



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR
FINANCIAL YEAR 2022/23**

MOROTO MUNICIPAL COUNCIL

APRIL 2024

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ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQs	Bill of quantities
CC	Contracts Committee
CIPS	Chartered Institute of Purchasing and Supply
EC	Evaluation Committee
FY	Financial Year
LPO	Local Purchase Order
LTD	Limited
MBA	Masters in Business Administration
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PM	Per- month
PPDA	Public Procurement and Disposal of Public Assets Authority
PGD	Post Graduate Diploma
SOR	Statement of requirements
DLG	District Local Government
TCC	Tax Clearance Certificate
UGX	Uganda Shillings
VIP	Ventilated Improved Latrine

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Moroto Municipal Council that covered a representative sample of 20 procurement transactions under the Financial Year 2022/23.

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

From the findings of the procurement audit exercise, the performance of Moroto Municipal Council for the Financial Year 2022/23 was **Moderately Satisfactory** with overall weighted average risk rating of **51.5%** as detailed in chapter 3 of the report.

Despite the Moderately Satisfactory performance, the following issues were noted:

1. The Entity's Procurement and Disposal Unit was understaffed with one member of staff in the Unit at a level of Procurement Officer contrary to the approved structure that includes both a Senior Procurement Officer and a Procurement Officer. This was contrary to Section 26 (1) (c) of the PPDA Act 2003.
2. There was no evidence of submission of statements of requirements to the Procurement and Disposal Unit by the User Departments during initiation in six works projects worth UGX. 188,398,516, contrary to Regulation 26 (1) (c) of the Local Governments (PPDA) Regulations, 2006. This exposes the Entity to the risk of acquisition of goods, works and services that do not meet end User requirements or serve the intended purpose.
3. The Entity did not implement 25% of the procurement plan worth UGX. 3,606,028,439 thus denying services worth UGX. 917,585,060 to the intended beneficiaries.
4. Procuring above the framework contract unit prices. In the procurement for supply of local manufactured materials, the price per trip of gravel/murram indicated in the contract was UGX. 253,500, implying that the cost of 111 trips should have been UGX. 28,138,500. However, the delivery notes indicated that the contractor, Karamoja Trotters Limited supplied 111 trips of murram worth UGX. 35,520,000 at UGX 320,000 per trip resulting into a financial loss of UGX. 7,381,500. This was contrary to Guideline No. 10/2014 on the use of framework contracts for the procurement of supplies, works and non-consultancy services that requires framework contracts to include fixed unit prices to cover a certain period of time.
5. The Entity engaged in direct procurement for additional works for extension of a fence at Moroto Demonstration Primary School worth UGX. 5,304,100 without appropriate justification contrary to Regulation 40 (3) of the Local Governments (PPDA) Regulations 2006.
6. There was poor market price assessment in two procurements worth UGX 127,718,380 leading to a variance of UGX 48,061,250 between the assessed market price and the final contract amount. Poor market price assessment inhibits achievement of value for money and may affect the implementation of other planned activities.
7. Delayed publication of the open bidding advert. The Contracts Committee approved the advert and the bidding document on 16th June 2022, however, the publication of the advert was made on 8th August 2022 in the new vision newspaper causing a delay of two months.
8. Irregularities at evaluation such as award of contracts to non-compliant bidders were noted in four procurement transactions worth UGX. 113,348,596 which was contrary to Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006 that provides that detailed evaluation shall be conducted to compare the details of the received bids with the terms, conditions and criteria stated in the bidding documents and that the detailed evaluation shall

not be based on any terms, conditions or criteria that was not included in the bidding documents.

9. The Entity issued an inadequate solicitation document in the procurement for supply and delivery of office furniture worth UGX. 10,000,000. The approved document lacked: clear technical evaluation criteria, detailed specifications and clear terms and conditions contrary to Regulation 48 (2) and (4) of the Local Governments PPDA Regulations 2006.
10. Delays at contract signature by an average of two months were noted in four procurements worth UGX 465,787,810 contrary to Regulation 43 (6) of the Local Governments (PPDA) Regulations 2006 that requires Entities to conduct procurements in a manner that promotes economy, efficiency and value for money.
11. Missing contract management reports and records were noted in three contracts entered into by the Entity worth UGX. 1,383,216,887, contrary to Regulation 119 (1) of the LG PPDA Regulations, 2006. Lack of contract management reports/progress reports and other records casts doubt on whether contracts were executed in accordance with contractual requirements and terms and conditions.
12. The Entity did not conduct any disposal process during the period under review yet the Board of Survey report recommended various assets for disposal including motor vehicles, motorcycles, laptops among others.

Key Recommendations made:

1. The Accounting Officer should:
 - a. Expedite the recruitment process to ensure that the Procurement and Disposal Unit is fully constituted and staffed at an appropriate level in accordance with Section 26 (1) (c) of the PPDA Act, 2003;
 - b. Desist from handling requisitions for which there are no detailed Statements of Requirements in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - c. Along with Management regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance;
 - d. Ensure that thorough market assessment and adequate estimation of requirements is conducted at budgeting to ensure that the budgeted funds sufficiently cover the procurements in accordance with Regulation 3 (3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - e. Ensure that procurements are undertaken in a manner that enhances efficiency as required by Section 43 of the PPDA Act 2003;
 - f. Ensure that the disposal process is expedited following the response from the Chief Government Valuer in line with Part II of the PPDA (Disposal of Public Assets) Regulations, 2023; and
 - g. Task the User Departments to adhere to the unit prices indicated in the contract while issuing call off orders to contractors in accordance with Guideline No. 10/2014 on the use of framework contracts for the procurement of supplies, works and non-consultancy services.
2. The Contracts Committee should:
 - a. Ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, 2003 before approving the evaluation reports; and

- b. Ensure that the bidding documents approved are of quality in terms of having well defined specifications, evaluation criteria and contract terms and conditions in a manner that promotes competition in accordance with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
3. Evaluation Committees should ensure that evaluations are conducted according to the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003.
4. Heads of User Departments should charge all Contract Supervisors to submit progress reports/contract management reports and all contract implementation documentation in accordance with Regulation 52 of the PPDA (Contracts) Regulations 2023.

Moroto Municipal Council should implement the recommended action plan on pages **28 to 29**

CHAPTER ONE: INTRODUCTION

1.1 Background

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

1.2 Overall Objective

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

The specific objectives were:

1. To establish the level of compliance by the Entity with the general provisions of the PPDA Act, 2003 and Local Governments (PPDA) Regulations 2006 with regard to the performance of the procurement structures and the conduct of the procurement process.
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.

1.3 Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The audit covered a representative sample of 20 procurement transactions under the Financial Year 2022/23. The list of sampled transactions is contained in **Annex 3**. Table 1 below details the distribution of the transaction population and sample:

Table 1: Distribution of the transaction population and sample

Procurement method	Popn Value (UGX)	Sample Value (UGX)	% Value	Popn no	Sample no	% no.
Direct method	567,934,000	567,934,000	100	2	2	100
Open bidding	2,120,509,379	2,120,509,379	100	18	18	100
Subtotal	2,688,443,379	2,688,443,379	100	20	20	100

1.4 Methodology

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

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **6th December 2023** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **12th February 2024** with a request to submit a management response by **22nd February, 2024** which was submitted on **23rd February 2024**. The exit meeting was held on **23rd February 2024** at PPDA Eastern Regional Offices.

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

CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

2.1 COMPLIANCE BY THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003 AND LOCAL GOVERNMENTS (PPDA) REGULATIONS 2006 WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND THE CONDUCT OF THE PROCUREMENT PROCESS

2.1.1 The Entity's procurement structures

The key players in the procurement structure at Moroto Municipal Council include the Town Clerk as Accounting Officer, the Contracts Committee, the Procurement and Disposal Unit, adhoc Evaluation Committees and the User Departments.

i. The Accounting Officer

Section 26 of the PPDA Act 2003 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The Town clerk; Mr. Richard Eyaru was designated as the Accounting Officer of the Entity during the Financial Year 2022-2023.

ii. Composition of the Contracts Committee

Throughout the audit period, the Entity's Contracts Committee was fully constituted with the tenure of all members valid. However, the Authority noted that the current Contracts Committee is short by one member as the tenure of Mrs. Salome Amoding expired on 5th January 2024 and has not been renewed nor replaced. The composition of the Contracts Committee is shown in Table 2 below:

Table 2: List of Contracts Committee Members

No	Name	Position	Date of Appointment	Title
1.	Dr. Denis Wabwire Barasa	Chairperson	31 st August 2022	Sen. Veterinary Officer
2.	Ms. Pauline Angolere	Member	31 st August 2022	Sen. Economic Planner
3.	Mr. Alex Kilama	Member	7 th September 2023	Human Resource Officer
4.	Mrs. Rose Peggy Nakoru	Member	7 th September 2023	Municipal Education Officer
5.	Mrs. Salome Amoding	Member	5 th January 2021	Nursing Officer

Recommendation

The Accounting Officer is advised to nominate a member from among the Public Officers of the Entity to ensure that the member whose tenure expired is replaced and approved by the PS/ST.

iii. Staffing of the Procurement and Disposal Unit

The Authority noted that the Entity's Procurement and Disposal Unit was understaffed with one member of staff in the Unit at a level of Procurement Officer contrary to the approved structure that includes both a Senior Procurement Officer and a Procurement Officer. The details of the Procurement and Disposal Unit staff are shown in Table 3 below:

Table 3: Staff in the procurement and Disposal Unit

S/no	Name	Job Title	Academic Qualification	Date of Appointment
1.	Ms. Sylvia Koli	Procurement Officer	Master of Business Administration (Management)	1 st July 2015

Implication

This may result into failure by the Procurement and Disposal Unit to fully implement its mandate.

Management Response

The Entity stated that: “the PS/ST in his letter referenced HRM 1551222102 dated 19th April, 2023 temporarily suspended recruitment in Ministries, Departments, Agencies and Local Governments in the FY 2022/23 to allow the Auditor General finalize with the comprehensive audit of the payroll. Now that the Auditor General has concluded and submitted a report to the Minister of Finance, management pledges to swiftly fill all the existing staffing gaps in Departments where wage is available.

Recommendation

The Authority noted the Entity’s response and recommends that the Accounting Officer should expedite the recruitment process to ensure that the Procurement and Disposal Unit is fully constituted and staffed at an appropriate level in accordance with Section 26 (1) (c) of the PPDA Act, 2003.

2.1.2 Failure to recommend statements of requirements to the Procurement and Disposal Unit

There was no evidence of submission of statements of requirements to the Procurement and Disposal Unit by the User Departments during initiation in six works projects worth UGX. 188,398,516, contrary to Regulation 26 (1) (c) of the Local Governments (PPDA) Regulations, 2006. The Authority noted during the debriefing of the Entity personnel that these are usually availed at the time of invitation of bidders which denies the Accounting Officer and the PDU a chance to participate in the preparation of the Statements of Requirements.

Implication

Failure by User Departments to initiate procurements with clear statement of the requirements exposes the Entity to the risk of acquisition of goods, works and services that do not meet end User requirements or serve the intended purpose.

Management Response

Management stated that the User Departments were not fully fledged with all expertise of staff as expected to produce specific statement of requirements as needed for procurement purposes. Management regretted the occurrence and pledged to build capacity of the existing staff to provide detailed statements of requirements for procurement purposes. Management further stated that in FY 23/24 controls have been put in place to ensure that all the procurement requests are submitted with complete statements of requirements which may be in terms of specifications, bills of quantities and drawings.

Recommendations

The Authority noted the Entity's response and recommends that:

- User Departments should recommend statements of requirements at initiation to the Procurement and Disposal Unit for all procurement transactions to be conducted in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. Where the Entity lacks internal expertise required to develop such statements of requirements, the Entity may source for such expertise externally from other Local Governments or Government bodies.
- The Accounting Officer should desist from handling requisitions for which there are no detailed Statements of Requirements in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.3 Failure to fully implement 83% of previous audit recommendations

It was noted that the Entity had been issued its previous audit report for the Financial Year 2021-2022 in February 2023. Out of 18 recommendations made, only four recommendations (22%) were implemented, seven recommendations (39%) were partially implemented and the remaining seven recommendations (39%) were not implemented. The details are provided in Table 4 below:

Table 4: Implementation of previous audit recommendations

No.	Recommended Action	Implementation Status	Management response
1.	The Accounting Officer should ensure that the Internal Auditor conducts comprehensive periodic and annual reviews of the procurement and disposal procedures of the Entity in accordance with Regulation 28 of the Local Governments (PPDA) Regulations, 2006.	Not implemented	Given the staffing gaps that exist within the structure of Moroto MC and the ban on recruitment. The audit unit is grossly understaffed compared to the work to be performed.
2.	The Accounting Officer should ensure that the Procurement and Disposal Unit is adequately staffed in accordance Section 26 (1) (c) of the PPDA Act, 2003.	Not implemented	There was a ban on recruitment by Ministry of Public Service in the FY 2022/23 to allow for staff validation by office of the Auditor General. Management will act accordingly to fill all staffing gaps in the PDU once the ban is lifted.
3.	The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.	Partially implemented	The implementation of the plan is usually discussed in some senior management meetings. We shall provide evidences in due course.

No.	Recommended Action	Implementation Status	Management response
4.	The Accounting Officer should ensure that all the Authority's procurement and disposal audit recommendations are implemented in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006 and should further ensure that a strong mechanism is put in place to implement recommendations made by the Authority so as to improve the Entity's performance.	Partially implemented	Management is open to learn more on setting up strong mechanisms to implement audit recommendations.
5.	The Accounting Officer should continue to follow up with the Chief Government Valuer's Office to have the valuation process completed and also always ensure that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006.	Not implemented	Management has pursued the matter by inviting the Chief government valuer to assess and conduct the valuation of obsolete assets.
6.	The Accounting Officer should ensure that all Government assets under the Entity's custody are well handled, maintained and are fully utilized for the purposes for which they were acquired by the Entity.	Partially Implemented	<p>Management has made effort to;</p> <ul style="list-style-type: none"> • Renovate the office premises at the headquarters and fencing of North Division. • Operation and maintenance of garbage equipment. • Sign MoU's with particular asset users for purposes of proper use, maintenance and responsibility in case of loss
7.	The Accounting Officer, User Departments and the Procurement and Disposal Unit should conduct procurements in a manner that promotes economy and efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.	Partially implemented	Management pledged to improve on this

No.	Recommended Action	Implementation Status	Management response
8.	The Accounting Officer should task the Contracts Committee to carry out its oversight functions and ensure that the solicitation documents are of good quality and prepared in accordance with Regulation 48 of the Local Governments (PPDA) Regulations 2006.	Partially implemented	Management has planned for an induction training which was held for the contracts committee so as to enlighten them on their duties and more trainings are planned for
9.	The Accounting Officer should ascertain the causes for low bidder response and devise mechanisms of increasing competition in the Entity's procurement processes so as to achieve value for money.	Not implemented	Management pledges to improve
10.	The Head Procurement and Disposal Unit should ensure that Evaluation Committees conduct evaluation in line with the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003.	Partially implemented	Management pledges to build the capacity of staff who are involved in evaluation processes to improve their capacity to perform their tasks diligently
11.	The Accounting Officer should caution the Head of Procurement and Disposal Unit for failure to ensure that all members of the Evaluation Committee participated or were replaced and others approved by CC for the evaluation process to avoid unethical practices.	Not implemented	This is regrettable and management pledges to ensure that the head of PDU performs her work in line with the existing laws, policies and regulations
12.	Heads of User Departments should charge all Contract Supervisors to submit progress reports/contract management reports and all contract implementation documentation in accordance with the Local Governments (PPDA) Regulations, 2006.	Not implemented	This is regrettable, management pledges to build the capacity of project supervisors to report and giving them timelines as to when reports are to be submitted
13.	The Accounting Officer should enforce close supervision and monitoring of	Partially implemented	Management pledges to improve in this area

No.	Recommended Action	Implementation Status	Management response
	revenue collections in order to realize the planned amounts required for implementation of planned activities.		
14.	The contract supervisors should ensure timely completion of projects through enforcing clauses in the contracts like liquidated damages, recommending contract termination and appraising poor performers in accordance with Regulation 104 of the Local Governments (PPDA) Regulations, 2006.	Not implemented	This is regrettable however contract management has improved in FY 2023/24 with some contractors being charged liquidated damages for failure to accomplish works in time

Implication

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

Recommendations

The Authority commends the efforts and measures put in place by the Entity and recommends that the Accounting Officer with support from Internal Audit should come up with a strong mechanism and task force that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others.

2.1.4 Non implementation of 25% of the procurement plan

Table 5 below summarizes information about the procurement plan, budget, and utilization of funds for the Financial Year 2022/2023. The procurement plan implementation rate was 75% while the implementation variance was 25% worth UGX 919,585,060.

Table 5: Analysis of implementation of the procurement plan

Analysis of procurement spend	
Total procurement plan value inclusive of VAT (UGX)	3,606,028,439
Procurement spend value inclusive of VAT (UGX)	2,688,443,379
Procurement plan Absorption Rate	75%
Budget variance (UGX)	917,585,060
Budget variance (%)	25%

Implication

Failure to fully implement the procurement plan denies delivery of services to the intended beneficiaries and also exposes the Entity to risks of budgetary cuts for subsequent periods due to non-performance thus failure to meet planned objectives.

Management Response

The variance of UGX. 917,585,1060 was due to uncollected revenue from property tax of UGX. 634,018,877 and UGX. 283,566,183 is from the USMID road projects since payment is done as per the measured work.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer along with Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.

2.1.5 Inadequate needs assessment leading to unjustified direct procurement

The Authority noted that the Entity engaged in direct procurement for the additional works for extension of a fence at Moroto Demonstration Primary School worth UGX. 5,304,100 after the Entity discovered during a joint monitoring that the Guard House had not been incorporated in the project. However, this should have been anticipated at the design stage.

Implication

There was no competition which inhibits achievement of value for money.

Management Response

Management stated that the users have been tasked to involve the technical officers in each specific field during the planning stage so that all the necessary requirements are identified early enough.

Recommendation

The Accounting Officer should ensure that thorough market assessment and adequate estimation of requirements is conducted at the planning stage to avoid unnecessary contract variations in line with Regulation 3 (3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.6 Procuring above the framework contract unit prices

In the procurement for supply of local manufactured materials, the price per trip of gravel/murram indicated in the contract was UGX. 253,500, implying that the cost of 111 trips should have been UGX. 28,138,500. However, the delivery notes indicated that the contractor, Karamoja Trotters Limited supplied 111 trips of murram worth UGX. 35,520,000 at UGX 320,000 per trip resulting into a financial loss of UGX. 7,381,500. This was contrary to Guideline No. 10/2014 on the use of framework contracts for the procurement of supplies, works and non-consultancy services that requires framework contracts to include fixed unit prices to cover a certain period of time.

Implication

This led to a financial loss of UGX. 7,381,500.

Management Response

The Entity stated that:

The unit prices for certain items like gravel and murrum were adjusted as the works were implemented in June due to fluctuations of prices in the market and also using the average price basing on the different quotations of the bidders and also ensuring uniformity in prices when issuing out local purchase orders to the different bidders. However, going forward, all local purchase orders shall be based on prices quoted at the beginning by the bidders.

Recommendations

The Authority found the Entity's Response unsatisfactory since there was no evidence that these adjustments were formally requested for by the contractors and duly approved by the Contracts Committee. The Authority therefore recommends that:

- The Head Procurement and Disposal Unit should adhere to the unit prices indicated in the contract while issuing out call off orders to contractors in accordance with Guideline No. 10/2014 on the use of framework contracts for the procurement of supplies, works and non-consultancy services.
- The Accounting Officer should ensure that the Financial loss of UGX 7,381,500 is recovered from the contractor (Karamoja Trotters Limited).

2.1.7 Poor market price assessment

The audit revealed that there was poor market price assessment in two procurements worth UGX. 127,718,380 leading to a variance of UGX 48,061,250 between the assessed market price and the final contract amount. The procurements are indicated in Table 6 below:

Table 6: Procurements with poor market price assessment

No	Subject of Procurement	Market price	Contract Amount (UGX)	Variance (UGX)
1.	Fencing of North Division Offices	29,081,380	40,658,880	11,577,380
2.	Completion of construction of Teachers' house at Moroto Demonstration School	98,637,000	62,153,130	36,483,870
Total		127,718,380	102,812,010	48,061,250

Implication

Poor market price assessment may affect the implementation of planned activities.

Management Response

The Entity stated that the Users have been tasked to involve the technical officers during the planning stage so that funds budgeted for the projects are enough to have the constructions done.

Recommendation

The Accounting Officer should ensure that thorough market assessment and adequate estimation of requirements is conducted at budgeting with technical input to ensure that the budgeted funds sufficiently cover the procurements in accordance with Regulation 3 (3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.8 Delayed publication of the open bid notice

In three procurements worth UGX. 181,924,000, the Contracts Committee approved the advert and the bidding document on 16th June 2022, however, the publication of the advert was made on 8th August 2022 in the new vision newspaper causing a delay of 2 months. These procurements are indicated in Table 7 below:

Table 7: Procurements for which the publication of the bid notice was delayed

No.	Subject of Procurement	Contract Amount (UGX)
1.	Collection of loading and offloading fees at south division	1,000,000
2.	Supply of fuel oils and lubricants	170,924,000
3.	Supply and delivery of office furniture	10,000,000
Total		181,924,000

Implication

Inefficiency in the procurement process leads to delays in service delivery.

Management Response

Management stated that the Entity had some challenges with the advertising media that was New Vision in particular due to unpaid adverts but this issue was resolved and we are hopeful that this shall not be the case in the future.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should ensure that procurements are undertaken in a manner that enhances efficiency as required by Section 43 of the PPDA Act 2003.

2.1.9 Prefixing rates in the issued BOQs

The Bills of Quantities (BOQs) provided to bidders contained predetermined unit costs within the itemized quantities in two procurements worth UGX. 63,153,130 yet it was the responsibility of the bidders to provide their own quotations. These procurements are indicated in Table 8 below:

Table 8: Prefixed rates in procurements

No	Subject of Procurement	Contract Amount (UGX)	Observation	Management Response
1.	Collection of loading and offloading fees at South Division	1,000,000	Imposition of a fixed rate on the bidder. The statements of requirements provided that the contractor is required to make a deposit of UGX 1,000,000 yet this was a competitive process. This could have denied the Entity better offers.	The entity thought it best for the bidder to be depositing the UGX. 1,000,000 on a monthly basis but this can be improved on in the next procurement
2.	Completion of the construction	62,153,130	Pre fixed rates included:	The amount of UGX. 150,000 for conducting

	of teacher's house at Moroto Demonstration Primary School		The amount provided of UGX 150,000 for conducting environmental and Health and safety issues was fixed by the Entity yet works are supposed to be conducted by the provider. Likewise, "allow a provisional sum of UGX. 700,000 to facilitate HIV aids awareness" was fixed by the Entity	Environmental and Health and Safety issues was fixed to eliminate tendencies of providers escalating such items.
Total		63,153,130		

Implication

Predetermining costs in BOQs in the solicitation document compromises the principle of competition which would have resulted into better offers from the providers or affect bidder participation.

Recommendation

The Authority found the Entity's responses unsatisfactory. The Entity should give clear and precise statements of requirements that will guide bidders to come up with realistic costing for the issues to be addressed by the BOQs and money for some of the items in the BOQ that could be implemented by the Entity should be budgeted for separately and kept within the control of the Entity in line with Regulation 35 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.10 Irregularities at bid evaluation

The Authority noted irregularities in the evaluation of four procurement transactions worth UGX. 113,348,596 which was contrary to Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006 that provides that detailed evaluation shall be conducted to compare the details of the received bids with the terms, conditions and criteria stated in the bidding documents and that the detailed evaluation shall not be based on any terms, conditions or criteria that was not included in the bidding documents. These procurements are indicated in Table 9 below:

Table 9: Procurements for which irregularities at evaluation were noted

No.	Subject of the procurement	Contracts Value (UGX)	Observation	Management Response
1.	Collection of property tax including arrears	20% Commission	The evaluation criteria mandated bidders to submit the CVs of assistants holding certificates in any field. However, Bogere Court Brokers, Bailiffs, and	The company listed the assistants as having certificates in Law

No.	Subject of the procurement	Contracts Value (UGX)	Observation	Management Response
			Auctioneers (BEB) failed to fulfill this requirement.	
2.	Renovation of the office block at the Headquarters	38,525,466	Bidders were expected to provide the CV of a certified plumber, a requirement that Riwoko Construction Company (BEB) failed to fulfil.	Riwoko Construction Co. Ltd attached Omodo Jasper as the plumber thus fulfilled the requirement.
3.	Additional works for renovation of the office block at the Headquarters	12,670,000	<ul style="list-style-type: none"> • The evaluation criteria required the bidders to attach the CV of a Plumber with a certificate in plumbing but Riwoko Construction Company, the Best Evaluated Bidder did not comply with this requirement. • The criteria required the bidders to attach the CV of Environmental and Social Safety Officer with a Diploma in Social works or environment. However, Mr. Tindyebwa Moses the Environmental Officer did not attach this as a requirement. 	<ul style="list-style-type: none"> • Riwoko Construction Co. Ltd attached Omodo Jasper as the plumber thus fulfilled the requirement. • Riwoko Construction Co. Ltd attached Tindyebwa Moses as the Environment and Social Safety officer thus fulfilling the requirement.

No.	Subject of the procurement	Contracts Value (UGX)	Observation	Management Response
4.	Completion of the construction of Teacher's house at Moroto Demonstration Primary School	62,153,130	<ul style="list-style-type: none"> <li data-bbox="746 286 1018 907">• The proposed site Engineer, Mr. Omar Sam did not indicate in their CV that they had ever been employed by the contractor (Nomak Investments Limited). Additionally, the CV was not signed and there was no declaration of availability by the Engineer. <li data-bbox="746 913 1018 1568">• The proposed Foreman Mr. Okello John Charles did not indicate in their CV that they had ever been employed by the contractor (Nomak Investments Limited). Additionally, the CV was not signed and there was no declaration of availability by the Engineer. 	<p data-bbox="1034 286 1385 560">Nomak Investments Ltd attached all the academic documents of the required employees and only the curriculum vitae attached were lacking information showing that they were employed by the company</p> <p data-bbox="1034 577 1385 683">The evaluation found it wise to pass the company on the above grounds.</p>
Total		113,348,596		

Implications

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

Recommendations

The Authority noted the Entity's response, however, whereas there were academic documents attached, there were no corresponding CVs provided, the Authority therefore recommends that:

- i. Evaluation Committees should ensure that evaluations are conducted according to the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003.
- ii. The Contracts Committee should ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, 2003 before approving the evaluation reports.

2.1.11 Approval of an inadequate solicitation document by the Contracts Committee

The Entity issued an inadequate solicitation document in the procurement for supply and delivery of office furniture which was contrary to Regulation 48 (2) and (4) of the Local Governments PPDA Regulations 2006. The details are provided in Table 10 below:

Table 10: Procurements where inadequate solicitation documents were prepared

No	Subject of Procurement	Contract amount(UGX)	Observation
1.	Supply and delivery of office furniture	10,000,000	<ul style="list-style-type: none">• The bidders were required to provide evidence of experience in similar supplies without indicating the magnitude of experience.• Inadequate specifications. Whereas, the Entity provided general descriptions of the furniture required and the dimensions, there were no drawings attached.• The delivery and completion schedule was not filled, as a result the response time within which the supplies were to be delivered from the time of call off was not indicated. In addition to this the table for inspections and tests to be carried out and whether any samples would be required was not filled.

Implication

Unclear statement of requirements lead to preparation of non-responsive bids which may not meet the end user needs or requirements.

Management Response

The Entity stated that:

- i. The required experience was for providers to provide evidence of local purchase orders and agreements for supplying office furniture.
- ii. The delivery of the supplies is always 14 days from issue of the local purchase order and so the completion and delivery schedule did not really hold significance at the moment but going forward the two shall be filled.

Recommendation

The Authority found the Entity's response unsatisfactory and recommends that the Contracts Committee should ensure that the bidding documents approved are of quality in terms of having well defined specifications, evaluation criteria and contract terms and conditions in a manner that promotes competition in accordance with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.12 Management of Force Account

The Authority noted that the Entity's Force Account work plan was worth UGX 416,963,000 but executed UGX 339,942,000 equivalent to 81.5% of the work plan. The following irregularities were noted regarding the management of procurements under the Force Account Mechanism:

There was no evidence that the Entity conducted an analysis to determine whether the estimated costs to be incurred under the Force Account mechanism would be less than if the Entity used a contractor contrary to Regulation 3 of the PPDA (Force Account) Regulations 2014.

Implication

The Entity may not have achieved value for money through the procurements implemented under the Force Account Mechanism.

Management Response

Road maintenance funds which are usually received by the Entity are restricted for expenditure by Force Account Mechanism in reference to Uganda Road Fund and Road Maintenance Grant Guidelines. Contracting is only done for complex projects such as Page 18 of 44 road sealing, bridges and consultancy services for complex projects and other complex drainage structures.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should ensure that the uptake of the Force Account mechanism ~~X~~ in accordance with Section 95A of the PPDA Act, 2003, the PPDA Force Account Regulations 2014 and Circular No.3 of 2012 on Use of Force Account Mechanism in Local Government.

2.1.13 Low bidder participation

The Entity failed to obtain adequate competition in three procurements worth UGX. 67,057,229 contrary to Section 46 of the PPDA Act, 2003 that requires the Entity to conduct procurements in a manner that maximizes competition and achieves value for money. The procurements are listed in Table 11 below:

Table 11: Indicating procurements with low bidder participation

S/N	Procurement	Amount(UGX)	Firms invited	Bids received
1.	Extension of the fence at Moroto Demonstration Primary School	29,087,040	4	2
2.	Collection of slaughter fees a South Division	21,600,000	Open Bidding	1

3.	Collection of property tax including arrears	16,370,189	Open bidding	1
Total		67,057,229		

Implications

This could also be a sign of possible loss of confidence by bidders in the procurement processes of the Entity due to issues in the Entity such as restrictive requirements introduced after contract award and failure by members of the Evaluation Committees to adhere to the set criteria thus failure to obtain competitive offers.

Management Response

The Entity stated that management has tried to ensure that service providers are paid in a timely manner so as not to discourage them from future works, services or supplies and also ensuring that required information is shared to all the bidders at the time of bidding through scheduling pre-bid meetings.

Recommendations

The Authority commends the Entity for the efforts made towards addressing the low bidder participation and recommends that the Accounting Officer continue to investigate and devise mechanisms of increasing bidder participation in the Entity's bidding processes.

2.1.14 Delays at contract signing

Contrary to Regulation 43 (6) of the Local Governments (PPDA) Regulations 2006 that requires Entities to conduct procurements in a manner that promotes economy, efficiency and value for money, the Authority noted average delays of 1.5 months at contract signing. There was no effort by the Entity to ensure efficiency and timely delivery of services to the beneficiaries in the following procurements indicated in Table 12:

Table 12: Showing delays at various stages of procurement process

No	Subject of Procurement	Contract Amount (UGX)	observations	Management Response
1.	Fencing of North Division Offices	40,658,880	Delayed contract signing. The planned contract signing date was scheduled on 28 th December 2022 and the actual contract was signed on 9 th March 2023 hence a delay of months.	The change in Accounting Officers caused this delay as the new one had to first integrate himself with the system
2.	Supply and delivery of office cleaning materials	70,826,000	Delayed contract signing. The planned contract signing date was scheduled on 29 th September 2022 and the actual contract was	The was a delay in having the advert run on the planned date due to arrears with the Newvision. This affected the other dates like contract signing. This has

No	Subject of Procurement	Contract Amount (UGX)	observations	Management Response
			signed on 1 st November 2022 hence a delay of 1 month.	been handled as the debts with the advertising media have now been cleared and hence improvement on this in the future.
3.	Maintatnce/ repair of municipal vehicles and motorcycles	303,902,930	Delayed contract signing. The planned contract signing date was scheduled on 29 th September 2022 and the actual contract was signed on 1 st November 2022 hence a delay of 1 month..	The was a delay in having the advert run on the planned date due to arrears with the Newvision. This affected the other dates like contract signing. This has been handled as the debts with the advertising media have now been cleared and hence improvement on this in the future.
4.	Provision of catering services	50,400,000	Delayed contract signing. The planned contract signing date was scheduled on 29 th September 2022 and the actual contract was signed on 1 st November 2022 hence a delay of 1 month.	The was a delay in having the advert run on the planned date due to arrears with the Newvision. This affected the other dates like contract signing. This has been handled as the debts with the advertising media have now been cleared and hence improvement on this in the future.
Total		465,787,810		

Implication

A delay in the procurement cycle affects the entire process which in turn leads to delay in service delivery and might hinder achievement of value for money.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should ensure that procurements are undertaken in a manner that enhances efficiency as required by Section 43 of the PPDA Act 2003.

2.2 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, 2003 AND THE LOCAL GOVERNMENTS (PPDA) REGULATIONS 2006

2.2.1 Failure to dispose obsolete items

The Authority noted that the Entity had not conducted any disposal process during the period under review, despite the Board of Survey report recommending various assets to be disposed of including motor vehicles, motorcycles, laptops among others. The assets recommended for disposal are highlighted in Table 13 below:

Table 13: List of items for disposal

No	Item	Unique identifier
1.	Tractor	UXG 590
2.	Tractor trailer	
3.	Double cabin pickup	
4.	Motorcycle	LG0146-32
5.	Motorcycle	LG0145-32
6.	Motorcycle	LG0145-32
7.	Motorcycle	UG1499-R
8.	Motorcycle	LG0032-32
9.	Motorcycle	UG-0010R
10.	Motorcycle	UG2736-R
11.	Motorcycle	UE-1317-E
12.	Motorcycle	UDA 489 R
13.	Disc Plough	
14.	Welding plant	
15.	Fuel pump	
16.	Fuel tank	
17.	Road master king Bicycle	
18.	Photocopying machine	
19.	Laptop	MRT-MC/USMID/2014/15/DLT/001
20.	Binding machine	
21.	Solar panels	
22.	Solar batteries	
23.	Monitor	
24.	Power stabiliser	
25.	Power stabiliser	
26.	Water pump	
27.	Laptop	
28.	Printer	
29.	Printer	
30.	Sofaset	
31.	Laptop	
32.	Printer	
33.	Printer	
34.	Assorted pipes and fittings	
35.	Assorted old iron sheets	
36.	Payroll printer	
37.	Wooden bookshelves	
38.	Office Tables	
39.	Desktops	
40.	Old vehicle tyres	
41.	Old vehicle spare parts	
42.	Old car batteries	

Implications

- i. Failure to dispose of assets whose use ceased inhibits achievement of value for money as funds are held up in assets and also lost through depreciation of these assets.

- ii. This also exposes the assets to possible theft, destruction or vandalism.

Management Response

Management has taken a step in communicating to the Government Valuer inviting them to come and value council assets so that they can be disposed.

Recommendation

The Authority commends the Entity for the efforts made in ensuring that council assets are disposed of. However, the Accounting Officer should ensure that the disposal process is expedited following the response from the Chief Government Valuer in line with Part II of the PPDA (Disposal of Public Assets) Regulations, 2023.

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

- 2.3.1 **No provisions for Environmental, Social, Health, Safety and Gender issues in the BOQs**
Four procurements worth UGX. 170,424,516 had unclear specifications and in other instances no provisions regarding the incorporation of Environmental, Social, Health, Safety and Gender issues in the Bills of Quantities as indicated in Table 14 below:

Table 14: Procurements for which the environmental issues were not clearly stipulated

No.	Subject of Procurement	Contract Amount (UGX)	Observations	Management Response
1.	Fencing of North Division Offices	40,658,880	There were no provisions for ESHS requirements in the bidding document. E.g. HIV aids awareness, Gender issues, and tree planting.	The budget constraints could not allow for these to be included.
2.	Renovation of the office block at the Headquarters	38,525,466	There were no provisions for ESHS requirements in the bidding document. E.g. HIV aids awareness, Gender issues, and tree planting.	The budget constraints could not allow for these to be included.
3.	Completion of the construction of Teacher's house at Moroto Demonstration Primary School	62,153,130	<ul style="list-style-type: none"> Unclear ESHS requirements in the BOQs. Item 8 stated that the contractor should allow for conducting matters environmental and Health and safety without detailing the specific activities involved. 	Management pledges improvement on this by ensuring that the requirements for ESHS are clearly stated in the Bills of Quantities

No.	Subject of Procurement	Contract Amount (UGX)	Observations	Management Response
			<ul style="list-style-type: none"> The payment certificate No. 2 dated 22nd June 2023 was not certified by the Environmental officer and community development officer. There was no report by the community development officer on HIV awareness yet a provisional sum of UGX 700,000 was allowed for this purpose. 	
4.	Extension of fence at Moroto Demonstration Primary School	29,087,040	There were no provisions for ESHS requirements in the bidding document. E.g. HIV aids awareness, Gender issues, and tree planting.	The budget constraints could not allow for these to be included.
Total		170,424,516		

Implication

Failure to put in place environment and social mitigation measures puts the communities where the projects are located at risk of harmful effects of environmental degradation such as climate change, destruction of eco systems, air pollution and depletion of natural resources.

Recommendation

The Accounting Officer and the Head Procurement and Disposal Unit should ensure that the Municipal Environmental Officer, Municipal Community Development Officer and the Municipal Labor Officer are involved in the entire procurement process right from planning and initiation, bid document preparation and contract management process so that the ESHS are embedded in the procurements right from the design stage. These issues should be prioritized at planning and allocated sufficient funding.

2.3.2 Delayed approval of contract variation

The Authority noted that in the procurement for consultancy services for the design, review and construction supervision of works for selected sub projects in Moroto MC worth UGX 549,960,000, the consultant requested for additional time input on 6th December 2022 because the works contract had been extended from 12th October 2022 to 5th May 2023 which led to additional time input by the consultant equivalent to UGX 549,960,000. However, approval of the request was made on 19th May 2023 and yet the consultant had been active for the entire time (12th October 2022 to 5th May 2023). Consequently, the procurement process for the

additional supervision works was done retrospectively. The initiation was made on 24th May 2023 for works that had been carried out during 12th October 2022 to 5th May 2023.

Implication

This implies that the Entity engaged the provider without a binding agreement and could subsequently lead to litigation issues.

Management Responses

- The Entity could not enter into another agreement with the supervising consultant without confirming availability of funds with the USMID project management team thus delay in approval of the contract variation. It was until the meeting with the project management team held on 18th May 2023 in Kampala that the funds were confirmed.
- The consultant could not also be stopped as civil works were ongoing since the Entity did not have enough staff to supervise the contractor and also the donor requirement of having a supervisor on site with the civil contractor.

Recommendation

The Authority noted the Entity's response and recommends that the Contracts Committee should desist from making retrospective approvals.

2.3.3 Failure to submit performance securities

In the procurement for extension of a fence at Moroto Demonstration Primary School worth UGX. 29,087,040, there was no evidence that the contractor, Utokoi Enterprises Limited submitted a 10% performance security which was a requirement under GCC 61.1.

Implication

Failure to provide performance security could result into shoddy work and the contractor abandoning the works without any security to the Entity.

Management Response

Management ensured to make communication to the contractor, Utokoi Enterprises Ltd concerning the performance security but unfortunately, they still did not adhere to it

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should task the Municipal Engineer to ensure that contractors submit performance securities and where the Best Evaluated Bidder does not comply within 28 days of contract signature, the contract should be terminated in favour of the next Best Evaluated Bidder in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations 2023.

2.3.4 Failure to maintain complete procurement action files

The Authority noted missing contract management reports and records such as payment invoices, vouchers and revenue remittances in three contracts entered into by the Entity worth UGX. 678,677,757, contrary to Regulation 119 (1) of the LG PPDA Regulations, 2006. These procurements are indicated in Table 15 below:

Table 15: Procurements with missing records

No	Subject of Procurement	Contract Amount (UGX)	Missing records
1.	Fencing of North Division offices	40,658,880	Payment documents
2.	Collection of property tax including arrears	637,018,877	Revenue collection reports
3.	Collection of loading and offloading fees south division	1,000,000	Revenue collection reports
Total		678,677,757	

Implications

- i. Lack of contract management reports/progress reports and other records casts doubt on whether contracts were executed in accordance with contractual requirements and terms and conditions.
- ii. This indicates failure by the Entity to account for public funds.

Management Response

The Entity stated that the above missing records must have been with the contract managers when the audit team was around and management apologised for this inconvenience caused but the documents are now available for verification.

Recommendations

The noted the Entity's response, however, the above mentioned documents were not availed.

- i. Heads of User Departments should charge all Contract Supervisors to submit progress reports/contract management reports and all contract implementation documentation in accordance with Regulation 52 of the PPDA (Contracts) Regulations 2023.
- ii. The Accounting Officer should direct the Finance Department to always share copies of payments records with the Procurement and Disposal Unit in order for procurement action files to be closed off.

2.3.5 Physical verification

The Authority conducted physical verification on five projects worth UGX 183,094,516 on 5th December 2023, the following issues detailed in Table 16 were noted on three projects worth UGX 108,116,010:

Table 16: Issues noted during physical verification

<p>Contract name: Completion of the construction of a teacher's house at Moroto Demonstration Primary School</p> <p>Contract value: 62,153,130</p> <p>Contractor: Nomak Investments Limited</p> <p>Contractual completion date: 17th 05 2023</p> <p>Physical progress: 100%</p> <p>Financial progress: 100%</p>
--



Issues noted:

- Electrical installation had not been done in one of the Units.
- The hand wash basin in one of the Units had a leakage.

Management Response

The electrical installation was done in all the units.

The leakage of the above hand wash basin was corrected.

Contract name: Extension of the fence at Moroto demonstration Primary School

Contract value: 5,304,000

Contractor: Utokoi Enterprises Limited

Contractual completion date: 30th June 2023

Contractual completion date: 17th 05 2023

Physical progress: 100%

Financial progress: 100%



Issues noted:

The wire at the top of the fence was not properly stretched.

Management Response

The wire has now been stretched.

Contract name: Fencing of North Division Offices

Contract value: 40,658,880

Contractor: Glotech Consults International Ltd

Contractual completion date: 30th June 2023

Physical progress: 100%

Financial progress: 100%



Issues noted:

Sign board not installed.

Management Response

The contractor has not yet been fully paid till he installs the sign board.

Implication

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

Recommendation

The Authority noted the Entity's responses, however, there was no evidence provided to this effect. The Accounting Officer should task the Municipal Engineer to ensure that the above

defects are rectified and status report on all these projects provided to the Authority within three months of receipt of this report.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.1 Overall Compliance Inspection Conclusion

The performance of Moroto Municipal Council for the Financial Year 2022/23 was **Moderately Satisfactory** with overall weighted average risk rating of **51.5%**. The risk rating criteria is outlined in Table 17 below:

Table 17: Showing the risk rating criteria

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

3.2 Entity's Risk Assessment

The table 18 below shows the Entity's performance per risk category based on the sampled procurements:

Table 18: Showing summary of risk assessment of Moroto Municipal Council

Risk Category	Number of Sampled Procurements	%Number	Value(UGX)	% Value
High	4	20	735,692,007	37.0
Medium	7	35	692,352,386	34.8
Low	8	40	488,746,257	24.6
Satisfactory	1	5	70,826,000	3.6
Total	20	100	1,987,616,650	100.0

3.3 Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown below in Table 19 below.

Table 19: Showing weighted risk assessment of Moroto Municipal Council

Risk category	Rating (By Number)	Weights	Total weighted Average	Rating (By Value)	Weights	Total weighted Average
High	20	0.6	12	37.0	0.6	22.2
Medium	35	0.3	10.5	34.8	0.3	10.4
Low	40	0.1	4	24.6	0.1	2.5
Satisfactory	5	0	0	3.6	0	0.0
Total	100	1	26.5	100.0	1	35.1

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{26.5 \times 100}{60} = 47\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{35.1 \times 100}{60} = 60\%$$

$$\text{Combined Weighted Average} = \frac{44 + 59}{2} = 51.5\%$$

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

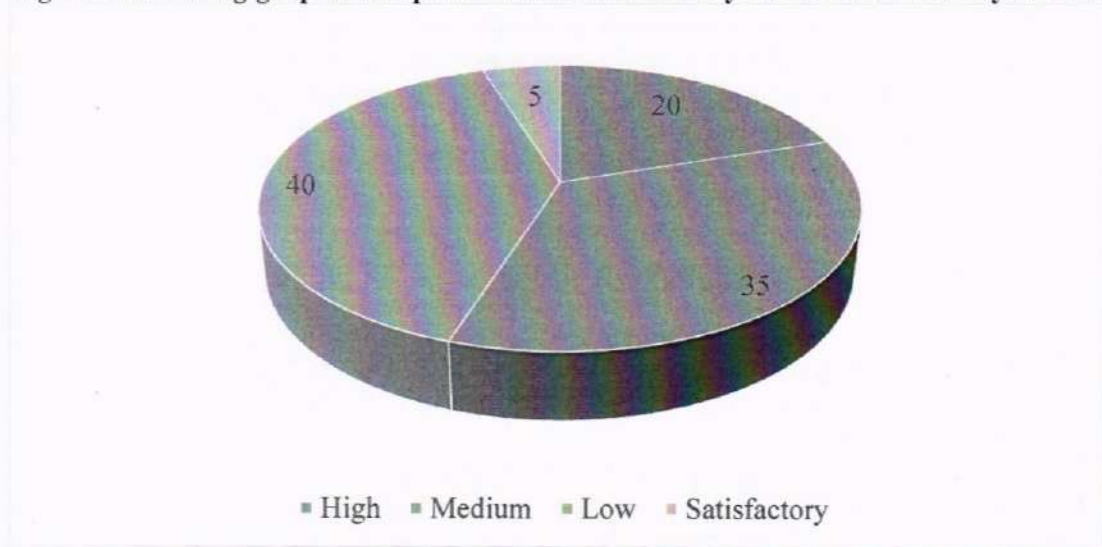
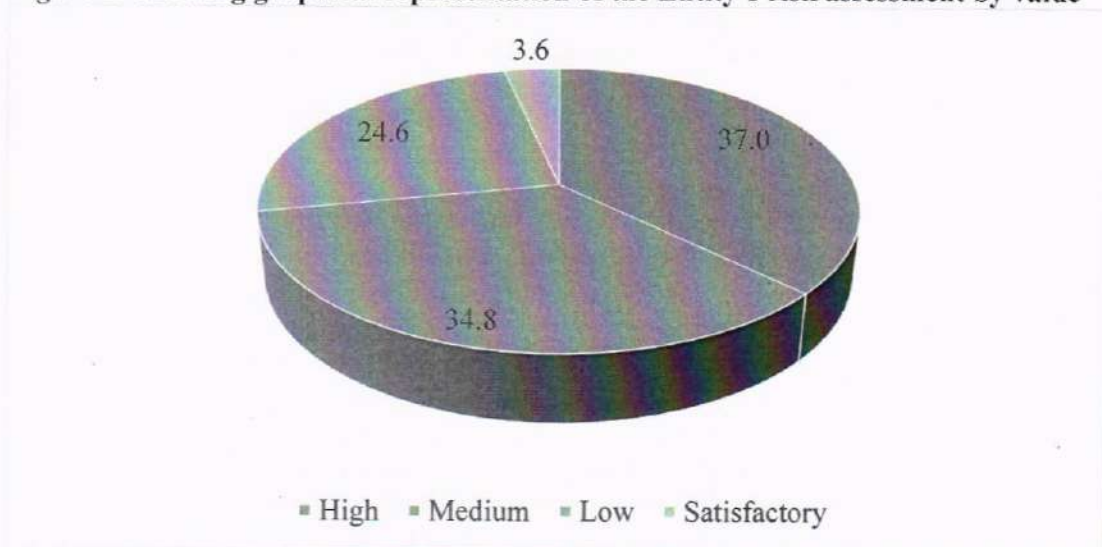


Figure 2: Showing graphical representation of the Entity's risk assessment by value



3.4 Recommended Action Plan

Moroto Municipal Council should implement the following recommendations in Table 20 within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 20: Recommended Action plan

No.	Recommendation	Target Date
1.	<p>The Accounting Officer should;</p> <ul style="list-style-type: none"> i. Expedite the recruitment process to ensure that the Procurement and Disposal Unit is fully constituted and staffed at an appropriate level in accordance with Section 26 (1) (c) of the PPDA Act, 2003. ii. Desist from handling requisitions for which there are no detailed Statements of Requirements in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. iii. Ensure that thorough market assessment and adequate estimation of requirements is conducted at the planning stage with technical input to avoid unnecessary contract variations in line with Regulation 3 (3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. iv. Recover money worth UGX 7,381,500 from the Karamoja Trotters Limited that supplied supplied 111 trips of murrum/gravel to the Entity at UGX 320,000 per trip instead UGX. 253,500 per trip that led to financial loss of UGX 7,381,500 v. Ensure that procurements are undertaken in a manner that enhances efficiency as required by Section 43 of the PPDA Act 2003. vi. Investigate and devise mechanisms of increasing bidder participation in the Entity's bidding processes. vii. Expedite the disposal process following the response from the Chief Government Valuer in line with Part II of the PPDA (Disposal of Public Assets) Regulations, 2023. viii. Task the Municipal Engineer to ensure that contractors submit performance securities and where the Best Evaluated Bidder does not comply within 28 days of contract signature, the contract should be terminated in favour of the next Best Evaluated Bidder. 	August 2024
2.	<ul style="list-style-type: none"> • User Departments with support of either internal or external expertise should recommend statements of requirements at initiation to the Procurement and Disposal Unit for all procurement transactions to be conducted in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. 	August 2024
3.	<p>The Accounting Officer along with Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.</p>	August 2024
4.	<ul style="list-style-type: none"> • The Head Procurement and Disposal Unit should adhere to the unit prices indicated in the contract while issuing out call off orders to contractors in accordance with Guideline No. 10/2014 on the use of 	August 2024

No.	Recommendation	Target Date
	framework contracts for the procurement of supplies, works and non-consultancy services.	
5.	The Entity should give clear and precise statements of requirements that will guide bidders to come up with realistic costing for the issues to be addressed by the BOQs and money for some of the items in the BOQ that could be implemented by the Entity should be budgeted for separately and kept within the control of the Entity.	August 2024
6.	<ul style="list-style-type: none"> • Evaluation Committees should ensure that evaluations are conducted according to the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003. • The Contracts Committee should ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, 2003 before approving the evaluation reports. 	August 2024
7.	The Contracts Committee should ensure that the bidding documents approved are of quality in terms of having well defined specifications, evaluation criteria and contract terms and conditions in a manner that promotes competition in accordance with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	August 2024
8.	The Accounting Officer and the Head Procurement and Disposal Unit should ensure that the Municipal Environmental Officer, Municipal Community Development Officer and the Municipal Labor Officer are involved in the entire procurement process right from planning and initiation, bid document preparation and contract management process so that the ESHS issues are embedded in the procurements right from the design stage.	August 2024
9.	<ul style="list-style-type: none"> • Heads of User Departments should charge all Contract Supervisors to submit progress reports/contract management reports and all contract implementation documentation in accordance with Regulation 52 of the PPDA (Contracts) Regulations 2023. • The Accounting Officer should direct the Finance Department to always share copies of payments records with the Procurement and Disposal Unit in order for procurement action files to be closed off. 	August 2024

ANNEXES

Annex 1: Findings and rating on the individual contracts reviewed

	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Reference No: Moro. 722/Srvcs/22-23/00004</p> <p>Subject: Collection of loading and offloading fees at south division</p> <p>Procurement method:</p> <p>Contractor: Lyopei General Services Limited</p> <p>Contract value: UGX 1,000,000</p> <p>Completion date: 30th June 2023</p>	<p>Bidding</p> <ul style="list-style-type: none"> • Imposition of a fixed rate on the bidder. The statements of requirements provided that the contractor is required to make a deposit of UGX 1,000,000 yet this was a competitive process. This could have denied the Entity better offers. • Delayed publication of the open bidding advert. Whereas the Contracts Committee approved the advert and the bidding document on 16th June 2022, the publication of the advert was made on 8th August 2022 in the new vision newspaper causing a delay of 2 months. <p>Missing documents</p> <ul style="list-style-type: none"> • Monthly collection reports were missing on file.
2.	<p>Reference No: Moro722/Wrks/22-23/00001</p> <p>Subject: Completion of the construction of teacher's house at Moroto demonstration primary school</p> <p>Procurement method: UGX62,153,130</p> <p>Contractor: Nomak Investments Limited</p> <p>Contract value: UGX 62,153,130</p> <p>Completion date: 17th May 2023</p> <p>Physical Progress: 100%</p>	<ul style="list-style-type: none"> • Poor market price assessment: The assessed market price was UGX 98,637,000 but the actual contract amount was UGX 62,153,130. • Failure to attach BOQs at initiation. • Unclear ESHS requirements in the BOQs. Item 8 stated that the contractor should allow for conducting matters environmental and Health and safety without detailing the specific activities involved. <p>Prefixing unit rates:</p> <ul style="list-style-type: none"> • The amount provided of UGX 150,000 for conducting matters environmental and Health and safety was fixed by the Entity yet works are supposed to be conducted by the provider. • Allow a provisional sum of 700,000 to facilitate HIV aids awareness <p>Evaluation</p> <ul style="list-style-type: none"> • The proposed site Engineer Mr. Omar Sam did not indicate in their CV that they had ever been employed by the contractor (Nomak Investments Limited). Additionally, the CV was not signed and there was no declaration of availability by the Engineer. • The proposed Foreman Mr. Okello John Charles did not indicate in their CV that they had ever been employed by the contractor (Nomak Investments Limited). Additionally, the CV was not signed and there was no declaration of availability by the Engineer. • The payment certificate No. 2 dated 22nd June 2023 was not certified by the Environmental officer and community development officer.

	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<ul style="list-style-type: none"> There was no report by the community development officer on HIV awareness yet a provisional sum of UGX 700,000 was allowed for this purpose. <p>Physical verification issues</p> <ul style="list-style-type: none"> Electrical installation had not been done in one of the Units There was leakage of the hand wash basin in one of the Unit
3.	<p>Reference No: Moro722/Wrks/2022-23/00008</p> <p>Subject: Collection of property tax including arrears</p> <p>Procurement method: Open national bidding</p> <p>Contractor: Bogere court brokers, balifs and auctioneers</p> <p>Contract value: UGX 16,370,189</p> <p>Physical progress: 100%</p>	<p>Bidding Low bidder participation as only one bid was received out of the two firms that submitted their bids i.e Bogere court brokers, bailiffs and auctioneers.</p> <p>Contracting and Contract Management Revenue remittances.</p>
4.	<p>Subject: supply of local manufactured materials</p> <p>Procurement method: Open National bidding</p> <p>Contractors: Nakamina company limited, Karamoja Trotters Limited</p> <p>Contract value: UGX 124,750,803</p> <p>Completion date: 30th June 2023</p> <p>Physical progress: 100%</p>	<p>The contractor Karamoja trotters offered to supply gravel /murrum at UGX 253,500 per trip in their bid. However, they supplied 111 trips to the Entity at UGX 320,000 leading to a financial loss of UGX 7,381,500.</p>

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	<p>Reference No: Moro.722/Wrks/2022-2023/000009</p> <p>Subject: Consultancy services for design review and construction supervision of works for selected sub projects in Moroto mc</p> <p>Procurement method: Open National bidding</p> <p>Contractor: Segamu 14 Consults Limited in sub</p>	<p>Contracting and Contract Management Delayed approval of contract variation. The consultant requested for additional time input on 6th December 2022 because the works contract had been extended from 12th October 2022 to 5th May 2023 which led to additional time input by the consultant equivalent to UGX 549,960,000. However, approval of the request was made on 19th may 2023 and yet the consultant had been active for the entire time (12th October 2022 to 5th May 2023). Consequently, the procurement process for the additional supervision works was done retrospectively. The initiation was made on 24th may 2023 for works that had been carried out during</p>

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	consultancy with Hersun Consults Contract value: UGX 549,960,000	12 th October 2022 to 5 th May 2023. (This was because of delayed confirmation of funding by USMID program)
2.	Reference No: Moro722/Wrks/202223/00006 Subject: Additional works for renovation of the office block at the Headquarters Procurement method: Direct method Contractor: RiwokoConstruction Company Limited Contract value: UGX 12,670,000	Bidding document <ul style="list-style-type: none"> • Failure to include cross cutting issues such as environmental mitigation measure through planting of tress, HIV/AIDS in the bidding document. • Evaluation • The criteria required the bidders to attach the CV of a Plumber with a certificate in plumbing and Riwoko Construction Company (BEB) did not attach this as a requirement. • The criteria required the bidders to attach the CV of Environmental and Social Safety Officer with a Diploma in Social works or environment. However, Mr. Tindyebwa Moses the Environmental Officer did not attach this as a requirement. Contracting and Contract Management Delayed contract signing. The planned contract signing date was scheduled on 28 th /12/2022 and the actual contract was signed on 8 th /06/2023 hence a delay of 3months.
3.	Reference No: Moro722/SUPLS/22-23/00005 Subject: supply and delivery of office furniture Procurement method: Open national biding Contractor: Footsteps furniture co. Limited and Julita Holdings Limited Contract value: UGX 10,000,000 Completion date: 30 th June 2023	<ul style="list-style-type: none"> • Delayed publication of the open bidding advert. Whereas the Contracts Committee approved the advert and the bidding document on 16th June 2022, the publication of the advert was made on 8th August 2022 in the new vision newspaper causing a delay of 2 months. NB, it should be noted that initiation was made in April for all open bidding projects. • Additionally, bidders were required to provide evidence of experience in similar supplies without indicating the magnitude of experience. • Inadequate specifications. Whereas, the Entity provided general descriptions of the furniture required and the dimensions, there were no drawings attached. • The delivery and completion schedule was not filled, as a result the response time within which the supplies were to be delivered from the time of call off was not indicated. In addition to this the table for inspections and tests to be carried out and whether any samples would be required was not filled.
4.	Reference No: Moro.722/Wrks/2022-2023/000007 Subject: Additional work for extension of the fence at Moroto demonstration p/s Contractor: Utokoi Enterprises Limited	Inadequate needs assessment. The Entity engaged in direct procurement for the additional works for extension of a fence at Moroto demonstration Primary School, after the Entity discovered during a joint monitoring that the Guard House had not been incorporated in the project. However, this should have been anticipated at the design stage.

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	Contract value: UGX. 5,304,000 Completion date: 30 th April 2024 Physical progress: 100%	
5.	Subject: Renovation of the office block at the Headquarters Procurement method: Selective bidding Contractor: Riwoko Construction Company Ltd Contract value: UGX 38,525,466 Completion date: 30 th April 2024 Physical progress: 100%	Bidding document Failure to include cross cutting issues such as environmental mitigation measure through planting of tress, HIV/AIDS in the bidding document. Evaluation The criteria required the bidders to attach the CV of a Plumber with a certificate in plumbing and Riwoko Construction Company (BEB) did not attach this as a requirement.
6.	Reference No: Moro722/Wrks/2022-23/00003 Subject: Fencing of North Division Offices Procurement method: Selective bidding Contractor: Glotech Consults International Ltd Contract value: UGX 40,658,880 Completion date: 30 th April 2024 Physical progress: 100%	Bidding document <ul style="list-style-type: none"> Failure to include cross cutting issues such as environmental mitigation measure through planting of tress, HIV/AIDS in the bidding document. Contracting and Contract Management <ul style="list-style-type: none"> Poor market assessment. There was a variance of UGX 11,577,380 between the estimated cost of UGX 29,081,380 and contract value of UGX 40,658,880. Delayed contract signing. The planned contract signing date was scheduled on 28th December 2022 and the actual contract was signed on 9th March 2023 hence a delay of 2 months. Missing documents Payment documents
7.	Subject: Extension of the fence at Moroto Demonstration Primary School Contract Amount: 29,087,040 Contractor: Utokoi Enterprises Limited Contract start date: 17 th April 2023 Completion date: 17 th June 2023 DLP: 6 months Physical progress: 100%	<ul style="list-style-type: none"> Low bidder participation; only two bids received yet 4 were invited i.e. Karamoja Trotters Limited and Utokoi Enterprises Limited, No provisions for ESHS requirements. E.g HIV aids awareness, Gender issues, tree planting among others. The contractor: Utokoi Enterprises Limited did not submit a performance security contrary to the requirements of GCC 52.1.

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	ReferenceNo: Moro722/Wrks/2022-23/000097 Subject: Periodic maintenance of Kam- Jalau road	There was no evidence that the Entity conducted an analysis of the costs to be incurred under the Force Account mechanism and those if a contractor was used to determine whether it was economical to use the Force Account mechanism.

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
	<p>Procurement method: Force account Contractor: Works department Contract value: UGX 41,420,000 Completion date: 30th June 2023 Physical progress: 100%</p>	
2.	<p>Reference No: Moro722/Wrks/2022-23/000016 Subject: Supply and delivery of office cleaning materials Procurement method: Open national bidding Contractor: Juwita Holdings Ltd Contract value: 11,130,257 Completion date: 30th September 2023 Physical progress: 100%</p>	<p>Contracting and Contract Management Delayed contract signing. The planned contract signing date was scheduled on 29th /09/2022 and the actual contract was signed on 1st /11/2022 hence a delay of 2 months.</p>
3.	<p>Reference No: Moro722/Wrks/2022-23/00008 Subject: Mechanized maintenance and spot gravelling of ouma lane Ojakala Road Procurement method: Force account Contractor: Works department Contract value: UGX 98,765,000 Completion date: 30th June 2023 Physical progress: 100%</p>	<p>There was no evidence that the Entity conducted an analysis of the costs to be incurred under the Force Account mechanism and those if a contractor was used to determine whether it was economical to use the Force Account mechanism.</p>
4.	<p>Reference No: Moro722/Wrks/2022-23/00004 Subject: Mechanized maintenance and spot gravelling of close 1 to 9 roads and opening of Napong road in Moroto Municipality Procurement method: Force account Contractor: Works department Contract value: UGX 61,990,000 Completion date: 30th June 2023 Physical progress: 100%</p>	<p>There was no evidence that the Entity conducted an analysis of the costs to be incurred under the Force Account mechanism and those if a contractor was used to determine whether it was economical to use the Force Account mechanism.</p>

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
5.	<p>Reference No: Moro722/Srvcs/2022-23/00001</p> <p>Subject: Provision of catering services</p> <p>Procurement method: Open National bidding</p> <p>Contractor: Rumbek Restaurant &takeaway, Galoven Enterprises Ltd and Amen Restaurant &Takeaway</p> <p>Contract value: UGX 50,400,000</p> <p>Completion date: 30th September 2023</p>	<p>Contracting and Contract Management</p> <ul style="list-style-type: none"> • Delayed contract signing. The planned contract signing date was scheduled on 29th /09/2022 and the actual contract was signed on 1st /11/2022 hence a delay of 1 month. • Delayed publication of the open bidding advert. Whereas the Contracts Committee approved the advert and the bidding document on 16th June 2022, the publication of the advert was made on 8th August 2022 in the new vision newspaper causing a delay of 2 months.
6.	<p>Reference No: Moro722/Wrks/2022-23/00007</p> <p>Subject: Collection of slaughter fees at South Division</p> <p>Procurement method: Open National bidding</p> <p>Contractor: Keke General Enterprise Ltd</p> <p>Contract value: UGX 1,800,000 Per month</p> <p>Completion date: 30th September 2023</p>	<p>Bidding</p> <p>Low bidder participation as only one bid was received from Keke General Enterprises Ltd.</p>
7.	<p>Reference No: Moro.722/Srvcs/2022-2023/00001</p> <p>Subject: Supply of fuel oils and lubricants</p> <p>Procurement method:</p> <p>Contractor: Elgon Springs</p> <p>Contract value: UGX 170,924,000</p>	<p>Delayed publication of the open bidding advert. Whereas the Contracts Committee approved the advert and the bidding document on 16th June 2022, the publication of the advert was made on 8th August 2022 in the new vision newspaper causing a delay of 2 months.</p>
8.	<p>Reference No: Moro722/SRVCS/2022-23/00002</p> <p>Subject: Maintenance / repair of Municipal vehicles & motorcycles</p> <p>Procurement method: Open National bidding</p> <p>Contractor: Marlboro Motors</p> <p>Contract value: 52,317,000</p> <p>Completion date: 30th September 2023</p> <p>Physical progress: 100%</p>	<p>Delayed contract signing. The planned contract signing date was scheduled on 29th /09/2022 and the actual contract was signed on 1st /11/2022 hence a delay of 3months.</p>

	SATISFACTORY CONTRACTS	REASONS FOR SATISFACTORY
1.	Reference No: Moro722/Supls/2022-23/00002 Subject: Supply & delivery of office stationery Procurement method: Open National bidding Contractor: Niabai Stationer's Contract value: UGX 70,826,000	No exceptions noted

Annex 2: Transaction list and rating per case

MOROTO MUNICIPAL COUNCIL SAMPLE LIST FOR FINANCIAL YEAR 2022/2023

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk Rating
1.	Moro.722/Wrks/2022-2023/00001	Completion of the construction of Teachers house at Moroto Demonstration P/S	Open National bidding	Nomak Investments Ltd	62,153,130	High
2.	Moro.722/Wrks/2022-2023/00002	Renovation of the office block at the District Headquarters	Open National bidding	Riwoko Construction Company Ltd	38,525,466	Medium
3.	Moro.722/Wrks/2022-2023/00003	Fencing of North Divisions Offices	Open National bidding	Glotech Consults International Ltd	40,658,880	Medium
4.	Moro.722/Wrks/2022-2023/00004	Mechanized maintenance & spot gravelling of close 1 to 9 roads and opening of Napong road in Moroto Municipality	Force account	Works department	61,990,000	Low
5.	Moro.722/Wrks/2022-2023/000009	Consultancy services design review and construction supervision of works for selected infrastructure sub-projects in Moroto Municipal Council from 12 th October 2022 to 12 th July 2023	Direct procurement	Segamu 14 Consults Ltd in sub consultancy with Hersun Consults Ltd	549,960,000	Medium
6.	Moro.722/Wrks/2022-2023/000006	Additional works for renovation of the office block at the Headquarters	Direct procurement	Riwoko Consultation Company Ltd	12,670,000	Medium

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk Rating
7.	Moro.722/Wrks/2022-2023/000007	Extension of fence at Moroto Demonstration P/S	Direct procurement	Utoko Enterprises Ltd	29,087,040	Medium
8.	Moro.722/Wrks/2022-2023/000007	Additional works for extension of fence at Moroto Demonstration P/S	Direct procurement	Utoko Enterprises Ltd	5,304,000	Medium
9.	Moro.722/Wrks/2022-2023/000008	Mechanized maintenance & spot gravelling of Ouma Lane, Ojakala road, opening	Force account	Works department	98,765,000	Low
10.	Moro.722/Wrks/2022-2023/000009	Periodic maintenance of Kam- Jalou Road Achia road	Force account	Works department	41,420,000	Low
11.	Moro.722/Srvcs/2022-2023/00004	Collection of loading & offloading fees at South Division	Open National bidding	Lyopei General Services Ltd	1,000,000	High
12.	Moro.722/Srvcs/2022-2023/00007	Collection of slaughter fees at South Division	Open National bidding	Keke General Enterprises Ltd	1,800,000	Low
13.	Moro.722/Srvcs/2022-2023/00001	Supply of fuel, oil & lubricants	Open National bidding	Asli Energy Ltd	170,924,000	Low
14.	Moro.722/Srvcs/2022-2023/00001	Provision of catering services	Open National bidding	Rumbek Restaurant & Takeaway	50,400,000	Low
15.	Moro.722/Srvcs/2022-2023/00002	Supply & delivery of office furniture	Open national bidding	Juwita Holdings Ltd	16,147,000	Medium
16.	Moro.722/Srvcs/2022-2023/00002	Maintenance/ repair of Municipal vehicles & motorcycles	Open national bidding	Marlboro Motors	52,317,000	Low
17.	Moro.722/Srvcs/2022-2023/00008	Collection of property tax including arrears	Open national bidding	Bogere Court Brokers, Bailiffs and Auctioneers	637,018,877	High

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk Rating
18.	Moro.722/Supls/2022-2023/00002	Supply of office stationery & books of accounts	Open national bidding	Niabai Stationer's	70,826,000	Satisfactory
19.	Moro.722/Supls/2022-2023/00002	Supply & delivery of office cleaning materials	Open national bidding	Juwita Holdings Ltd	11,130,257	Low
20.	Moro722/SUPLS/22-23/00004	Supply of local manufactured materials	Open National bidding	Nakamina company limited	35,520,000	High

Annex 3: Risk Rating Criteria

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

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

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

SATISFACTORY

Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.