9: Procurements with low bidder response rate at the bidding stage**

No.	Subject of procurement	Number of bids received
1.	Supply of two assorted micro irrigation kits and 100 ox ploughs to Production department worth UGX 56,620,412	2
2.	Construction of a semi-detached staff house with a two-stance drainable latrine at Kungu H/C III worth UGX 162,160,950	2
3.	Rehabilitation of 10 deep wells/boreholes worth UGX 68,564,000	2

### Implication

Limited competition denies the Entity the chance to maximize competition in the bidding process which ultimately hinders the achievement of value for money.

### Recommendation

The Accounting Officer should organize bidder capacity building exercises in order to increase bidder responsiveness at the Entity.

### Management response

*The Entity recognizes that there was low bidder turn up for some projects like the ones highlighted above. The Entity discovered that, this was as a result of some bidders who pick the bidding document but upon realizing that many others also picked the document, they end up not submitting their bids; while other bidders wanted assurances from staff of the PDU before submitting their bids. However, the Entity will try to arrange for capacity building exercises in order to encourage and increase bidder responsiveness.*

### 2.1.10 Anomalies at the bid evaluation stage

#### i) Delay by the Contracts Committee to approve evaluation committee members

The Authority found that the Contracts Committee delayed by an average of 12 working days to approve evaluation committee members after bid closure/opening i.e. the Contracts Committee approved evaluation committee members on 18<sup>th</sup> October 2022 after bid closure and opening had been done on 30<sup>th</sup> September 2022. This was observed in five procurements worth UGX 496,432,897 indicated in table 10 below:

**Table 10: Procurements with delayed approvals of evaluation committee members**

No.	Subject of procurement	Contract value (UGX)
1.	Supply of two assorted micro irrigation kits and 100 ox ploughs to Production department	56,620,412
2.	Supply of three seater class room desks to selected primary schools and assorted furniture to DHO's Office	48,000,000
3.	Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III	162,160,950
4.	Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III	161,087,535
5.	Rehabilitation of 10 deep wells/boreholes	68,564,000
<b>Total</b>		<b>496,432,897</b>

**Implication**

Delayed approval of evaluation committee members resulted into delayed evaluation of bids hence increasing the procurement lead-time.

**Recommendation**

The Contracts Committee should approve evaluation committees at the same time as its approval of the bidding document, procurement method and invitation to bid for each procurement requirement in order to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.

**Management response**

*This is noted. The Authority's recommendation to approve evaluation committees at the same time of approval of the bidding document, procurement method and bid invitations will be implemented.*

**ii) Failure to verify authenticity of the Letters of Credit submitted by bidders**

The Authority found that during post qualification, the evaluation committee members did not verify the authenticity of the Letters of Credit submitted by the best evaluated bidders in three procurements worth UGX 379,868,897 in table 11 below:

**Table 11: Procurements whose Letters of Credits were not authenticated**

No.	Subject of procurement	Exceptions
1.	Supply of two assorted micro irrigation kits and 100 ox ploughs to Production department worth UGX 56,620,412	<p>Section 6.2 (e): Technical Criteria in the bidding document required bidders to have liquid assets and/or credit facilities, net of other contractual commitments and exclusive of any advance payments which may be made under the Contract, of not less than UGX 30,000,000.</p> <p>The best evaluated bidder, Hanzon Engineering Services and Supplies Limited, submitted a Letter of Credit from Equity Bank confirming the Bank's willingness to provide credit to the bidder up to a tune of UGX 30M; however, the Evaluation Committee did not verify the authenticity of the document.</p> <p><b><u>Management response</u></b> <i>This was done and the evidence is available for verification.</i></p>

No.	Subject of procurement	Exceptions
		<p><b>Authority's comment</b> There was no evidence submitted to support the management response.</p>
2.	<p>Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III worth UGX 162,160,950</p>	<p>Section 6.2.6: Financial Resources: stated that <i>"The Bidder must demonstrate access to, or availability of, financial resources such as liquid assets, unencumbered real assets, lines of credit, and other financial means, other than any contractual advance payments to meet:</i> <i>(i) the following cash-flow requirement: UGX 50,000,000 (fifty million shillings)"</i>.</p> <p>The best evaluated bidder, Megum Technical Services Limited, submitted a Letter of Credit from DFCU Bank confirming the Bank's willingness to avail the bidder with contract financing of up to 70% of the contract sum upon formal request from the bidder and subject to the bidder meeting the Bank's credit approval process should the Entity award the company the contract. However, the Evaluation Committee did not verify with the Bank the authenticity of the document.</p> <p><b><u>Management response</u></b> <i>This was done and the evidence is available for verification.</i></p> <p><b>Authority's comment</b> There was no evidence submitted to support the management response.</p>
3.	<p>Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III worth UGX 161,087,535</p>	<p>Section 6.2.6: Financial Resources: stated that <i>"The Bidder must demonstrate access to, or availability of, financial resources such as liquid assets, unencumbered real assets, lines of credit, and other financial means, other than any contractual advance payments to meet:</i> <i>(i) the following cash-flow requirement: UGX 50,000,000 (Fifty Million Shillings)"</i>.</p> <p>The best evaluated bidder, Step Entertainment Ltd, submitted a letter of credit from DFCU Bank confirming the Bank's willingness to avail the bidder with contract financing of up to 70% of the contract sum upon formal request from the bidder and subject to the bidder meeting the Bank's credit approval process should the Entity award the company the contract. However, the Evaluation Committee did not verify with the Bank the authenticity of the document.</p> <p><b><u>Management response</u></b> <i>This was done and the evidence is available for verification.</i></p>

No.	Subject of procurement	Exceptions
		<p><b>Authority's comment</b> There was no evidence submitted to support the management response.</p>

### Implication

Failure to verify the financial capability of the bidder to perform the proposed contract exposed the Entity to risks such as work stoppages/ abandonment/ non-completion due to risks of cash flow challenges that could arise.

### Recommendation

The Chairperson, Evaluation Committee should always verify the authenticity of the documents submitted by the bidders before recommending them for contract award in accordance with Regulation 82 (2) (e) of the Local Governments (PPDA) Regulations, 2006.

### iii) Failure to detect arithmetic errors

The Authority found that evaluation committee members did not detect arithmetic errors in five procurements worth UGX 464,763,585 as detailed in table 12 below:

**Table 12: Procurements with undetected arithmetic errors**

No.	Subject of procurement	Exceptions																									
1.	Supply of three-seater Class room Desks to selected Primary Schools and Assorted Furniture to DHO's Office worth UGX 48,000,000	<p><b>Failure to detect arithmetic errors worth UGX 1,000,000</b> The evaluation committee did not detect arithmetic errors worth UGX 1,000,000, vide Appendix 3. The Authority found that all the contract sum amount of UGX 48M was paid to the provider, Wela Classic Ventures Limited, after delivery of the items; instead of the correct amount of UGX 47million. This implies that the Entity incurred a financial loss of UGX 1,000,000.</p> <p><b>Management response</b> <i>The mistake has been noted and efforts will be made to recover the overpayment.</i></p>																									
2.	Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III worth UGX 162,160,950	<p><b>Failure to detect arithmetic errors worth UGX 1,208,200</b> The evaluation committee did not detect arithmetic errors, vide Appendix 4 which affected bid totals as indicated below:</p> <table border="1"> <thead> <tr> <th>Area</th> <th>BEB's bid price totals (UGX)</th> <th>Evaluated price by EC members (UGX)</th> <th>Authority's computation of correct total cost (UGX)</th> <th>Correct total Errors (UGX)</th> </tr> </thead> <tbody> <tr> <td>Preliminaries</td> <td>11,650,000</td> <td>11,650,000</td> <td>11,650,000</td> <td>-</td> </tr> <tr> <td>Staff house</td> <td>132,753,310</td> <td>133,892,260</td> <td>133,930,600</td> <td>1,177,290</td> </tr> <tr> <td>2 stance lined VIP latrine</td> <td>16,596,690</td> <td><b>16,618,690</b></td> <td>16,627,600</td> <td>30,910</td> </tr> <tr> <td><b>Grand Total</b></td> <td><b>161,000,000</b></td> <td><b>162,160,950</b></td> <td><b>162,208,200</b></td> <td><b>1,208,200</b></td> </tr> </tbody> </table>	Area	BEB's bid price totals (UGX)	Evaluated price by EC members (UGX)	Authority's computation of correct total cost (UGX)	Correct total Errors (UGX)	Preliminaries	11,650,000	11,650,000	11,650,000	-	Staff house	132,753,310	133,892,260	133,930,600	1,177,290	2 stance lined VIP latrine	16,596,690	<b>16,618,690</b>	16,627,600	30,910	<b>Grand Total</b>	<b>161,000,000</b>	<b>162,160,950</b>	<b>162,208,200</b>	<b>1,208,200</b>
Area	BEB's bid price totals (UGX)	Evaluated price by EC members (UGX)	Authority's computation of correct total cost (UGX)	Correct total Errors (UGX)																							
Preliminaries	11,650,000	11,650,000	11,650,000	-																							
Staff house	132,753,310	133,892,260	133,930,600	1,177,290																							
2 stance lined VIP latrine	16,596,690	<b>16,618,690</b>	16,627,600	30,910																							
<b>Grand Total</b>	<b>161,000,000</b>	<b>162,160,950</b>	<b>162,208,200</b>	<b>1,208,200</b>																							

No.	Subject of procurement	Exceptions
		<p>Therefore, the correct contract price should have been UGX 162,208,200 instead of UGX 162,160,950.</p> <p><b><u>Management response</u></b>  <i>The minor errors could have occurred as result of differences in excel sheet settings during the production of BOQs by the District Engineer and those of the bidders since only soft copies were issued. The settings on the District Engineer's BOQs was by two decimal points and this could have made some figures to be rounded off if the bidder used one decimal point in their BOQs. However, this has been noted for future corrective action.</i></p>
3.	Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III worth UGX 161,087,535	<p><b>Failure to deduct 5% contingency from the cost of the 2 stance lined VIP latrine which was already inclusive of 10% contingency</b>  The Authority found that the total cost of the 2 stance VIP latrine of UGX 11,358,600 was inclusive of 10% contingency fees; however, during calculation of the total cost of the project (Main Summary); the Entity irregularly added another 5% contingency on the cost of the latrine (i.e 567,930 was added onto UGX 11,358,600) which was irregular. Calculation of contingency on contingency was irregular and implies a potential financial loss of UGX 567,930 to the Entity.</p> <p><b><u>Management response</u></b>  <i>The Entity acknowledges this error and the deduction will be made from the retention monies yet to be paid.</i></p>
4.	Rehabilitation of 10 deep wells/boreholes worth UGX 68,564,000	<p><b>Failure to deduct VAT from the price recommended for contract award since the provider was not VAT registered</b>  According to the certificate of registration on file, the contractor, Amidi General Services Ltd, was not VAT registered but the contract was signed at a price of UGX 68,564,000 that was inclusive of VAT. Since all the money due to the contractor was paid on 15<sup>th</sup> June 2023, it implies that the Entity incurred a potential financial loss of UGX 10,458,915.</p> <p><b><u>Management response</u></b>  <i>The Entity acknowledges that the error occurred during evaluation and invoicing stage of payment where issues of VAT or WHT are supposed to be adjusted with supporting documentation. However, the provider has been notified and arrangements are being made for monies to be recovered starting with the retention monies.</i></p>
5.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 2: 100 desks)	<p><b>Failure to deduct VAT from the price recommended for contract award since the provider was not VAT registered</b>  The price quotation by the provider, SB Engineering and Construction Co. Ltd, included VAT worth UGX 3,806,100 yet according to the URA certificate of registration in their bid, the provider was not VAT registered. This implies that the Entity</p>

No.	Subject of procurement	Exceptions
	worth UGX 24,951,100	<p>potentially incurred a financial loss of UGX 3,806,100 if all the contract sum money is paid to the contractor.  <b>Note:</b> there was no payment record on file.</p> <p><b><u>Management response</u></b>  <i>The Entity acknowledges that the error occurred during evaluation and invoicing stage of payment where issues of VAT or WHT are supposed to be adjusted with supporting documentation. However, the provider has been notified and arrangements are being made to have the monies recovered.</i></p>

### Implication

The Entity potentially incurred a total financial loss of UGX 15,832,945 arising from the evaluation committees' failure to detect arithmetic errors.

### Recommendations

1. The Accounting Officer should recover the money indicated below lost through undetected arithmetic errors and submit evidence of recovery to the Authority as indicated below:
  - i) UGX 1,000,000 from Wela Classic Ventures Limited for the supply of three-seater classroom desks to selected Primary Schools and assorted furniture to DHO's Office.
  - ii) UGX 567,930 from Step Entertainment Ltd for the construction of a semi-detached staff house with a two-stance drainable latrine at Kidilani H/C III.
  - iii) UGX 10,458,915 from Amidi General Services Ltd for the rehabilitation of 10 deep wells/boreholes.
  - iv) UGX 3,806,100 from SB Engineering and Construction Co. Ltd for the supply of three-seater classroom desks to selected primary schools in Apac district (Lot 2).
2. Evaluation Committee members should review all calculations in bids to identify and correct any arithmetic errors during financial comparison of bids in accordance with Regulation 80 (3) (b) of the Local Governments (PPDA) Regulations, 2006.

### iv) Non-compliant best evaluated bidders

The Authority found that evaluation committees irregularly evaluated bidders as compliant despite not satisfying the requirements of the evaluation criteria in three procurements worth UGX 150,135,512 as detailed in table 13 below:

**Table 13: Procurements with non-compliant best evaluated bidders**

No.	Subject of procurement	Exceptions
1.	Supply of 2 assorted micro irrigation kits and 100 ox ploughs to Production department worth UGX 56,620,412	<p><b>Submission of inadequate experience by the best evaluated bidder</b></p> <p>Section 6.2: Technical Criteria in the bidding document required bidders to have the following:</p> <p><i>“(b) Experience as prime contractor in supply of Agricultural inputs and implements in <b>at least 3 Years over the last 5 years</b> (to comply with this requirement, supplies cited should have been fully certified, delivered and received);</i></p> <p><i>“(c) Average annual volume of supplies delivered over the past 3 years of at least UGX: 50,000,000”.</i></p>

No.	Subject of procurement	Exceptions
		<p>However, the best evaluated bidder, Hanzon Engineering Services and Supplies Limited, was a new company incorporated on <b>5<sup>th</sup> May 2021</b> and thus did not have the required experience of 3 years over the last five years as a prime contractor in the supply of agricultural inputs. The bidder did not submit any evidence of ever having supplied such items.</p> <p><b><u>Management response</u></b>  <i>The Entity acknowledges the above finding, but as pointed out earlier in your findings, there was low bidder turn up for this particular lot, and of which the evaluation committee had to ensure that at least one substantially responsive bidder was recommended for contract award. Moreover, there is no guarantee that advertising will necessarily attract more bidders. However, the bidder was able to supply the required items.</i></p> <p><b>Authority's comment</b>  The Entity's response is noted; however, it is also possible that the low bidder turn up could have been due to this particular requirement on experience. Therefore, waiving the experience requirement for one bidder contravened the principles of transparency and fairness in public procurement.</p>
2.	Rehabilitation of 10 deep wells/boreholes worth UGX 68,564,000	<p><b>Non submission of general and specific experience by the best evaluated bidder</b></p> <p>The requirements for experience in the bidding document were:</p> <ul style="list-style-type: none"> <li>• 6.2.7 - General Experience: <i>"Experience under contracts in the role of contractor, subcontractor, or management contractor for at least the last 3 years (2021/22, 2020/21, 2019/20) prior to the bid submission deadline, and with activity in at least 6 months in each year"</i>.</li> <li>• 6.2.8 (a) - Specific Experience: <i>"Participation as contractor, management contractor, or subcontractor, in at least 3 contracts within the last 3 years (2021/22, 2020/21, 2019/20), each with a value of at least UGX 50,000,000, that have been successfully and substantially completed (at least 70 percent complete) and that are similar to the proposed works. The similarity shall be based on the physical size, complexity, methods/technology or other characteristics as described in Section 6, Statement of Requirements"</i>.</li> <li>• 6.2.9 - Specific Experience: <i>"For the above or other contracts executed during the period stipulated in 6.2.8(a) above, minimum experience in the following key activities: General construction/Rehabilitation works"</i>.</li> </ul>

No.	Subject of procurement	Exceptions
		<p>However, the Authority found that the best evaluated bidder, Amidi General Services Ltd, did not submit any specific experience related to rehabilitation of deep boreholes.</p> <p><b><u>Management response</u></b>  <i>The Entity acknowledges the above finding, but as pointed out earlier in your findings, there was low bidder turn up for this particular lot, of which the evaluation committee had to ensure that at least one substantially responsive bidder was recommended for contract award. Moreover, there is no guarantee that advertising will necessarily attract more bidders. However, the bidder was able rehabilitate all the boreholes.</i></p> <p><b><u>Authority's comment</u></b>  The Entity's response is noted; however, it is also possible that the low bidder turn up could have been due to this particular requirement on experience. Therefore, waiving the experience requirement for one bidder contravened the principles of transparency and fairness in public procurement.</p> <p><b><u>Submission of an invalid Environment and Social Management Plan (ESMP)</u></b>  The best evaluated bidder, Amidi General Services Ltd, submitted an ESMP dated 2020 that was irrelevant and or not specific to the project in question that was to be executed in 2023.</p> <p><b><u>Management response</u></b>  <i>This was deemed by the evaluation committee as a simple error since the main contents of the ESMP directly addressed the subject of procurement in question.</i></p> <p><b><u>Authority's comment</u></b>  The Entity's response is noted; however, an ESMP should always be current and specific to the project in question.</p>
3.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 2: 100 desks) worth UGX 24,951,100	<p><b><u>Submission of an unregistered Powers of Attorney</u></b>  The contracted provider, SB Engineering and Construction Co. Ltd, submitted an unregistered Powers of Attorney, however, compliance to this requirement despite being material, was not considered since it was a direct procurement.</p> <p><b><u>Management response</u></b>  <i>This is noted for corrective action.</i></p>

**Implication**

Passing non-compliant bidders exposed the Entity to the risk of contracting providers that could fail to execute the works/supplies with competence.

### 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.
3. The Accounting Officer should caution evaluation committees on failure to foster the highest possible standards of competence during bid evaluation in accordance with the Fifth Schedule (*Code of Ethical Conduct in Business*) of the PPDA Act, 2003.

#### v) Non- communication of arithmetic errors

The Authority found that evaluation committees made arithmetic corrections in four bids, but the Chairpersons did not communicate the changes in prices to the affected bidders in three procurements worth UGX 391,812,485 indicated in table 14 below. This was contrary to Regulation 74 (3) and (4) of the Local Governments (PPDA) Regulations, 2006.

**Table 14: Bidders not informed about the arithmetic corrections made in their bids**

No	Subject of procurement	Name of bidder	Bid price (UGX)	Evaluated price (UGX)	Arithmetic errors (UGX)
1.	Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III worth UGX 162,160,950	Megum Technical Services Ltd (BEB)	161,000,000	162,160,950	1,160,950
2.	Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III worth UGX 161,087,535	Megum Technical Services Ltd	161,000,000	162,263,200	1,263,200
		Step Entertainment Ltd (BEB)	160,742,715	161,087,535	344,820
3.	Rehabilitation of 10 deep wells/boreholes worth UGX 68,564,000	Amidi General Services Ltd	64,750,000	70,564,000	5,814,000

#### Implication

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

#### Recommendation

The Chairperson of the evaluation committee should request in writing for confirmation of arithmetic corrections made to the affected bidders in accordance with Regulation 74 (3) and (4) of the Local Governments (PPDA) Regulations, 2006.

### **Management response**

*Arithmetic errors were communicated to all bidders and the evidence is available for verification.*

### **Authority's comment**

There was no evidence submitted to support the management response.

### **2.1.11 Irregularities at the contracting stage**

#### **i) Failure to obtain Performance and Environment and Social (ES) securities**

The Authority found that the Entity did not obtain performance and Environmental and Social (ES) securities in three procurement contracts worth UGX 391,812,485 in table 15 contrary to the Special Conditions of Contract under GCC 61.1 which provided that "*A Performance Security and ES Performance Security shall be required. A Performance Security and ES Performance Security shall be 10 Percent (7% and 3% respectively) of the Contract Price*".

**Table 15: Contracts without performance and ES securities**

<b>No.</b>	<b>Subject of procurement</b>	<b>Contract value (UGX)</b>
1.	Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III	161,087,535
2.	Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III	162,160,950
3.	Rehabilitation of 10 deep wells/boreholes	68,564,000
<b>Total</b>		<b>391,812,485</b>

### **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 or comply with the obligations under the contract.

### **Recommendation**

1. The Accounting Officer should always task contractors to fulfil conditions of contract effectiveness such as obtaining the ES securities and performance securities where required from contractors in accordance with GCC 61.1 for works and Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations, 2006.
2. In the event that the contracted provider fails to fulfil the contractual obligations and such failure constitutes fundamental breach of the contract e.g. failure to provide securities, the contract should be terminated in accordance with GCC 68.2 (f) for works and Regulation 89 (2) (b) of the Local Governments (PPDA) Regulations, 2006.

### **Management response**

*The Entity acknowledges this finding and is planning an engagement meeting with all providers, financial institutions in the region and the Authority on the matter. Almost all bidders were complaining about the increasing difficulty in obtaining performance securities from various financial institutions citing stringent conditions set by the commercial banks. This is why after awarding contracts in November 2022, sites were handed over two months later as a result of this.*

## ii) Failure by contract supervisors to prepare contract implementation plans

The Authority found that appointed contract supervisors did not prepare contract implementation plans for all the sampled procurements worth UGX 686,921,397 contrary to Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006.

### Implication

Failure to prepare contract implementation plans hinders effective monitoring and supervision of contracts and could lead to non-performance or under performance by the contractors.

### Recommendation

Every contract supervisor should prepare a contract implementation plan and forward a copy 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.

### Management response

*Contract implementation plans were prepared and are available for verification.*

### Authority's comment

There was no evidence submitted to support the management response.

### 2.1.12 Incomplete procurement action files

The Authority found that five procurement action files relating to procurement transactions worth UGX 397,429,085 lacked procurement records as indicated in table 16 below:

**Table 16: Missing records**

No.	Subject of procurement	Missing records	Management response
1.	Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III worth UGX 161,087,535	<ul style="list-style-type: none"><li>Progress reports</li><li>Completion certificate</li></ul>	<i>Progress reports and completion certificates are in place and available for verification.</i>
2.	Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III worth UGX 162,160,950	<ul style="list-style-type: none"><li>Progress reports</li><li>Completion certificate</li></ul>	<b>Authority's comment</b> There was no evidence submitted to support the management response.
3.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 1: 100 desks) worth UGX 25,000,000	<ul style="list-style-type: none"><li>Invoice</li><li>Evidence of payment</li></ul>	<b>Authority's comment</b> The Entity did not respond to this and the documents were not submitted for verification.
4.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 2: 100 desks) worth UGX 24,951,100	<ul style="list-style-type: none"><li>Invoice</li><li>Evidence of payment</li></ul>	<b>Authority's comment</b> The Entity did not respond to this and the documents were not submitted for verification.
5.	Emergency repair/renovation of Pediatric ward (general repair of the roof and replacement of ceiling boards) worth UGX 24,229,500	<ul style="list-style-type: none"><li>Assigned contract supervisor appointment</li></ul>	<b>Authority's comment</b> The Entity did not respond to this and the documents

No.	Subject of procurement	Missing records	Management response
		<ul style="list-style-type: none"> <li>• Completion report and certificate</li> <li>• Evidence of payment</li> </ul>	were not submitted for verification.

**Implication**

Missing records are a sign of non-transparency and weaknesses in the internal controls of the Entity.

**Recommendations**

1. The Accounting Officer should through the Heads of User Departments task contract supervisors to submit progress reports/contract management reports and all contract implementation documentation to the Procurement and Disposal Unit in accordance with Regulation 119 (10) (f) of the Local Governments (PPDA) Regulations, 2006.
2. The Head Procurement and Disposal Unit should maintain and archive all documents pertaining to a particular procurement on each respective file in accordance with Section 31 (o) of the PPDA Act, 2003.

**2.2 COMPLIANCE OF THE ENTITY’S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, 2003 AND REGULATIONS 2006**

**2.2.1 Non-disposal of unserviceable assets**

The Authority found that the annual Board of Survey report for FY 2021/2022 dated 5<sup>th</sup> September 2022 recommended assets vide Appendix 3 for disposal; however, the Entity did not prepare a disposal plan for FY 2022/2023 hence the obsolete assets were not disposed of, contrary to Regulation 122 (6) of the Local Governments (PPDA) Regulations, 2006.

**Implication**

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

**Recommendation**

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

**Management response**




*The Entity acknowledges the above finding. The board of survey report was not discussed in the District Technical Planning Committee to harmonize on how to commence the disposal process. However, the board of survey report for the current FY 2023/2024 which includes items recommended for disposal for the last financial year will be discussed and a disposal plan produced after which the disposal process will commence.*


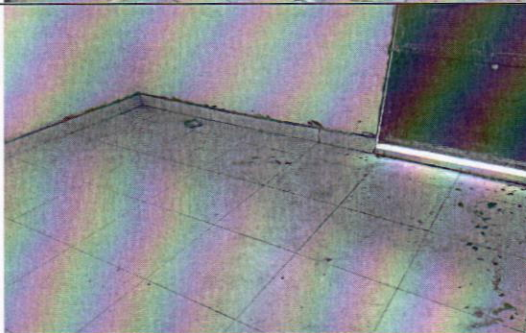
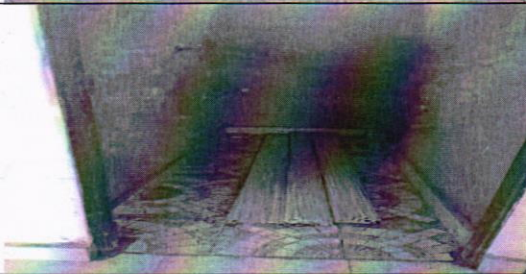

**2.3 EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION INCLUDING THE APPLICATION OF ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS IN THE PROCUREMENT PROCESS**

**2.3.1 Anomalies at contract management**

The Authority found that six procurements worth UGX 531,425,797 had contract management anomalies as detailed in table 17 below. Notably, a number of the procurement transactions affected occurred towards the end of the financial year.


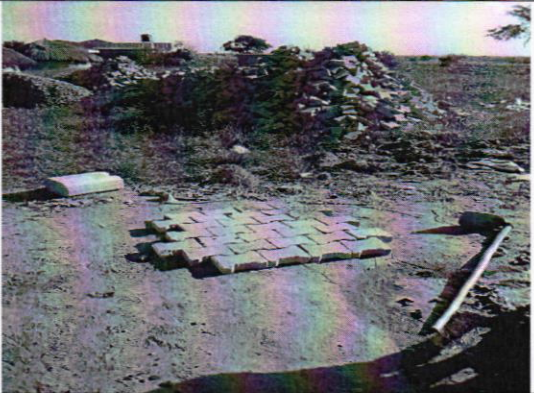
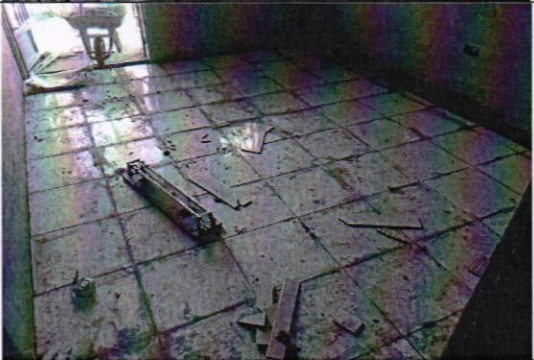

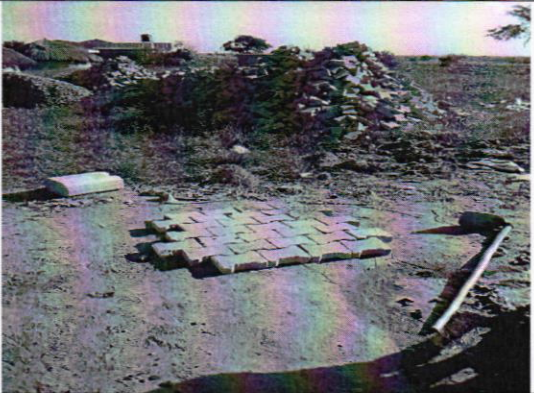
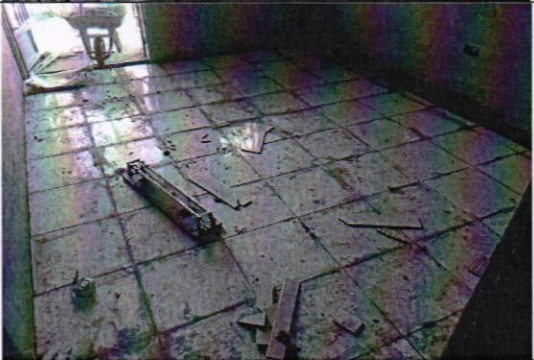

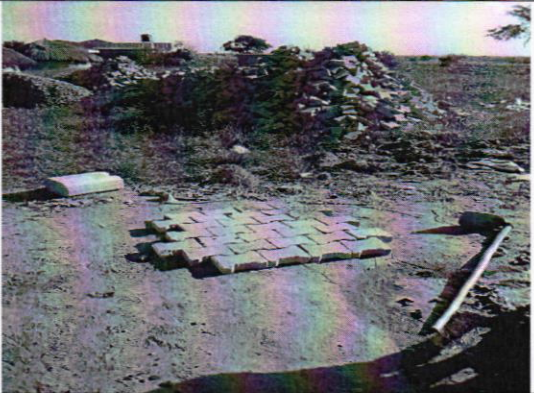
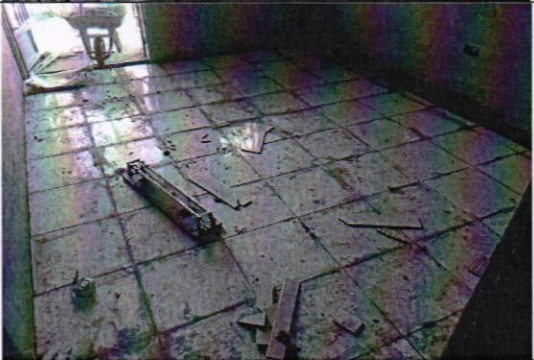
**Table 17: Procurements with anomalies during contract implementation**

No.	Subject of procurement	Exceptions		
1.	<p>Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III worth UGX 162,160,950</p> <p>Contractor: Megum Technical Services Ltd</p>	<p><b>i) Failure by the contractor to submit a program for the works</b>                      The contractor, Megum Technical Services Ltd, did not submit a work program contrary to GCC 36.1 which provided that “<i>The Contractor shall submit the Program for the Works within 14 days of contract signature</i>”.</p> <p><b><u>Management response</u></b>  <i>An updated works program was submitted and is available for verification.</i></p> <p><b>Authority’s comment</b>                      There was no evidence submitted to support the management response.</p> <p><b>ii) Failure to prepare and issue a Change Order for extension of the contractual period</b>                      On 28<sup>th</sup> April 2023, the Contracts Committee approved the extension of the contract from 10<sup>th</sup> May 2023 to 30<sup>th</sup> June 2023; however, the Entity did not issue a Change Order to the Contract to that effect.</p> <p><b><u>Management response</u></b>  <i>The Change Order was issued and is available for verification.</i></p> <p><b>Authority’s comment</b>                      There was no evidence submitted to support the management response.</p> <p><b>Physical verification pictures as at 16<sup>th</sup> August 2023.</b></p> <table border="1" data-bbox="627 1783 1445 2018"> <tr> <td data-bbox="627 1783 831 2018">Painting not completed</td> <td data-bbox="839 1783 1445 2018">  </td> </tr> </table>	Painting not completed	
Painting not completed				

No.	Subject of procurement	Exceptions
		<p data-bbox="646 271 831 342">Tanks not installed</p>  <p data-bbox="646 562 831 779">Door poorly fixed with space between the door and the floor</p>  <p data-bbox="646 893 831 999">Bathroom not completed</p>  <p data-bbox="646 1167 831 1238">Tiling works still ongoing</p> 
		<p data-bbox="635 1547 954 1585"><b>iii) Irregular payments</b></p> <ul data-bbox="691 1585 1453 1697" style="list-style-type: none"> <li data-bbox="691 1585 1453 1697">• <b>Total contract funds worth UGX 152,880,166 (excluding 5% retention fees) were paid to the contractor before completion of the works</b></li> </ul> <p data-bbox="735 1697 1453 1921">The Authority found that the works were still ongoing at the time of the compliance audit, however, all the total contract value of UGX 152,880,166 (excluding 5% retention fees) was irregularly paid to the contractor with the last payment being effected on 27<sup>th</sup> June 2023 yet works were incomplete.</p>

No.	Subject of procurement	Exceptions
		<p><b><u>Management response</u></b>  <i>The Entity took note of this at the time of the PPDA Audit and took measures to ensure that all the works including additional works were completed. The works have now been completed and documents including reports and photos of the completed works are available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p> <ul style="list-style-type: none"> <li> <p><b>Irregular payment of contingency fees worth UGX 1,510,790 that were quoted for in the BOQs for the 2 stance lined VIP latrine</b>  The Authority found that the Entity made full payment of the contingency fees worth UGX 1,510,790 to the contractor, without any form of justification and/or accountability.</p> <p><b><u>Management response</u></b>  <i>The contingency fee was justified and paid accordingly and the reports to that effect are available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p> </li> </ul> <p><b>iv) Irregular approval of 38.05% contract variation</b>  Regulation 120 (12) of the Local Governments (PPDA) Regulations, 2006 provides that <i>"An individual contract amendment shall not increase the total contract price by more than fifteen percent of the original contract price"</i>.  However, the Authority found that additional works worth UGX 61,700,000 (38.05% of the contract price) were irregularly approved by the Contracts Committee on 6<sup>th</sup> June 2023 after a request was made by the District Health Officer for additional works at Kungu H/C III to be executed by the same contractor, Megum Technical Services Ltd, using UgIFT and PHC development balances. The additional works included provision of tiles and compound paving that were not provided for in the original BOQs.</p>

No.	Subject of procurement	Exceptions
		<p><b><u>Management response</u></b>  <i>This is noted for further discussions with the District Executive Committee, Contracts Committee and the concerned departments.</i></p> <p><b>v) Irregular payment for the additional works before their execution</b>  The Entity irregularly paid UGX 61,700,000 to the contractor on 27<sup>th</sup> June 2023 before execution of the works and without a corresponding advance payment guarantee (as evidenced by the physical verification pictures on 16<sup>th</sup> August 2023). This exposed the Entity to the risk of loss of funds in the event of non- performance of the outstanding works.</p> <p><b><u>Management response</u></b>  <i>The Entity took note of this at the time of PPDA Audit and took measures to ensure that all the works including additional works were completed. The works have now been completed and documents including reports and photos of the completed works are available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p>
2.	<p>Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III worth UGX 161,087,535</p> <p>Contractor: Step Entertainment Ltd</p>	<p><b>i) Failure by the contractor to submit a program for the works</b>  The contractor, Step Entertainment Ltd, did not submit a work program contrary to GCC 36.1 which provided that <i>"The Contractor shall submit the Program for the Works within 14 days of contract signature"</i>.</p> <p><b><u>Management response</u></b>  <i>The updated works program was submitted and is available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p> <p><b>ii) Failure to prepare and issue a Change Order for extension of the contractual period</b>  On 28<sup>th</sup> April 2023, the Contracts Committee approved the extension of the contract from 10<sup>th</sup> May 2023 to 30<sup>th</sup> June 2023; however, the Entity did not issue a Change Order to that effect.</p> <p><b><u>Management response</u></b>  <i>The Change Order was issued and is available for verification.</i></p>

No.	Subject of procurement	Exceptions						
		<p><b>Authority's comment</b> There was no evidence submitted to support the management response.</p> <p><b>Physical verification pictures as at 16<sup>th</sup> August 2023</b></p> <table border="1" data-bbox="630 454 1442 1541"> <tr> <td data-bbox="630 454 850 790">Worker on site fixing tiles</td> <td data-bbox="850 454 1442 790"></td> </tr> <tr> <td data-bbox="630 790 850 1182">Construction materials including pavers that were not yet laid.</td> <td data-bbox="850 790 1442 1182"></td> </tr> <tr> <td data-bbox="630 1182 850 1541">One of the incomplete rooms not painted and tile fixing ongoing</td> <td data-bbox="850 1182 1442 1541"></td> </tr> </table> <p><b>iii) Irregular payments</b></p> <ul style="list-style-type: none"> <li>• <b>Total contract funds worth UGX 153,017,830 (excluding 5% retention fees) were paid to the contractor before completion of the works</b> The Authority found that the works were still ongoing at the time of the compliance audit, however, the entire total contract sum of UGX 153,017,830 (excluding 5% retention fees) was irregularly paid to the contractor with the last payment being effected on 27<sup>th</sup> June 2023 despite works being substantially incomplete and no</li> </ul>	Worker on site fixing tiles		Construction materials including pavers that were not yet laid.		One of the incomplete rooms not painted and tile fixing ongoing	
Worker on site fixing tiles								
Construction materials including pavers that were not yet laid.								
One of the incomplete rooms not painted and tile fixing ongoing								

No.	Subject of procurement	Exceptions
		<p>advance payment guarantee obtained from the contractor.</p> <p><b><u>Management response</u></b>  <i>The Entity took note of this at the time of PPDA Audit and took measures to ensure that all the works including additional works were completed. The works have now been completed and documents including reports and photos of the completed works are available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p> <ul style="list-style-type: none"> <li>• <b>Irregular payment of contingency fees worth UGX 1,032,600 that were quoted for in the BOQs for the 2 stance lined VIP latrine</b>  The Authority found that the Entity made full payment of the contingency fees worth UGX 1,032,600 to the contractor, without any form of justification and/or accountability.</li> </ul> <p><b><u>Management response</u></b>  <i>The contingency fee was justified and paid accordingly and the reports to that effect are available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p> <p><b>iv) Irregular approval of 38.16% contract variation</b>  Regulation 120 (12) of the Local Governments (PPDA) Regulations, 2006 provides that <i>"An individual contract amendment shall not increase the total contract price by more than fifteen percent of the original contract price"</i>.</p> <p>However, the Authority found that additional works worth UGX 61,464,000 (38.16% of the contract price) were approved by the Contracts Committee on 6<sup>th</sup> June 2023 after a request was made by the District Health Officer for additional works at Kilidani H/C III to be executed by the same contractor, Step Entertainment Limited using UgIFT and PHC development balances. The additional works included provision of tiles and</p>

No.	Subject of procurement	Exceptions
		<p>compound paving that were not provided for in the original BOQs.</p> <p><b><u>Management response</u></b>  <i>This is noted for further discussions with the District Executive Committee, Contracts Committee and the concerned departments.</i></p> <p><b>v) Irregular full payment for additional works worth UGX 61,464,000 before their execution</b>  The Entity irregularly paid UGX 61,464,000 to the contractor on 27<sup>th</sup> June 2023 before execution of the works (as evidenced by the physical verification pictures on 16<sup>th</sup> August 2023). This exposed the Entity to the risk of non- performance of the contract as there was no guarantee obtained from the contractor.</p> <p><b><u>Management response</u></b>  <i>The Entity took note of this at the time of PPDA Audit and took measures to ensure that all the works including additional works were completed. The works have now been completed and documents including reports and photos of the completed works are available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p>
3.	<p>Supply of two assorted micro irrigation kits and 100 ox ploughs to Production department worth UGX 56,620,412</p> <p>Provider: Hanzon Engineering Services and Supplies Limited</p>	<p><b>Delayed delivery by 32 working days after expiry of the contract</b>  Whereas the contract was signed on 9<sup>th</sup> December 2022 with a contractual completion period of three months i.e 9<sup>th</sup> March 2023, the actual delivery was made on 25<sup>th</sup> April 2023 which was 32 working days after expiry of the contract. The Authority did not find evidence of contract extension before its expiry.</p> <p><b><u>Management response</u></b>  <i>The Entity acknowledges this finding and it was majorly due to laxity by the contract manager, but as pointed out earlier, the Entity plans to liaise with the Authority to have all Heads of User Departments and sectors trained on contract management as a whole, since it is still a big challenge at the Entity.</i></p>
4.	<p>Supply of three-seater classroom desks to selected primary schools and assorted furniture to DHO's Office worth UGX 48,000,000</p>	<p><b>Delayed delivery by 18 working days after expiry of the contract</b>  Whereas the contract was signed on 9<sup>th</sup> December 2022 with a contractual completion period of three months i.e 9<sup>th</sup> March 2023, the last delivery for assorted furniture for the District Health Officer (DHO)'s office was made on 5<sup>th</sup> April 2023 which was 18 working days after expiry of the contract. The</p>

No.	Subject of procurement	Exceptions
	Provider: Wela Classic Ventures Limited	<p>Authority did not find evidence of contract extension before its expiry.</p> <p><b><u>Management response</u></b>  <i>The classroom desks were supplied within the contract period except for the furniture to DHO's Office. However, the Entity acknowledges this finding and it was majorly due to laxity on the part of contract manager, but as pointed out earlier, the Entity plans to liaise with the Authority to have all Heads of User Departments and sectors trained on contract management as a whole, since it is still a big challenge at the Entity.</i></p>
5.	<p>Feasibility study and detailed Engineering design of solar piped water supply scheme for Agoga Rural Growth Centre in Ibuje Sub-County in Apac district worth UGX 34,992,900</p> <p>Provider: Terracon Technical Works Ltd</p>	<p><b>Outputs not delivered according to the TORs yet the Consultant was fully paid and the contract expired on 25<sup>th</sup> July 2023</b></p> <p>The contract with Terracon Technical Works Ltd expired on 25<sup>th</sup> July 2023 and the consultant was fully paid, however, there was no evidence of submission of the following deliverables:</p> <ul style="list-style-type: none"> <li>• Monthly feasibility and detailed supervision reports for Agoga RGC</li> <li>• Final construction supervision report for Agoga RGC</li> <li>• Sustainable post construction operation and maintenance manual</li> </ul> <p><b><u>Management response</u></b></p> <ul style="list-style-type: none"> <li>• <i>The feasibility and design were combined in one report because of time factor and the TORs were design and build.</i></li> <li>• <i>Final construction supervision report comes in after the completion of the construction of the system.</i></li> <li>• <i>Sustainable post construction O&amp;M only comes in existence after the completion of construction for the system.</i></li> </ul> <p><i>All these are available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p>
6.	<p>Rehabilitation of 10 deep wells/boreholes worth UGX 68,564,000</p> <p>Contractor: Amidi General Services Ltd</p>	<p><b>Failure by the contractor to submit a program for the works</b></p> <p>The contractor, Amidi General Services Ltd, did not submit a works program contrary to GCC 36.1 which provided that "<i>The Contractor shall submit the Program for the Works within 14 days of contract signature</i>".</p> <p><b><u>Management response</u></b>  <i>This was submitted and is available for verification.</i></p> <p><b>Authority's comment</b>  There was no evidence submitted to support the management response.</p>

## **Implications**

- Failure by contractors to submit work programs hinders efficient and effective monitoring of the projects.
- There is delayed service delivery to the intended beneficiaries due to delayed completion of projects.
- Failure to prepare and issue Change Orders implies that there were no binding agreements between the parties and the contractors were not compelled to comply/abide by the contract obligations which could result into non-performance and failure to achieve value for money.
- The Entity did not have financial security in case the contractors failed to meet all their contractual obligations because it irregularly made full payment for works not executed without obtaining any payment guarantees.
- Payment of contingency fees without any justification implies that the Entity incurred a financial loss totaling to UGX 2,543,390.
- Poor contract monitoring and supervision could lead to non- performance by the contractors hence failure to achieve value for money.

## **Recommendations**

1. The Accounting Officer should:
  - i) Fast track the completion, commissioning and handover of the completed projects to the intended beneficiaries.
  - ii) Refrain from making payments to contractors for works not executed without obtaining guarantees for the amounts paid to the contractors.
  - iii) Task the District Engineer to show cause why disciplinary action should not be taken against him for irregular contract variations and payments made under the contracts listed in table 17 under No.s 1 and 2.
  - iv) Recover contingency fees worth UGX 2,543,390 from the contractors i.e
    - c) UGX 1,510,790 from Megum Technical Services Ltd for the construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III.
    - d) UGX 1,032,600 from Step Entertainment Ltd in the construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III.
2. Heads of User Departments should ensure that officers involved in the administration of payments to contractors closely follow the provisions of these PPDA Regulations and exercise due vigilance at all times so that that no irregular payments are made to contractors in accordance with Regulation 103 (1) of the Local Governments (PPDA) Regulations, 2006.
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 progress or completion reports of a contract are submitted to the Procurement and Disposal unit and the Accounting Officer in accordance with Regulation 119 (10) (f) (iii) of the Local Governments (PPDA) Regulations, 2006.

### **2.3.2 Force on Account Mechanism**

The Authority reviewed the procurement action file for routine maintenance of Olelpek-Omele-Akuli Community Access Road worth UGX 16,000,000 where funds were directly paid to Mr. Samuel Okwir (the Sub-County Chief of Apac Sub-County) and found that:

- i) The User Department did not prepare a work plan and budget for the works indicating the resources in terms of materials, personnel and equipment to be used. In addition, there was no approval by the Accounting Officer;
- ii) The Accounting Officer did not appoint a Force Account Manager and a Force Account Supervisor;
- iii) Daily work sheets to indicate works executed per day were not prepared by a Force Account Manager;
- iv) On 2<sup>nd</sup> March 2023, Mr. Samuel Okwir, the Senior Assistant Secretary for Apac Sub-County was paid UGX 6,600,000 to hire an excavator from Afro-Build Co. Limited for two days, a Grader for three days and a Low bed for one day; however, the procurement process procedure was not followed;
- v) Funds worth UGX 2,748,000 were paid to Mr. Samuel Okwir for allowances and fuel but there was no break down and justification provided for the payment made;
- vi) Funds worth UGX 6,000,000 were paid to Mr. Samuel Okwir for fuel deposits and hire of an excavator and roller on 28<sup>th</sup> February 2023, but there was no accountability; and
- vii) There were no completion reports prepared and completion certificates issued.

#### **Implication**

The Entity contravened the principles of accountability and transparency in the application of the force account mechanism hence no assurance on value for money.

#### **Recommendation**

The Accounting Officer and User Departments should adhere to the provisions for application of force account mechanism to ensure value for money in accordance with PPDA (Force Account Mechanism) Regulations, 2014.

#### **Management response**

*The Entity noted this and there are currently separate investigations by the Office of the Resident District Commissioner specifically for the above road works. However, the Accounting Officer did appoint the Force Account Manager and a Force Account Supervisor.*

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

There was no evidence submitted regarding the appointment of a Force Account Manager and Force Account Supervisor.

### 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 Apac District Local Government for the Financial Year 2022/23 was **unsatisfactory** with an overall weighted average risk rating of **78.8%**.

**Table 18: Performance Rating**

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 19: Summary of performance of Apac District Local Government**

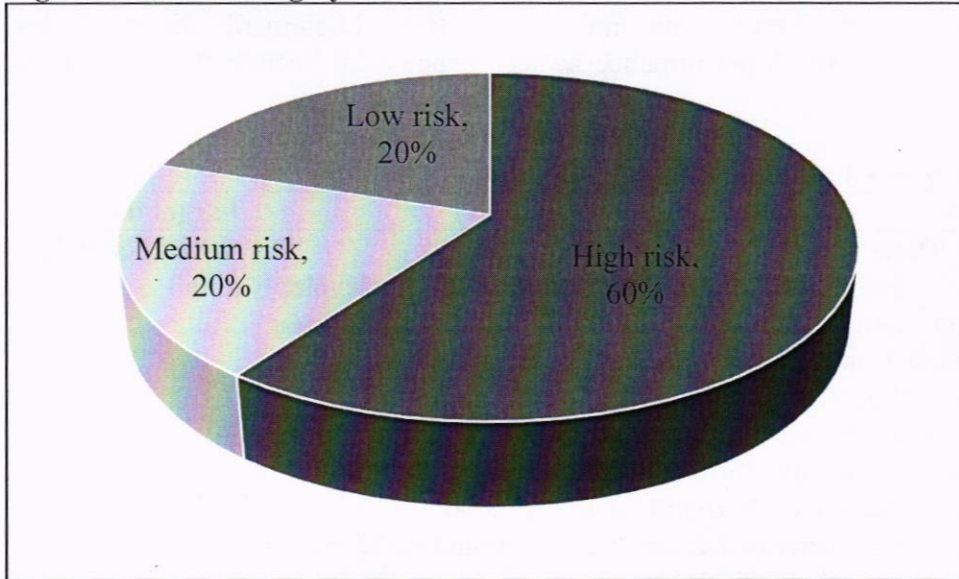
Risk Rating	No.	% by No.	Weight	Weighted score by No.	Value	% Value	Weight	Weighted score by value
High	6	60	0.6	36	480,763,585	77.34	0.6	46.41
Medium	2	20	0.3	6	59,222,400	9.53	0.3	2.86
Low	2	20	0.1	2	81,620,412	13.13	0.1	1.31
<b>Total</b>	<b>10</b>	<b>100</b>	<b>1</b>	<b>44</b>	<b>621,606,397</b>	<b>100</b>	<b>1</b>	<b>50.58</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{44}{60} \times 100 = 73.3\%$$

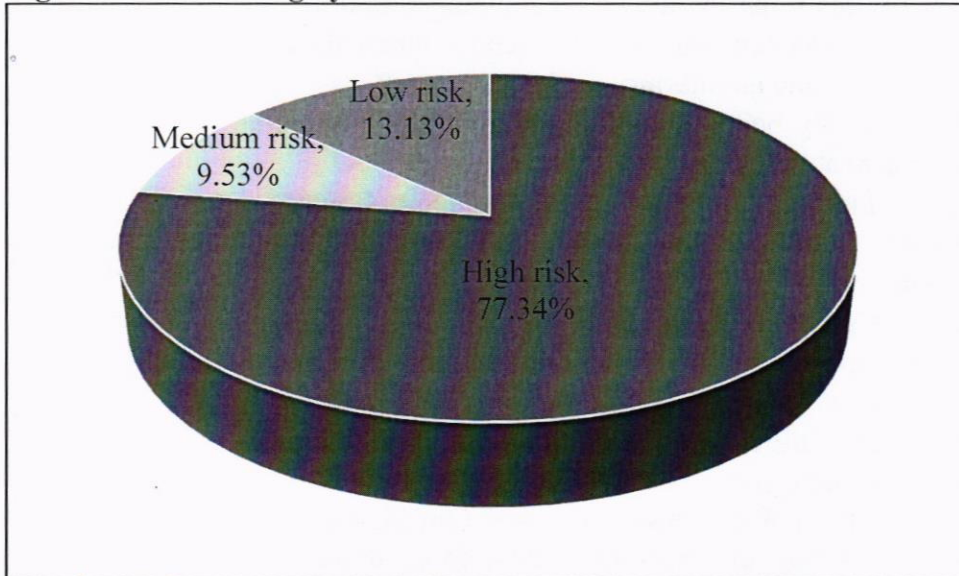
$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{50.58}{60} \times 100 = 84.3\%$$

$$\text{The average weighted risk rating} = \frac{73.3 + 84.3}{2} = 78.8\%$$

**Figure 1: Risk Rating by Number**



**Figure 2: Risk Rating by Value**



### 3.2 Recommended Action Plan

Apac Local Government should with immediate effect implement the following recommendations to improve its performance in accordance with Section 9 (1) (a) of the PPDA Act, 2003.

**Table 20: Recommended Action Plan**

Recommendation	Target date
<p>The Accounting Officer should:</p> <ol style="list-style-type: none"> <li>1. 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.</li> <li>2. Dispose of all obsolete assets 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.</li> <li>3. Formally delegate authority to user departments to undertake micro procurements in accordance with Regulation 41 (7) of the Local Governments (PPDA) Regulations, 2006.</li> <li>4. Direct that all Entity costs that are needed for contract monitoring are planned for by the user departments and expended internally to ensure effective control and monitoring.</li> <li>5. Organize bidder capacity building exercises in order to increase bidder responsiveness at the Entity.</li> <li>6. Task Sub-County Chiefs (of Apoi Sub- County, Ibuje Sub- County, Apac Sub- County, Akokoro Sub- County and Chegere Sub-County) to submit proof of remittance of revenues collected worth UGX 72 million in FY 2022/2023 from July 2022 to February 2023.</li> <li>7. Recover and submit to the Authority evidence of recovery of a total of UGX 15,832,945 which arose from failure by the evaluation committees to detect arithmetic corrections in the following procurements as detailed below:               <ol style="list-style-type: none"> <li>i) UGX 1,000,000 from Wela Classic Ventures Limited for the procurement of supply of three-seater class room desks to selected Primary Schools and assorted furniture to DHO's Office.</li> <li>ii) UGX 567,930 from Step Entertainment Ltd for the construction of a semi-detached staff house with a two-stance drainable latrine at Kidilani H/C III.</li> <li>iii) UGX 10,458,915 from Amidi General Services Ltd for the rehabilitation of 10 deep wells/boreholes.</li> <li>iv) UGX 3,806,100 from SB Engineering and Construction Co. Ltd for the supply of three-seater classroom desks to selected primary schools in Apac district (Lot 2).</li> </ol> </li> <li>8. Task the District Engineer to show cause why disciplinary action should not be taken against him for the irregular contract variations and payments made under the contracts for construction of a semi-detached staff house with a two-stance drainable latrine at both Kungu H/C III and Kilidani H/C III.</li> </ol>	<p>November 2023 for all</p>

Recommendation	Target date
<p>9. Recover contingency fees worth UGX 2,543,390 from the contractors as detailed below:</p> <ul style="list-style-type: none"> <li>i) UGX 1,510,790 from Megum Technical Services Ltd for the construction of a semi-detached staff house with a two-stance drainable latrine at Kungu H/C III.</li> <li>ii) UGX 1,032,600 from Step Entertainment Ltd in the construction of a semi-detached staff house with a two-stance drainable latrine at Kidilani H/C III.</li> </ul> <p>10. Task contractors to fulfil conditions of contract effectiveness such as obtaining the ES securities and performance securities where required from contractors in accordance with GCC 61.1 for works and Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations, 2006.</p>	
<p>The Head Procurement should:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Follow the rules for use of each procurement method for each particular procurement requirement in accordance with Regulation 33 of the Local Governments (PPDA) Regulations, 2006.</li> <li>3. Procure items which are of a similar nature and which are likely to attract the same potential bidders as a single contract in order to benefit from the economies of scale in accordance with Regulation 64 (1) of the Local Governments (PPDA) Regulations, 2006.</li> <li>4. Prior to issuance of bidding documents, conduct quality assurance for appropriateness of all the required documentation in accordance with Regulation 48 (2) of the Local Governments (PPDA) Regulations, 2006.</li> <li>5. Maintain and archive all documents pertaining to a particular procurement on each respective file in accordance with Section 31 (o) of the PPDA Act, 2003.</li> </ol>	Immediate for all
<p>User Departments should:</p> <ol style="list-style-type: none"> <li>1. Prepare an annual work plan for procurement activities based on the approved budget and submit it to the Procurement and Disposal Unit to facilitate orderly execution of annual procurement activities in accordance with Regulation 62 (1) of the Local Governments (PPDA) Regulations, 2006.</li> <li>2. On a monthly basis report all micro procurements undertaken to the Contracts Committee in accordance with Regulations 41 (8) of the Local Governments (PPDA) Regulations, 2006.</li> <li>3. 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.</li> <li>4. Ensure that every contract supervisor prepares a contract implementation plan and forward a copy to the Head of the User</li> </ol>	Immediate for all

<b>Recommendation</b>	<b>Target date</b>
<p>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.</p> <ol style="list-style-type: none"> <li>5. Ensure that officers involved with the administration of payments to contractors closely follow the provisions of these PPDA Regulations and exercise due vigilance at all times so that that no irregular payments are made to contractors in accordance with Regulation 103 (1) of the Local Governments (PPDA) Regulations, 2006.</li> <li>6. Adhere to the provisions in the application of the use of force account mechanism to ensure value for money in accordance with PPDA (Force Account Mechanism) Regulations, 2014.</li> <li>7. Prevail over contract supervisors to ensure that:               <ol style="list-style-type: none"> <li>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.</li> <li>ii) The progress or completion reports of a contract are submitted to the Procurement and Disposal unit and the Accounting Officer in accordance with Regulation 119 (10) (f) (iii) of the Local Governments (PPDA) Regulations, 2006.</li> </ol> </li> </ol>	
<p>The Contracts Committee should:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Only recommend to the Accounting Officer the delegation of functions in the procurement and disposal processes in accordance with Regulation 17 (2) (b) of the Local Governments (PPDA) Regulations, 2006.</li> <li>3. Approve submissions received from PDU in a timely manner to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.</li> <li>4. Approve evaluation committees at the same time as its approval of the bidding document, procurement method and invitation to bid for each procurement requirement in order to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.</li> <li>5. Ensure that all procurements are conducted in a manner that maximizes competition and value for money in accordance with Section 43 (c) of the PPDA Act, 2003.</li> <li>6. Reject requests for approval of procurement methods where the justification for the method recommended by the Procurement and Unit is inadequate.</li> </ol>	Immediate for all
<p>Evaluation Committee members should:</p> <ol style="list-style-type: none"> <li>1. Always verify the authenticity of the documents submitted by the bidders before recommending them for contract award in</li> </ol>	Immediate for all

<b>Recommendation</b>	<b>Target date</b>
<p>accordance with Regulation 82 (2) (e) of the Local Governments (PPDA) Regulations, 2006.</p> <ol style="list-style-type: none"> <li>2. Review all calculations in bids to correct any arithmetic errors during financial comparison of bids in accordance with Regulation 80 (3) (b) of the Local Governments (PPDA) Regulations, 2006.</li> <li>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.</li> <li>4. Request in writing for clarification of arithmetic corrections made to the affected bidders and copy all other bidders for information purposes only in accordance with Regulation 74 (3) and (4) of the Local Governments (PPDA) Regulations, 2006.</li> </ol>	
<p>The Head of the Internal Audit Department should audit the procurement and disposal procedures as well as the payments made in accordance with Regulation 28 of the Local Governments (PPDA) Regulations, 2006.</p>	<p>Immediate</p>

## APPENDICES

### Appendix 1: Transaction list of audited files

No	Procurement Reference No.	Subject of Procurement	Method of Procurement	Provider/ Purchaser	Contract Value (UGX)	Risk Rating
1.	APAC502/ WRKS /2022-23/00006	Construction of a semi-detached staff house with a two stance drainable latrine at Kidilani H/C III	Open Domestic Bidding	Step Entertainment Ltd	161,087,535	High
2.	APAC502/ WRKS /2022-23/00005	Construction of a semi-detached staff house with a two stance drainable latrine at Kungu H/C III	Open Domestic Bidding	Megum Technical Services Ltd	162,160,950	High
3.	APAC502/WRKS/2022-23 /00004.	Rehabilitation of ten deep wells/boreholes	Open Domestic Bidding	Amidi General Services Ltd	68,564,000	High
4.	APAC502/ SUPLS /2022-23/00002.	Supply of three seater class room desks to selected primary schools and assorted furniture to DHO's Office	Open Domestic Bidding	Wela Classic Ventures Limited	48,000,000	High
5.	APAC502/ SUPLS /2022-23/00001.	Supply of two assorted micro irrigation kits and 100 ox ploughs to Production department	Open Domestic Bidding	Hanzon Engineering Services and Supplies Limited	56,620,412	Low
6.	APAC 502/SUPLS/2022-23/00014.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 1)	Direct Procurement	Wela Classic Ventures Limited.	25,000,000	Low
7.	APAC 502/SUPLS/2022-23/00015.	Supply of three seater classroom desks to selected primary schools in Apac district (Lot 2)	Direct Procurement	SB Engineering and Construction co Ltd.	24,951,100	High

No	Procurement Reference No.	Subject of Procurement	Method of Procurement	Provider/ Purchaser	Contract Value (UGX)	Risk Rating
8.	APAC 502/SRVCS/2022-23/00018.	Feasibility study and detailed engineering design of solar piped water supply scheme for Agoga Rural Growth Centre in Ibuje Sub-County Apac district	Direct Procurement	Terracon Technical Works Ltd	34,992,900	Medium
9.	APAC 502/ WRKS /2022-23/00013.	Emergency repair/renovation of Pediatric ward (general repair of the roof and replacement of ceiling boards)	Force account mechanism	Senior Hospital Administrator Apac Hospital	24,229,500	Medium
10.	APAC502/WRKS/2022-2023/00016	Routine maintenance of Ollepek-Omele-Akuli Community Access Road	Force account mechanism	Sub County Chief /Apac Sub County	16,000,000	High

#### Appendix 2: Risk Rating Criteria

RISK	DESCRIPTION
<b>HIGH</b>	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".
<b>MEDIUM</b>	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant 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.
<b>LOW</b>	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.

<b>RISK</b>	<b>DESCRIPTION</b>
<b>SATISFACTORY</b>	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: List of unserviceable assets recommended for disposal**

<b>No.</b>	<b>Item</b>	<b>Engraved code/ Registration Number</b>	<b>Condition</b>	<b>Location</b>
1.	Desktop computer HP	APAC/002/ENTRAC	Scrap	DHO's office
2.	Desktop computer Dell		Scrap	DHO' s Store
3.	Printer HP LaserJet P2015		Scrap	DHO' s Store
4.	Motor cycle	UG 0401 T	Scrap	Commercial Office
5.	Motor cycle	UG 0625 Z	Scrap	Engineering Department
6.	Motor cycle	UG 0625 Z	Scrap	Engineering Department
7.	Motor cycle	UG 2564 R	Scrap	Engineering Department
8.	Motor cycle	LG 0152	Scrap	Mr. Ewany Joel
9.	Motor cycle	UG 2568 R	Scrap	Water Department
10.	Water pump	MS042	Scrap	Apac Hospital
11.	Water pump	MS403A	Scrap	Apac Hospital
12.	Monitor Compaq		Scrap	Central Registry
13.	Printer HP LaserJet P3005d	ADM/CNL/POL	Scrap	Secretary Clerk to Council
14.	Printer HP LaserJet P1005		Scrap	Secretary Clerk to Council
15.	HP LaserJet printers (03)		Scrap	Procurement Office
16.	Lenovo desktop computer	LGDP/PROC/CPU/56	Scrap	Senior Procurement Office
17.	HP LaserJet printers (02)	IBUJE SC DLSP	Scrap	CDO' s office Ibuje Sub-County
18.	HP computer with CPU		Scrap	CDO' s office Ibuje Sub-County
19.	TV screen and accessories		Scrap	CDO' s office Ibuje Sub-County
20.	Dell Monitor		Scrap	Engineering Store

No.	Item	Engraved code/ Registration Number	Condition	Location
21.	Printer	ENG/MEC/PT 01	Scrap	Engineering Store
22.	Printer (01)		Scrap	Lab Assistant- Apac Hospital
23.	Radio (Tripp- Lite) (01)	DLSP/APAC	Scrap	Store, Akokoro Sub-County
24.	Solar batteries (02)		Scrap	Store, Akokoro Sub-County
25.	HP LaserJet printer (01)	DLSP/APAC	Scrap	SCC- Chegere
26.	HP desktop computer (01)	CZC456J B	Scrap	SCC- Chegere
27.	HP LaserJet printer (01)		Scrap	CDO Chegere Sub-County
28.	Scrap		Scrap	Forestry
29.	Office fan (01)		Scrap	DHO's Office
30.	Wall clock		Scrap	SCO Olelpek Health Centre III
31.	Swivel chairs (02)		Scrap	CP LC III 's office - Ibuje
32.	Plastic chairs (01)		Scrap	TB/Leprosy Assistant
33.	Filing cabinet (01)		Scrap	Conference Hall Akokoro Sub-County
34.	Swivel chair (01)		Scrap	SAS- Chegere Sub-County
35.	Swivel chair (01)		Scrap	Secretary to SAS- Chegere Sub-County
36.	Swivel chairs (02)		Scrap	CDO's Office Chegere Sub-County
37.	Metallic chairs with cushion (02)		Scrap	In Charge Atar Health Centre II
38.	Metallic filling cabinets (13)		Scrap	Apac Hospital-ART Clinic
39.	Trolley (01)		Non Functional	Apac Hospital Eye Unit
40.	Operating microscope		Non Functional	Apac Hospital Eye Unit
41.	Ophthalmoscope		Non Functional	Apac Hospital Eye Unit
42.	Retinoscopy		Non Functional	Apac Hospital Eye Unit
43.	Sphygmomanometer		Non Functional	Apac Hospital Eye Unit
44.	Refraction set (01)		Non Functional	Apac Hospital Eye Unit

No.	Item	Engraved code/ Registration Number	Condition	Location
45.	Operating Lamps		Non Functional	Apac Hospital Eye Unit
46.	Hurricane lamp		Non Functional	Apac Hospital Eye Unit
47.	Kerosene stove		Non Functional	Apac Hospital Eye Unit
48.	Weighing scale (01)		Scrap	Apoi Health Centre III
49.	Weighing scales (02)		Scrap	Atar Health Centre II
50.	Weighing scale (01)		Scrap	Alworoceng Health Centre II
51.	BP machine (01)		Non Functional	Apac Hospital Dental Unit
52.	Examination lights (02)		Scrap	Apac Hospital Dental Unit
53.	Pressure steriliser electrical(01)		Scrap	Apac Hospital Dental Unit
54.	Thermometer		Scrap	Apac Hospital Dental Unit
55.	Bicycle		Scrap	Kungu Health Centre
56.	Bicycle		Scrap	Aganga Health Centre II
57.	Motor Roller	LG 0093 009	Grounded	Engineering Yard
58.	Motor Grader	LG 0001 009	Grounded	Municipal Yard
59.	Motor cycle		Non Functional	Kungu health Centre III
60.	Motor cycle		Non Functional	Aganga Health Centre II
61.	Pick up Double Cabin	LG 0003 009	Non Functional	Engineering Yard
62.	Hospital beds, metallic (20)		Scrap	Hospital Store
63.	Solar fridges (05)		Scrap	Hospital Store
64.	Motor cycle	UG 0488 Y	Scrap	Engineering Department
65.	Motor cycle	UG 0142 02	Scrap	Ibuje Sub County
66.	Motor cycle	UG 0019 009	Grounded	Commercial Office
67.	Motor cycle	UG 0402 T	Grounded	Commercial Office
68.	Assorted electric patients bed		Scrap	Apac Hospital Yard
69.	Assorted printing press spare parts		Scrap	Engineering Department

**Appendix 4: Undetected arithmetic error in the bid for Wela Classic Ventures Limited**

No.	Brief Description of supplies	Quantity Unit Measure	of Unit (UGX)	Cost	Bidder's amount (UGX)	Authority's computation of correct amount (UGX)
	<b>Supplies of desks to Education Department under SDG/SFG</b>					
1.	Teboke Primary School	20		190,000	3,800,000	3,800,000
2.	Kungu Primary School	20		190,000	3,800,000	3,800,000
3.	Adir Primary School	20		190,000	3,800,000	3,800,000
4.	Igoti Primary School	20		190,000	3,800,000	3,800,000
5.	Amun Primary School	20		190,000	3,800,000	3,800,000
6.	Barkworo Primary School	20		190,000	3,800,000	3,800,000
7.	Alenga Primary School	20		190,000	3,800,000	3,800,000
8.	Ilee Annex Primary School	20		190,000	3,800,000	3,800,000
9.	Aluga Primary School	20		190,000	3,800,000	3,800,000
10.	Iwal Primary School	20		190,000	3,800,000	3,800,000
	<b>Assorted Furniture to DHOS' Office</b>					
1.	Executive Office Table	01		2,000,000	2,000,000	2,000,000
2.	Executive Office Table	01		2,000,000	2,000,000	2,000,000
3.	Executive Conference Table	01		2,000,000	2,000,000	2,000,000
4.	Executive Conference Chairs	10		300,000	3,000,000	3,000,000
<b>TOTAL</b>					<b>48,000,000</b>	<b>47,000,000</b>

**Appendix 5: Undetected arithmetic errors in the bid for Megum Technical Services Ltd**

**Element No.1: Substructures**

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
ALL PROVISIONAL The work in this element includes all works up to and including the ground floor slab	Approved marram fill to make up levels; well rolled and compacted to 95% MDD to Engineer's approval	55.3	45,000	2,488,500	2,489,373	(873)
Vibrated reinforced concrete class 25; 20mm aggregate in:	Column Stabs	0.3	400,000	120,000	105,600	14,400
	Ground beams	5	400,000	2,000,000	1,992,000	8,000
Vibrated mass concrete class 25; 20mm Aggregate in:	200mm thick Strip foundations	11.8	400,000	4,720,000	4,704,000	16,000
Mild steel round bars to BS 4449	8mm Diameter bars	15.4	8,000	123,200	122,861	339
Formwork to	Sides of column bases	4.3	20,000	86,000	86,400	(400)

**Element No.2: R.C Frame**

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
Vibrated reinforced concrete class 25; 20mm aggregate in:	Ring beams	5	600,000	3,000,000	2,988,000	12,000
	Columns	0.8	600,000	480,000	460,800	19,200

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
Mild steel round bars	8mm Diameter bars	194.9	9,500	1,851,550	1,851,859	(309)
High tensile ribbed bars to BS 4449	12mm Diameter bars	411.7	10,500	4,322,850	4,322,997	(147)
Formwork to:	Sides and soffittes of ring beams	154.3	15,000	2,314,500	2,314,800	(300)

### Element No.3: Walling

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
BLOCK WORK Solid Concrete blockwork jointed and pointed in cement sand (1:3) mortar with and including hoop iron wall ties every alternative course in:	200mm thick walls	228.2	45,000	10,269,000	10,270,800	(1,800)
	150mm thick walls	61.1	40,000	2,444,000	2,444,800	(800)
VENTS COMPRISING "TORINO BLOCKS" each 220 x 75mm jointed in cement sand (1:3) mortar and pointed in coloured cement bat proof gauze and coffee tray wire	230x115x75 m thick Vents fair faced both sides with neat pointing	0.5	80,000	40,000	38,400	1,600

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
backing complete with necessary timber framing and beading						

**Element No.4: Roof and rainwater disposal**

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
<p>THE RATES FOR STRUCTURAL STEEL WORK SHOULD Include all plates, stiffeners, bolts, welded joints, all connections and accessories; painting and decorations; as per the Architect's and Structural Engineers' drawings; The Contractor must study the drawings and Ensure that his price includes all items as shown on the drawings</p> <p>Structural Steelwork: framed: one coat red-oxide primer:</p>	60 x 60 x 3mm SHS Bottom Chord	212.2	10,000	2,122,000	2,121,600	400
	60 x 60 x 3mm SHS Top Chord	68.9	10,000	689,000	688,758	242
	50 x 50 x 3mm SHS Internal Members	38.9	10,000	389,000	388,988	12
	50 x 50 x 3mm RSA roof wind bracing	293.7	10,000	2,937,000	2,936,912	88
	100 x 50 x 20 x 2mm Z - Purlins weighing 3.42 Kg. per meter: bolted	506.2	10,000	5,062,000	5,061,600	400
ROOF COVERING	Sheet laid sloping not	150.4	36,000	5,414,400	5,415,379	(979)

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
26 Gauge pre-painted IT4 roofing sheets: fixed to purlins with J-bolts: in	exceeding 45 degrees from horizontal					
Rain water disposal mild steel, Grade GJ	Extra over for shoe.	2	15,000	30,000	60,000	(30,000)
Touch-up primer: prepare and apply three coats oil paint to:	Roof vents	0.6	5,000	3,000	2,829	171

#### Element 5: Doors

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
6.5mm laminated sheet glass and glazing as described : to	Metal casement in panes 0.1 to 0.5 square metres	8.8	60,000	528,000	529,200	(1,200)
Prepare surface and apply etching primer; apply one coat primer, one undercoat and two gloss finishing coats; on metal work to:	General door surfaces	17.6	5,000	88,000	88,200	(200)

#### Element 6: Windows

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
6.5mm laminated sheet glass and glazing as described : to	Metal casement in panes 0.1 to 0.5 square meters	11.5	65,000	747,500	748,800	(1,300)
	Steel windows	11.5	8,000	92,000	92,160	(160)

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
Prepare surface and apply etching primer; apply one coat primer, one undercoat and two gloss finishing coats; on metal work to:	Burglar proofing	8.6	8,000	68,800	69,120	(320)

#### Element 7: External Finishes

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
WALL FINISHES Cement and washed sand (1:3) render troweled smooth	20mm Thick three layer work to concrete surfaces	13.7	9,000	123,300	123,633	(333)

#### Element 8: Internal Finishes

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
WALL FINISHES Cement and sand (1:4) screeds finished to receive wall tiles	12mm Thick wall screed to receive matt tiles	27.4	6,000	164,400	164,520	(120)
200x300 x 8mm GLAZED CERAMIC WALL TILES and bedding and pointing in approved waterproof grout: to:	200X300mm Glazed ceramic tiles for wet areas	27	60,000	1,620,000	1,644,000	(24,000)
	Extra over for corner strip to edge top	11	8,000	88,000	89,600	(1,600)

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
PAINTING AND DECORATING Prepare and apply one mist coat and Three coats silk vinyl emulsion paint internally on:	plastered surfaces	401.7	8,000	3,213,600	3,213,504	96
CEILING FINISHES Cement and sand (1:4) plaster ceiling:	Extra for 150 x 150mm thick cement and sand (1:3) cornice	139	2,000	278,000	278,560	(560)
CEILING STRUCTURE Pressure impregnated sawn Cypress/pine including roof supports:	50 x 75mm branderings	217	4,000	868,000	866,470	1,530
	50 x 100mm joists	216	4,000	864,000	863,970	30
PAINTING Prepare and apply three coats of first grade emulsion paint "as plascom or approved equal" on:.	Plastered ceiling	92	4,000	368,000	368,796	(796)
	Cornice : Over 100 but not exceeding 200mm girth	139	1,000	139,000	139,280	(280)

**BILLS OF QUANTITIES FOR 2 STANCE LINED VIP LATRINE THAT HAD ARITHMETIC ERRORS**

**Element No.1: Substructure**

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
Mesh reinforcement Ref No. A98 size 200 x 200 mm weighing 1.54 kg per square metre: in floor slab: including all necessary supports	12mm diameter high tensile bars	59	9,000	531,000	528,300	2,700
sawn treated formwork to:	Substructure and Ground beams	7	18,000	126,000	120,600	5,400
Sawn formwork as described to:	Soffites of suspended slab	9	18,000	162,000	156,600	5,400

**Element No.6: Internal Finishes**

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
WALL FINISHES Internal cement and sand plaster (1:4): steel trowel finish:	15mm thick to Walls.	31	10,000	310,000	313,000	(3,000)
PAINTING	Prepare and apply one undercoat and three finishing coats of	31	8,000	248,000	250,400	(2,400)

Area	Description	Quantity	Rate (UGX)	Correct Amount (UGX)	Bidder's price quoted (UGX)	Error (UGX)
	matt vinyl paint to plastered surfaces.					

#### Appendix 6: Members in the Procurement and Disposal Unit

No	Name	Job Title	Academic Qualification	Procurement Certification	Years of Experience
1.	Mr. Simon Ogwang	Senior Procurement Officer	Post Graduate Diploma in Procurement & Supply Chain Management, Bachelor's Degree in Procurement and Logistics Management	NIL	12
2.	Mr. Gerald Atala	Procurement Officer	Bachelor's Degree in Procurement and Logistics Management	NIL	04

#### Appendix 7: List of the Contracts Committee members

No	Name	Job Title	Position on Contracts Committee	Appointment Date	Date of Expiry
1.	Mr. Francis Leone Oceng	District Health Officer	Member	03-Aug-2020	03-Aug-2023
2.	Mr. Jasper Otimoi	Senior Environment Officer	Member	14-Oct-2021	14-Oct-2024
3.	Ms. Lydia Awor	Senior Community Development Officer	Member	14-Oct-2021	14-Oct-2024
4.	Ms. Janet O. Akech	Senior Assistant Secretary	Member	14-Oct-2021	14-Oct-2024
5.	Mr. James Ebony Oyuru	Principal Commercial Officer	Chairperson	23-Oct-2020	24-Oct-2023

#### Appendix 8: List of User Departments

No	User Department	Head of Department	Job Title
1.	Administration	Mr. Paul Mboki	Deputy Chief Administrative Officer
2.	Works and Engineering	Mr. Tom Edward Aguma	District Engineer
3.	Production & Marketing	Dr. James Elim Ongo	District Production Marketing Officer
4.	Health Services	Mr. Francis Leone Oceng	District Health Officer

No	User Department	Head of Department	Job Title
5.	Water	Mr. Patrick Okwir	District Water Officer
6.	Education and Sports	Mr. Bosco Elyak	District Education Officer
7.	Audit	Mr. Moses Aduce	Principal Internal Auditor
8.	Natural Resources	Ms. Eunice Abia	District Natural Resources Officer
9.	Planning Unit	Mr. Dickson Phillip Okello	Senior Planner
10.	Community Based Services	Mr. Tom Onep Okello	District Community Development Officer
11.	Trade, Industry, Local Economic Development	Mr. James Ebony Oyuru	District Commercial Officer