



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT**

**MBALE MUNICIPAL COUNCIL**

**FINANCIAL YEAR 2018/2019**

**DECEMBER 2019**

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## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Mbale Municipal Council. The audit covered twenty (20) procurement transactions that were carried out during the Financial Year 2018/19. The audit involved a review of the procurement system, procurement process, asset disposal process, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

From the findings of the procurement audit exercise, the summary performance of your Entity revealed that the average compliance score was **73.4%**, the average performance score was **69.0%** and the overall weighted score of **70.8%** which is **satisfactory** performance as summarized in the table below. The detailed assessment is shown in chapter three.

**Table 1: Overall Weighted Score**

No.	COMPLIANCE INDICATOR	SCORE (%)	WEIGHT	WEIGHTED SCORE
1.	Average Compliance Indicator Score	73.4	0.4	29.4
2.	Average Performance Indicator Score	69.0	0.6	41.4
	<b>Entity's overall weighted score</b>			<b>70.8</b>

**Table 2: Performance rating**

No.	Compliance level (%)	Compliance Rating
1.	90-100	Highly Satisfactory
2.	60-89	Satisfactory
3.	30-59	Unsatisfactory
4.	0-29	Highly Unsatisfactory

### **Despite the satisfactory performance, the following exceptions were noted:**

1. Failure to indicate estimated quantities and unit prices at initiation of the framework contracting process in three framework contracts worth UGX 416,226,500 which could lead to award of contracts at inflated prices and may also discourage participation of potential bidders.
2. The contracts for chain link fencing of Bujoloto Primary School, and Northern Division offices and the Namakweke Health Centre II worth UGX 23,601,180 and 59,967,600 respectively were signed at inflated prices. This could lead to financial loss to government.
3. Request for stringent requirements that deter competition in eight (8) procurements worth UGX 78,702,089. These included requesting for bid security and performance security for low risk procurements, and tailored specifications for the bus for Nabuyonga primary School. This hinders fair competition.
4. Setting generic evaluation criteria in seven (7) procurements worth UGX 263,702,089. The minimum value of previous experience required was not stated. This leaves doubt to the bidders and evaluation committee on assessing a responsive bid.

5. The Entity failed to receive at least 3 bids in 13 of the 20 sampled procurements. This deters competition and achievement of value for money.
6. Approval of items in the solicitation documents by the Contracts Committee that were not requisitioned for by the user departments. This may lead to procurement of items that were not planned and required by the Users.
7. Failure to seek technical guidance from the chief Mechanical Engineer when developing specifications in the procurement of a 61 seater bus for Nabuyonga Primary School. This may lead to biased, vague or incomplete specifications.
8. Failure to enforce implementation of contracts according to the contractual terms. This included incomplete works and contract defects. This deters achievement of value for money.
9. Failure to follow criteria set in the bidding document in two (2) procurements worth UGX 65,007,855. This included passing bidders that were not compliant to the requirements of the Entity at certain stages. This may lead to award of contracts to non-compliant bidders.
10. Failure to dispose of obsolete items. This leads to further loss in value and exposure to theft.
11. Failure to ensure safe custody of public assets. Some of the assets had been impounded by court bailiffs, some stolen, and others abandoned at police. This implies that the assets were not serving the intended benefit.

### **Recommendations**

1. The User Departments should raise initiation forms that indicate the unit prices and estimated total quantities for the framework contracts in accordance with Clause 5.3 of PPDA Guideline no 10/2014 on use of framework contracts.
2. The Accounting Officer should ensure that proper market price assessment with evidence and justifications for any variances is conducted to avoid contracting providers at inflated prices in accordance with Section 26 (4) of the PPDA Act, 2003.
3. The User Departments should ensure that the specifications set in the bidding document are not tailored to a specific trademark, brand name, patent, producer, catalogue or manufacturer in accordance with Regulation 48 (8) of the Local Governments (PPDA) Regulations, 2006. The Head Procurement and Disposal Unit should also study the risks associated with the procurement before requiring bid and performance securities to promote competition.
4. The Head Procurement and Disposal Unit should ensure that the solicitation documents prepared define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 48 (2 & 4) of the Local Government (PPDA) Regulations, 2006.
5. The Head, Procurement and Disposal Unit should address the bidding practices and inappropriate requirements that deter competition in order to increase bidder participation.
6. The Contracts Committee should thoroughly scrutinize bidding documents and procurement requisitions before their approval and authorization for issue to ensure that all requirements were approved at initiation in accordance with Section 29 (a) (ii) of the PPDA Act, 2003.
7. The User Departments should through the Accounting Officer always seek guidance from the Chief Mechanical Engineer when developing motor vehicle specifications in accordance with the PPDA Circular dated 5<sup>th</sup>September 2014.

8. The Contract Supervisors should always ensure that contractors implement contracts fully in accordance with Regulation 119 (9) of the Local Governments (PPDA) Regulation, 2006. The Accounting Officer should also set up an inspection committee that should verify all works at completion to ensure that what has been certified by the Contract Supervisors is of appropriate quality and quantity as specified in the contracts.
9. The evaluation committees should conduct detailed evaluation basing on terms, conditions and criteria included in the bidding documents in accordance with Regulation 78 (4) of the Local Governments (PPDA) Regulations, 2006.
10. The Accounting Officer should ensure that all contracts with defects, those incomplete as per details in Tables 11,12 and 13 are immediately corrected ,completed and a progress report on the same submitted to the Authority within two weeks on receipt of this communication.
11. The Accounting Officer should fast track the disposal of obsolete assets to avoid loss of value through depreciation, impairment and theft.
12. The Accounting Officer should follow up with the relevant agencies to recover all the missing assets.

**Recommended Action plan**

Mbale Municipal Council should implement the recommended action plan on pages 36 and 37.

## **CHAPTER 1: INTRODUCTION**

### **1.1. Background**

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Mbale Municipal Council. The audit covered a representative sample of twenty (20) procurement transactions that were carried out during the Financial Year 2018/19. The audit involved a review of the procurement system, procurement processes, asset disposal processes, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Local Government (PPDA) Regulations, 2006.

### **1.2. Objectives of the Audit**

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of the Entity's procurement system and processes with the provisions of the PPDA Act, 2003 and Regulations, 2006 as well as other applicable laws and assess the level of procurement performance over the audit period.

The specific objectives were:

- i. To establish the level of compliance of the internal procurement systems with provisions of the PPDA Act, Regulations and Guidelines and the adequacy for effective procurements and disposals.
- ii. To assess procurement, contracting, and implementation processes based on a representative sample of contracts to confirm the level of compliance with the PPDA Act, Regulations and Guidelines.
- iii. To assess the level of compliance of the asset disposal contracts with the PPDA Act, Regulations and Guidelines.
- iv. To establish the level of procurement performance of the Entity and the achievement of value for money for each of the sampled contracts in terms of time, competition and cost.
- v. To offer an opinion on attainment of value for money and recommend measures to improve performance based on the key findings on the procurement system, processes, and performance.

### **1.3. Scope of the Audit**

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit field work of Mbale Municipal Council from 28<sup>th</sup> August 2019 to 6<sup>th</sup> September 2019.

The Entity had a total procurement budget of UGX 1,492,898,904 in the audit period. To prepare for the audit, the auditors reviewed the Entity budget, procurement plan and Quarterly reports.

The procured items in the transaction list were stratified by (a) category of works, supplies, consultancy, and non-consultancy services, (b) procurement method, (c) and contract value.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The list of sampled transactions is contained in **Annex 1**. The distribution of the transaction population and sample is in the table below:

**Table 3: Distribution of transaction population and sample**

<b>Procurement method</b>	<b>Popn Value (UGX)</b>	<b>Sample value (UGX)</b>	<b>% by Value</b>	<b>Popn no</b>	<b>Sample no</b>	<b>% no.</b>
Open National Bidding	1,239,227,809	1,239,227,809	100%	10	10	100%
Selective National Bidding	242,611,445	242,611,445	100%	9	9	100%
Direct Procurements	8,064,650	8,064,650	100%	1	1	100%
Micro procurements	2,995,000	0	0%	NA	NA	NA
<b>Total</b>	<b>1,492,898,904</b>	<b>1,489,903,904</b>	99.9%	<b>20</b>	<b>20</b>	100%

#### **1.4. Methodology**

The audit questions and criteria were derived from the Public Procurement and Disposal of Assets Act, 2003 and Regulations 2006 as well as PPDA Guidelines. The three audit tools used in the audit were: procurement system audit criteria, procurement process audit criteria, and asset disposal audit criteria as contained in the PPDA Procurement Audit Manual.

An entry meeting was held on 26<sup>th</sup> August 2019. At the meeting, the objectives of the audit were discussed as well as the timelines, roles and responsibilities. The Entity management was requested to avail the required records in time for the audit, to which they agreed to give the necessary assistance to the auditors.

Two (2) Procurement Auditors under the supervision of the Regional Manager carried out the audit. During the audit, the auditors had personal interviews with the staff from the Procurement and Disposal Unit and User Departments. The meetings were necessary to obtain qualitative information that was crucial to understand the internal control systems and processes. The list of staff in the Procurement and Disposal Unit met during the audit is shown in *Annex 3*.

The examination of records and documents was done for each of the sampled transactions. The auditors obtained the relevant evidence to arrive at audit conclusions.

On completion of data collection but before writing the report, the Regional Manager reviewed the working papers for completeness. The working papers contain detailed chronology of findings on each of the sampled transactions.

At the end of the field data collection, a debriefing meeting was held with the Entity Accounting Officer to conclude pending issues and any records that could not be accessed during the audit.

The Authority prepared the management letter, which was sent to the Entity on **8<sup>th</sup> October 2019** and an Exit Meeting was held on **21<sup>st</sup> November 2019** to conclude the audit.

## **CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS**

### **SECTION A: AREAS FOR IMPROVEMENT**

This section presents the negative findings arising from the audit. The audit was carried out based on the set criteria per the Act, Regulations and Guidelines and the Procurement Audit Manual. The root causes of non-compliance and implications are presented. The recommendations are made considering the management responses from the Entity.

#### **2.1. Accounting Officer**

The main areas of non-compliance for the Accounting Officer (AO) were:

##### **2.1.1 Failure to indicate estimated quantities and unit prices at initiation of the framework contracting process**

The Authority noted that in the following procurements the Entity did not indicate the estimated quantities and unit prices for the requirements contrary to Clause 5.3 of PPDA Guideline no 10/2014 on use of framework contracts.

**Table 4: Procurements without estimated quantities and unit prices**

<b>No</b>	<b>Subject of Procurement</b>	<b>Contract Value (UGX)</b>	<b>Missing component</b>
1.	Supply of stationery	41,601,000	No estimated quantities and unit prices
2.	Supply of fuel and lubricants	102,900,500	No estimated quantities and unit prices
3.	Supply of assorted road construction materials	271,725,000	No estimated quantities
	<b>Total</b>	<b>416,226,500</b>	

#### **Implications**

Failure to carry out proper market price assessment to award of contracts at inflated prices.

Failure to state the minimum order quantities under framework contract may not attract desirable competition from would be service providers' thus compromising value for money and makes tracking of the implementation of the framework contract difficult.

#### **Management Response**

*It is true the procurement above had no estimated quantities, however these procurements were under framework contracting and therefore the user departments did not put the required quantities since items mentioned were to be procured from time to time.*

#### **Recommendation**

The Authority noted the Entity's response and found it unsatisfactory, and therefore recommends that the User Departments should always raise initiation forms that indicate the

unit prices and estimated total quantities for the framework contracts in accordance with Clause 5.3 of PPDA Guideline no 10/2014 on use of framework contracts.

### 2.1.2 Signing contracts at inflated prices

The contracts for chain link fencing of Bujoloto Primary School; and Northern Division offices and the Namakweke Health Centre II worth UGX 23,601,180 and 59,967,600 respectively were signed at inflated prices compared to the fencing of Doko Primary School which was of similar nature, complexity, specifications and materials as shown in the table. The Entity's assessed market prices were also inflated and could not provide a cap for the contracts where the bidders quoted for higher prices.

**Table 5: Table showing procurements with signed contracts at inflated contract prices**

Site	Bujoloto Primary School	Northern Division offices and Namakweke Health Centre	Doko Primary School
Contract Value (UGX)	23,601,180	59,967,600	19,550,118
Perimeter	285	390	320
Cost per meter	82,811	153,763	61,094
Inflation per meter	21,717	92,669	-
<b>Inflation per contract</b>	<b>6,189,356</b>	<b>36,140,894</b>	-

#### Implication

Signing contracts at inflated prices contravenes the principle of value for money

#### Management Response

*These are separate procurements whose specifications are different from each other.*

#### Recommendation

The Authority noted the Entity's response. However, the procurements were of the same nature and complexity with the bidders quoting different prices for similar components of the contracts. The Authority therefore recommends that; the Accounting Officer should ensure proper market assessment with evidence and justifications for any variances is conducted to avoid contracting providers at inflated prices in accordance with Section 26 (4) of the PPDA Act, 2003.

### 2.1.3 Irregular payment

In the procurement for fencing of Nabuyonga Primary School, payment worth UGX 221,958 meant for contingencies was made to the contractor without any contingency works done.

#### Implication

This resulted in to financial loss worth UGX 221,958.

#### Management response

*Management acknowledged the anomaly.*

### Recommendations

The Accounting Officer should recover UGX. 221,958 from the contractor Muroma Building and Suppliers Limited and submit a report to the Authority within a period of one month from receipt of the report.

Contract supervisors should ensure that all invoices for works, services and supplies are verified for accuracy of payments claimed and details of actual payment before they are authorized in line with Section 35(e) of the PPDA Act, 2003.

#### 2.1.4 Procurement Plan Implementation

The Entity's procurement plan for financial year 2018/2019 was UGX 2,200,182,302 as at 30<sup>th</sup> June 2019 and only 68% of the it was implemented as detailed in the table:

**Table 6: Analysis of procurement plan performance**

Total procurement plan value inclusive VAT (UGX)	2,200,182,302
Total procurement spend value inclusive of VAT (UGX)	1,492,898,904
Procurement implementation rate (%)	68
Procurement plan implementation variance (UGX)	707,283,398

### Implication

Failure to fully implement the procurement plan deprives service delivery to the intended beneficiaries.

### Management Response

*It is true that we did not fully implement our procurement plan for financial year 2018/19, we had projects that were earmarked to be implemented under locally raised funds, however we were unable to implement them due under collection of local revenue.*

### Recommendation

The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and wherever necessary, update the plan in accordance with Section 58 (4) of the PPDA Act, 2003.

#### 2.2. Procurement and Disposal Unit

The main areas of non-compliance were:

##### 2.2.1 Request for stringent requirements that deter competition.

In the following procurements worth UGX 785,702,089 the Entity requested for stringent requirements that could have deterred competition:

**Table 7: Procurements with stringent criteria**

No	Subject of procurement	Contract Value (UGX)	Requirements considered to be stringent
1.	Fencing of Mbale Police	33,238,653	Bid security of UGX 500,000 and a 10%

No	Subject of procurement	Contract Value (UGX)	Requirements considered to be stringent
	Wanyera Primary School and Floor maintenance & painting of Malukhu Health Care.		performance security
2.	Fencing of Doko Primary School	19,550,118	Bid security of UGX 500,000 and a 10% performance security.
3.	Fencing Bujoloto Primary School	23,601,180	Bid security of UGX 500,000 and a 10% performance security
4.	Completion of Fencing Nabuyonga Primary School	12,095,118	Bid security of UGX 500,000 and a 10% performance security
5.	Fencing Northern Division offices and the Namakweke Health Centre	59,967,600	The Entity restricted experience of past works to only the last two years
6.	Construction of 3 classroom block at Mayor Mbale P/S	115,249,420	The Entity restricted experience of past works to only the last two years
7.	Provision of fuel and lubricants.	165,000,000	The bid notice was published on 22nd June 2018, and bidders were required to submit a Tax Clearance Certificate for the following Financial Year 2018/2019. Consequently, only two bids were received and one (Waniale Petroleum Agency Limited) was eliminated because they did not comply with this requirement.
8.	Supply of a 61 seater school bus for Nabuyonga Primary School	357,000,000	A bus that was; -Manufactured in 2017 - Engine capacity of 5000cc-8900cc - Tyre size stated as 10,00x20-16pr

### **Implication**

Stringent bidding requirements hinder fair competition and this could result in low bidder participation.

### **Management Response**

*In item 1-4, The entity was in line with Regulations 50(1) and 102(1) of the Local Governments (PPDA) Regulations 2006 which requires procuring and disposing entity to request for bid securities and performance securities from bidders respectively. In addition, bid securities deter irresponsible bidders while the performance security normally safe guards the entity against non-performance of a contract.*

*For item 5-8, the entity took note of the recommendation for implementation.*

## Recommendations

The Authority studied the Entity's response and recommends as follows:

- i. The Head Procurement should study the risks associated with the procurement before determining whether to require bid security and performance security or not, and where it is not necessary, it should be waived in order to increase competition.
- ii. The Head Procurement and Disposal Unit should ensure that the eligibility requirements are for the Financial Year when the bid notice was published to avoid scenarios where bidders have to seek for documents for a future period.
- iii. The Entity should ensure that the specifications set in the bidding document are not tailored to a specific trademark, brand name, patent, producer, catalogue or manufacturer in accordance with Regulation 48 (8) of the Local Governments (PPDA) Regulations, 2006.

### 2.2.2 Failure to state clear and specific technical criteria.

- i) In the following seven (7) procurements worth UGX 263,702,089, the technical criteria set in the bidding document to assess the bidders' past experience was not precise and could have left doubt to the bidders and Evaluation Committee. The Entity did not state the minimum value of contracts for works of a similar nature and complexity required for a bidder to be compliant to past experience in constructing/fencing of buildings even when the complexity and nature of works in chain link fencing is different from general construction of buildings.

**Table 8: Procurements with vague technical criteria**

No	Subject of Procurement	Contract Value (UGX)
1.	Construction of 3 classroom block at Mayor Mbale P/S	115,249,420
2.	Fencing of Mbale Police Wanyera Primary School and Floor maintenance & painting of Malukhu Health Care.	33,238,653
3.	Fencing of Doko Primary School	19,550,118
4.	Fencing Northern Division offices and the Namakweke Health Centre	59,967,600
5.	Fencing Bujoloto Primary School	23,601,180
6.	Completion of Fencing Nabuyonga Primary School	12,095,118
7.	Supply of Desks at Mayor, Nashibiso and Zesui Primary School	17,850,000

- ii) Supply of Desks at Mayor, Nashibiso and Zesui Primary School 17,850,000 Failure to specify the length of the desks in the specifications.

### Implication

This could result into contracting service providers that do not have the necessary ability and capacity to carry out the services or deliver the supplies needed.

### Management Response

*The entity has taken note of the recommendation for implementation. In addition the Authority released a more detailed Bidding Document that will aid the procuring and disposing in*

*preparing more detailed and clear solicitation document that will help bidders prepare competitive bids.*

**Recommendation**

The Head Procurement and Disposal Unit should ensure that the solicitation documents prepared define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 48 (2 & 4) of the Local Government (PPDA) Regulations, 2006.

**2.2.3 Retrospective amendment of the procurement plan**

The procurement plan for the Financial Year 2018-2019 was revised at the end of the financial year on 25<sup>th</sup> June 2019 when the procurement activities had been completed.

**Implication**

This may lead to carrying out procurements outside the procurement plan

**Management Response**

*The entity amended the procurement plan for financial year 18/19 two times i.e. on 23<sup>rd</sup> April, 2019 and 25<sup>th</sup> June, 2019.*

**Recommendation**

The Authority noted the Entity’s response. However, both amendments were made after implementation of the procurements and the Authority therefore recommends that, the Head of the Procurement and Disposal should ensure that the Procurement Plan is updated before implementation of the procurements with exception of emergency procurements in accordance with Section 58(4) of PPDA Act, 2003.

**2.2.4 Low bidder Response**

The audit revealed the Entity failed to receive at least 3 bids in 13 of the 20 sampled procurements. The ones under Selective National Bidding are stated in the table below:

**Table 9: Procurements with Low bidder participation**

No.	Subject of Procurement	Procurement method	Amount (UGX)	No. of bids received
1.	Completion of Fencing Nabuyonga Primary School.	Selective National bidding	12,095,118	2
2.	Supply of Desks at Mayor, Nashibiso and Zesui Primary School.	Selective National bidding	17,850,000	1
3.	Construction of 5 stance water borne toilet at Malukhu Primary School.	Selective National bidding	44,858,880	2
4.	Renovation of two classroom block at Wambwa Primary School.	Selective National bidding	22,319,321	1
5.	Construction of 3 classroom block at Mayor Mbale Primary School	Selective National bidding	33,238,653	1
6.	Installation of lighting arresters at selected schools.	Selective National bidding	48,949,200	1
7.	Renovation of Municipal Health Centre	Selective National bidding	20,148,975	2

**Implication**

This deters competition and achievement of value for money.

**Management Response**

*The entity took effort to at least invite and issue bidding documents to more than two firms for each procurement mentioned above.*

**Recommendation**

The Authority noted the Entity's efforts and found them inadequate, and thus recommends that the Head, Procurement and Disposal Unit should address the bidding practices and inappropriate requirements that deter competition in order to increase bidder participation.

**2.3. Contracts Committee**

The following anomaly was noted under the Contracts Committee:

**2.3.1 Approval of items in the solicitation documents that were not requisitioned for by the user departments**

In the procurement of supply of assorted road construction materials, the solicitation document approved by the Contracts Committee was inclusive of items not requisitioned for by the user department such as stone chipping, paints, concrete kerbstone.

It also approved inadequate documents and evaluation reports that did not follow criteria as stated in Sections 2.2.1, 2.1.2 & 2.5.

**Implications**

Approval of items not requisitioned formay lead to contracting suppliers to supply items that are not budgeted for or required by the User Departments.

Approving submissions with irregularities indicates a lack of checks and balances.

**Management Response**

*It is true that some items were not included in the requisition but appeared in the solicitation document. Some of the works in engineering fall under emergency, take an example of a bridge collapsing and is ought to be handled under force account mechanism were some items such as iron bars have to be sourced to enable the works to be handled. Therefore, some of these items are included to enable such scenarios should they suffice. However, these items were not procured during the financial year 18/19.*

**Recommendations**

The Authority noted the Entity's response and found it unsatisfactory, it therefore recommends that:

- i. The Contracts Committee should thoroughly scrutinize bidding documents and procurement requisitions before their approval and authorization for issue to ensure that

all requirements were approved at initiation in accordance with Section 29 (a) (ii) of the PPDA Act, 2003.

- ii. The User Departments and Head Procurement and Unit should ensure that where new requirements come up before developing the bidding document, a new initiation form is raised and the Accounting Officer confirms that the funding before including them in the bidding document.
- iii. The Contracts Committee should ensure that it plays its oversight role competently and effectively in accordance with Section 28 of the PPDA Act, 2003

## **2.4. User Departments**

The following anomalies were committed by the User Departments:

### **2.4.1 Failure to seek technical guidance from a competent Authority**

In the procurement for the supply of a 61-seater bus for Nabuyonga Primary School worth UGX 12,095,118, the Entity did not contact the Chief Mechanical Engineer for specifications as guided by the Authority in a circular technical guidance specification of motor vehicles dated 5<sup>th</sup> September 2014 guiding all Accounting Officers to seek technical advice on specifications for motor vehicles from the Chief Mechanical Engineer.

#### **Implication**

Failure to seek technical guidance can lead to biased, vague or incomplete specifications that may result in to complaints which delay the procurement process and affect efficient service delivery.

#### **Management Response**

*The entity has taken a recommendation for implementation.*

#### **Recommendation**

The User Departments should through the Accounting Officer always seek guidance from the Chief Mechanical Engineer when developing motor vehicle specifications in accordance with the PPDA Circular dated 5<sup>th</sup> September 2014.

### **2.4.2 Failure to include labeling of works being under taken as a requirement**

The audit noted that all the approved bills of quantities for the procurements reviewed did not provide for labeling of the sites with relevant particulars of information regarding the contracts being implemented.

#### **Implication**

This made it difficult to locate various project sites where works were being done.

#### **Management Response**

*Management noted the recommendation for implementation.*

#### **Recommendation**

The User Departments should ensure that labeling of the projects is included in the bills of quantities to enable easy identification and monitoring of projects.

#### 2.4.3 Lack of checks and balances at initiation

In four (4) procurements worth UGX 231,762,760, Mr. Boaz Kamuli initiated the procurement need and approved it at the same time contrary to Regulation 65(4) of the Local Governments (PPDA) Regulations, 2006.

##### **Implication**

This could lead to approval of procurements or requisition of the procurement that are not required by the user department.

##### **Management Response**

*The projects handled were Education Projects under SFG, the officer named above is the Head of Education Department, during the time of preparing procurement requisition, his officer/subordinate had been granted an annual leave of 30 days, however all our procurement requisitions are approved.*

##### **Recommendation**

The Authority noted the management response and found it unsatisfactory, it therefore recommends that the Heads of User Departments should ensure that the requisitions are initiated and approved by different people to enable checks and balances.

#### 2.4.4 Use of brand names in specifications

In four (4) procurements worth UGX 234,061,735 the specifications indicated in the solicitation document required bidders to quote for specific brands which was contrary to Regulation 48(8) of the Local Governments (PPDA) Regulations, 2006. The procurements were:

**Table 10: Procurement with branded specifications**

No	Subject of procurement	Contract Value (UGX)	Specification indicated in the solicitation document
1.	Construction of 3 classroom block at Mayor Mbale Primary School.	115,249,420	Required bidder to use Sadolin paint
2.	Renovation of 12 stance water borne toilet at Namakwekwe Primary School.	53,804,460	Required bidders to supply” Tri-cycle padlock”
3.	Construction of 5 stance water borne toilet at Malukhu Primary School.	44,858,880	Required bidders to supply water tanks manufactured by crest tank or poly fibre
4.	Renovation of Mbale MC Health Centre	20,148,975	Required bidders to supply Plascon, Sadolin or Global paint

##### **Implication**

Specification by brandnames hinders the principles of fairness and competition and could lead to costly procurements or failure to execute.

##### **Management Response**

*Recommendation taken for implementation.*

### Recommendation

The Head, Procurement and Disposal Unit should ensure that specifications in issued solicitation documents do not make reference to a particular brand in accordance with Regulation 48(8) of the Local Governments (PPDA) Regulations, 2006.

#### 2.4.5 Failure to enforce implementation of contracts according to the contractual terms

The Authority noted that contract supervisors failed to enforce implementation of the contractual terms in the following procurements;

**Table 11: Contracts that were not fully implemented**

No	Subject of procurement	Contractor	Contract Value (UGX)	Contractual terms not implemented
1.	Construction of three (3) classroom block at Mayor Mbale Primary School	Geomax Engineering Limited	115,249,420	The contractor had not fixed the lightening arrestor, removal and re-fixing of the wooden shelves, the door shutter for P.6 class could not lock properly and the structure had started developing cracks on the floor area and the top most window extending down wards as per the site visit date of 3 <sup>rd</sup> September 2019. A letter was written to the contractor to rectify the irregularities by the Engineer on 26 <sup>th</sup> August 2019 but nothing had been done.
2.	Fencing Northern Division offices and the Namakweke Health Centre	Expert Concrete Producers Limited	59,967,600	Expert Concrete Producers Limited did not plant the trees and flowers worth UGX 600,000 as required in the Bills of Quantities.
3.	Fencing Bujoloto Primary School	Bangoma Investments Limited	23,601,180	Environmental issues including planting of trees and flowers were not handled by Bangoma Investments Limited even though the amounts worth UGX 600,000 were included in computation of the payment to the contractor before deducting the retention and the front section of the fence had poorly fixed barbed wire.

### Implication

This could lead to shoddy works and deprives effective service delivery to the intended beneficiaries.

### **Management response**

*The defects were noted and the Entity has since taken efforts to ensure that the contracts rectify the defects and complete the works.*


### **Recommendations**

- i. The Authority took note of the Entity's efforts to correct the defects and recommends as follows:
- ii. The Contract Supervisors should always ensure that contractors implement contracts fully in accordance with Regulation 119 (9) of the Local Governments (PPDA) Regulation, 2006;
- iii. The Accounting Officer should set up an inspection committee that should verify all works at completion to ensure that what has been certified by the Contract Supervisors is of appropriate quality and quantity as specified in the contracts.
- iv. The Accounting Officer should ensure that all contracts that were not fully implemented as per details in Table 11 are immediately completed and a progress report on the same submitted to the Authority within two weeks on receipt of this communication

#### **2.4.6 Contracts with defects**

Defects were noted in four (4) procurements worth UGX 87,802,067 the table below:

**Table 12: Contracts with defects**

1	<b>Fencing of Mbale Police Wanyera Primary School and Floor maintenance &amp; painting of Malukhu Health Care worth UGX 33,238,653 works done by Expert Concrete Producers Limited</b>
	
	Defects around the corner area adjacent to the gate. The corner pole was not struted and was about to fall, the barbed wire was also haphazardly fixed.  <b><u>Management response</u></b> <i>This contract is under defects liability period and the contractor has been given an instruction note to make good the defects. The defects have been made good.</i>
2	<b>Completion of Fencing Nabuyonga Primary School worth UGX 12,095,118 works done by Muroma Building and Suppliers Limited</b>



The contractor did not cater for any environmental issues as instructed, despite having been paid 50% of the amount meant for it. He also created a burrow pit and did not restore the site to its former position.

**Management response**

*The contractor was given an instruction to fill pit which was actually done however this pit normally reoccurs whenever there is heavy rain that tend to erode away the soils.*

**3 Renovation of 2 classroom bock at Wambwa Primary School worth UGX 22,319,321 works done by Chickooku General Agencies Limited**





1. The splan apron had big cracks
  2. The seedlings planted and supplied were allegedly eaten by animals. The Audit noted that they were not well protected as required in the bill of quantities
  3. The Site was not cleared after completion works
  4. The classroom block not locked and had not been handed over to the intended beneficiary
- Management Response**  
*This contract is under defects liability period and the contractor has been given an instruction note to make good the defects.*

4 **Renovation of Mbale Municipal Health Centre worth UGX 20,148,975 works done by Mashilazo Construction Company**



Manholes blocked with soil, debris and syringes and yet bill of quantities required contractor to open all manholes for proper flow of the sewerage line.

**Management response**

*This contract is under defects liability period and the contractor was given an instruction note to make good the defects. The defects have been made good.*

**Implication**

Defects result into failure to attain value for my money.

**Recommendation**


The Authority took note of the Entity’s efforts to correct the defects and recommends as follows:


- i. The Contract Supervisors should always ensure that contractors implement contracts fully in accordance with Regulation 119 (9) of the Local Governments (PPDA) Regulation, 2006;
- ii. The Accounting Officer should set up an inspection committee that should verify all works at completion to ensure that what has been certified by the Contract Supervisors is of appropriate quality and quantity as specified in the contracts.
- iii. The Accounting Officer should ensure that all contracts with defects as per details in Table 12 are immediately corrected and a progress report on the same submitted to the Authority within two weeks on receipt of this communication

**2.4.7 Incomplete works**

Incomplete works were noted in two (2) procurements worth UGX 73,354,578 listed under the table below:

**Table 13: Incomplete works**

1.	<b>Fencing of Doko Primary School worth UGX 19,550,118 work done by Mashilazo Construction Company</b>
	
	The contractor did not complete the works on the gate structure. <b><u>Management response</u></b>

	<i>This contract is under defects liability period and the contractor was given an instruction note to make good the defects. The defects have been made good.</i>
2.	<b>Renovation of 12 stance water borne toilet for Namakwekwe Primary Schoolworth UGX 53,804,460 works done by K &amp; K Commercial Agencies</b>
	
	<ol style="list-style-type: none"> <li>1. The contractor did not fix energy saver bulbs as required in the BOQs</li> <li>2. The Contractor did not supply and plant 3 mango, 3 oranges and flowers (Dronid 200pcs, Crotons 5pcs) as indicated in the BOQs</li> </ol> <p><b><u>Management Response</u></b></p> <ol style="list-style-type: none"> <li>1. <i>This contractor had earlier applied for connection of power at UMEME which has not been granted and therefore could not install the bulbs.</i></li> <li>2. <i>The contractor planted 3 mango, 2 oranges, Coroverier and Chogma trees to the school on 23<sup>rd</sup> May, 2019.</i></li> </ol>

### **Implication**

Failure to attain value for money and to use the structures for the intended purposes.

### **Recommendations**

The Authority noted the Entity's efforts to complete the works and explanation and recommends as follows:

- i. The contract supervisors should ensure that contractors implement contracts fully in accordance with Regulation 119 (9) of the Local Governments (PPDA) Regulation, 2006.
- ii. The Contract Supervisors should ensure that where some elements of the contract require time to be implemented for example planting of trees and electricity, these are well planned and commenced at the beginning of the contract to ensure that they are satisfactorily completed by contractual completion period.

### **2.4.8 Delay to certify works**

The Audit noted that there was delayed certification of work in two procurements worth UGX 43,151,298. In the procurement for fencing of Doko Primary School the contractor submitted

their request on 29<sup>th</sup> May 2019 and the Engineer certified the works on 19<sup>th</sup> June 2019 while in the procurement of Fencing Bujoloto Primary School, the contractor submitted their request on 13<sup>th</sup> February 2019 and the Engineer certified the works on 27<sup>th</sup> February 2019.

**Implication**

This could lead to delayed payments and delays in handing over the completed works to the intended beneficiaries.

**Management Response**

*Recommendation noted for implementation*

**Recommendation**

Contract supervisors should ensure that all documentation submitted by the contractor in regard to the contracts being implemented is certified in a timely manner and appropriate recommendations made.

**2.4.9 Failure to repair equipment vital for execution of force account activities**

It was noted that the Entity failed to repair its own equipment and resorted to hiring out of the services from providers.

**Table 14: List of grounded equipment**

Type of Equipment	Number Plate	Mechanical condition	% utilisation
Ped Roller	N/A	Grounded	0%
Tractor	UAJ 125X	Grounded	0%
Bitumen Boiler	NA	New but with factory error	0%

**Implication**

The grounded equipment is continuously depreciating and is not serving the intend purpose for which it was procured.

**Management Response**

*The pedestrian roller has now been repaired and is being used for pothole fixing on the roads in CBD. The bitumen boiler is new but nonfunctional due to factory error. Correspondences were made to the Ministry of Local Government to that effect.*

**Recommendation**

The Authority noted the management response and recommends that the Accounting Officer should ensure that Entity equipment are well serviced and repaired to serve their purpose before embarking on contracting the services from providers.

**2.4.10 Delay to appoint contract supervisor**

In the procurement for collection of property rates and ground rent in Wanale Division, the contract management committee was appointed on 1<sup>st</sup> April 2019 yet the contract had commenced on 1<sup>st</sup> October 2018.

**Implication**

This may lead to poor contract monitoring and implementation.

**Management Response**

*Recommendation taken into consideration for implementation.*

**Recommendation**

The User Department should ensure that a contract supervisor is appointed in accordance with Regulation 119 (2) of the Local Governments (PPDA) Regulations, 2006 and a contract implementation plan is prepared before commencement of the contract.

**2.5. Evaluation Committee**

The following irregularities were noted in the evaluation of bids contrary to Regulation 78 (4) of the Local Governments (PPDA) Regulations, 2006. The procurements are indicated in the table below:

**Table 15: Irregularities in the Evaluation**

No	Subject of Procurement	Contract Amount (UGX)	Best Evaluated Bidder	Findings	Management Response
1.	Construction of 5 stance water borne at Malukhu Primary School.	44,858,880	K & K Commercial Agencies	K & K Commercial Agencies did not propose an engineer with evidence of over 3years in works of similar nature No proposed general foreman with a minimum of a certificate in building and concrete practice with at least two years' experience in works of a similar nature.	<i>It is true the contractor didn't propose an Engineer and site foreman, however, the contractor attached qualifications and curriculum vitae for both the project manager and site foreman. In addition the bid document for selective bidding does not have a format which requires contractors to prepare a qualification form for proposing staff.</i>
2.	Renovation of Mbale MC Health Centre	20,148,975	Mashilazo Construction Company Limited	The trading license submitted by Expert Concrete Producers Limited was for 2018 contrary to the requirement of 2019 but was	<i>It is was typo error, however Expert Concrete Producers Ltd was non-compliant at the preliminary stage.</i>

No	Subject of Procurement	Contract Amount (UGX)	Best Evaluated Bidder	Findings	Management Response
				found compliant to the requirement.	
	<b>Total</b>	<b>65,007,855</b>			

### Implication

This implies that the evaluation process was not fair to the bidders and results of the evaluation process were null and void.

### Recommendation

The Authority noted the management response and found it unsatisfactory, it therefore recommends that, the evaluation committees should conduct detailed evaluation basing on terms, conditions or criteria included in the bidding documents in accordance with Regulation 78 (4) of the Local Governments (PPDA) Regulations, 2006.

## 2.6. Disposal

The following exception was noted:

### 2.6.1 Failure to dispose of obsolete items

The Entity did not conduct any disposal during Financial Year 2017/2018. The Entity's board of survey report indicated that Entity had a number of assets due for disposal as shown in the table below:

**Table 16: Items for disposal**

No	Items for disposal
1.	Double cabin Mistubishi UAB 227Z Engine No. 4D56DR2002
2.	Tipper JiefangLG0243-01 Engine No. 00509049
3.	Tipper JiefangLG0222-01 Engine No. 00509046
4.	Yamaha Motorcycle UBC 400
5.	SDMO Generator
6.	Old Tyres
7.	Wooden doors
8.	Old blue generator
9.	Computer trawler

### Implication

Failure to dispose assets which are obsolete inhibits achievement of value for money as funds are held up in these assets and continuous loss of value due to depreciation.

**Management Response**

*Recommendation taken into consideration for implementation.*

**Recommendation**

The Accounting Officer should fast track the disposal of obsolete assets to avoid loss of value through depreciation, impairment and theft,

**2.7. Internal Controls**

The following anomalies were noted under internal controls:

**2.7.1 Implementation of previous audit recommendations**

The implementation of audit recommendations for the Financial Year 2017/2018 could not be assessed since it was less than 6 months since the audit report and recommendations were issued. These shall be assessed in the subsequent follow up exercises by the Authority.

The Accounting Officer should however ensure that recommendations for both Financial Years are implemented fully to improve the Entity's performance.

**2.7.2 Failure to ensure safe custody of public assets**

The audit noted in the Entity Board of Survey report that the following assets were not in the custody of the Entity:

**Table 17: Assets not in the custody of the Entity**

No	Asset description	Reg No.	Engine No.	Reason for not being in the Entity's custody
1.	Tractor	LG0004-126		Impounded by court bailiffs
2.	Trailer Changlin	LG 0005-126		Impounded by court bailiffs
3.	Tipping Trailer	UAD 776Q		Taken to garage for repair by Hajji Masa Musa former Chairman Industrial Division and its where about cannot be traced
4.	Station Wagon Toyota Fortuner	LG 014433	IKD5051987	Was involved in an accident and is still at CPS

**Implication**

This implies that the Entity is not achieving the intended benefits from the assets and this affects service delivery.

**Management Response**

*Recommendation taken into consideration for implementation.*



**Recommendation**

The Accounting Officer should follow up with the relevant agencies to recover all the missing assets.

**SECTION B: IMPROVEMENTS AS A RESULT OF THE AUDIT**

This section covers anomalies found as a result of the audit but the Entity has shown efforts to rectify them before the completion of the audit report. These included:

**Table 18: Rectification of defects**

	
<p>Works on the gate at Doko Primary School completed.</p>	<p>Site at Wambwa primary school cleared of debris and cracks in the splash apron fixed.</p>
	
<p>Trees at Wambwa Primary School replanted.</p>	<p>Manholes at Mbale Municipal Health Centre unblocked.</p>



Lightening arrester at 3 class room block at Mayor Mbale Primary School fixed.



The wooden book shelves were fixed at Mayor Mbale Primary school.



Cracks in the floor area at Mayor Mbale Primary School were rectified.



The defects on the fence at Mbale Police Wanyera were rectified.

## CHAPTER 3: PROCUREMENT PERFORMANCE

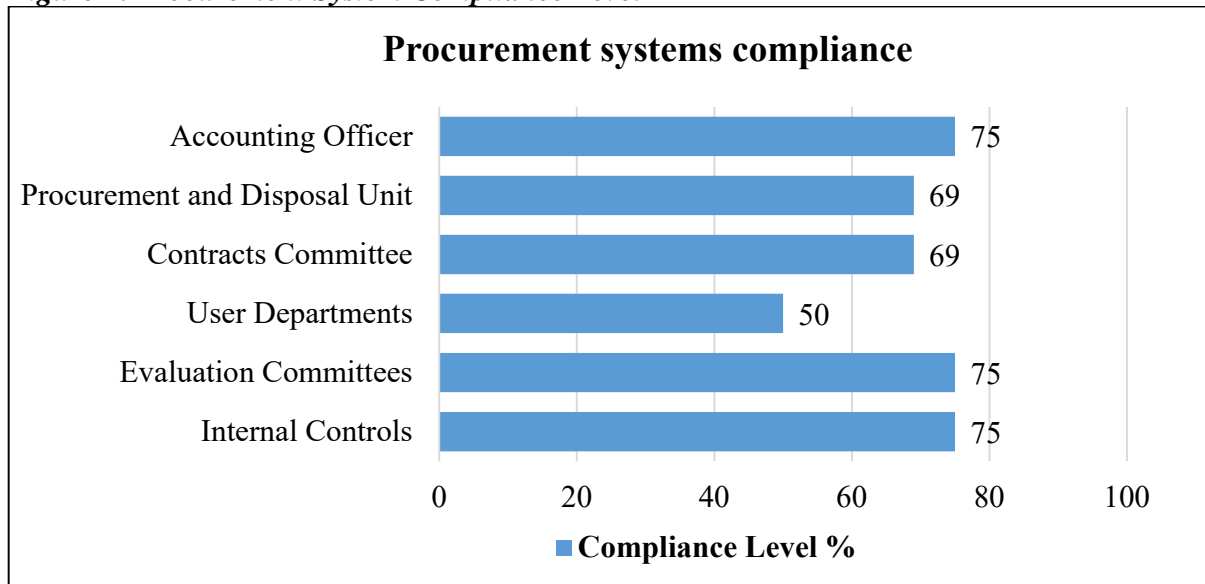
### 3.1 Compliance score

#### 3.1.1 Procurement System Compliance Level

The compliance levels for each dimension of the procurement system are shown in Figure 1. The overall compliance level for procurement system was **69%**. Thus, the Entity's performance regarding procurement system was **Satisfactory**.

Figure 1 shows that the Entity had unsatisfactory compliance levels under User Departments. The compliance levels for the Procurement and Disposal Unit, Contracts Committee, and Internal Controls were satisfactory.

*Figure 1: Procurement System Compliance Level*



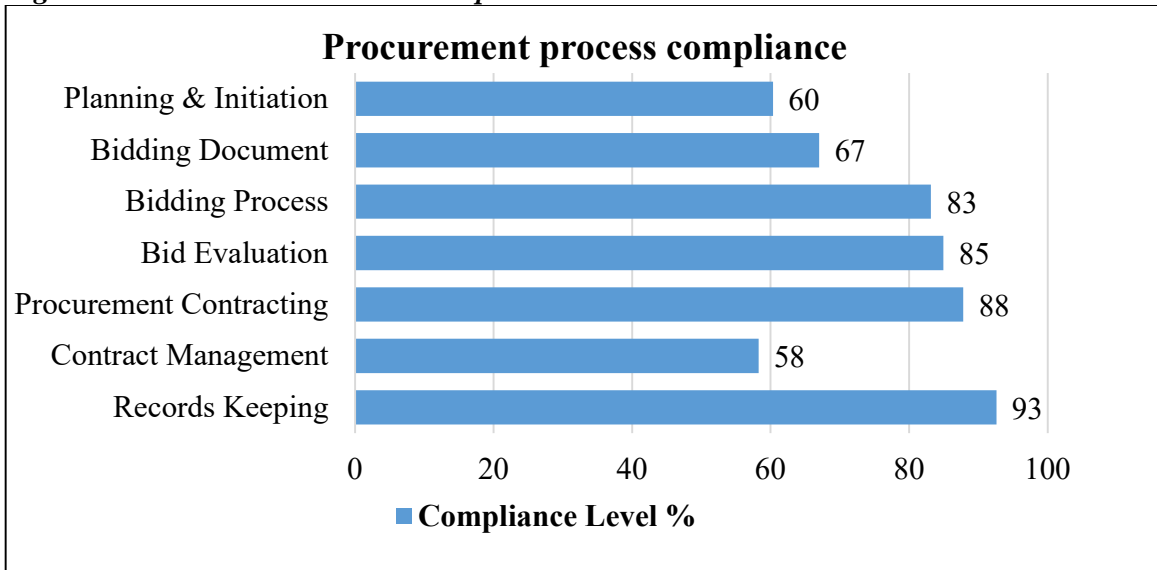
#### **Recommendation**

Mbale Municipal Council should implement the recommendations contained in this audit report to increase the compliance levels for procurement system from the 69% rating to a target level of 100% in the next audit period.

#### 3.1.2 Procurement Process Levels of Compliance

The compliance levels for each stage in the procurement process are shown in **Figure 2**. The overall compliance level for procurement processes was **76%**. Thus, the Entity's performance was rated **Satisfactory** regarding procurement processes.

**Figure 2: Procurement Process Compliance Level**



**Recommendation**

Mbale Municipal Council should implement the recommendations contained in this audit report. The target is to increase the compliance levels for procurement process from the current 76% to a target level of 100% in the next audit period.

**3.1.3 Disposal process levels of compliance**

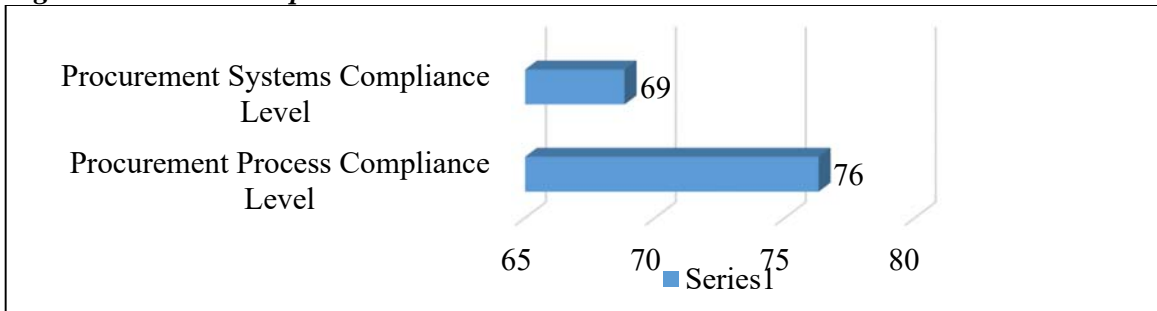
The Entity was in the process of collecting obsolete items and obtaining valuations for the items. its disposal compliance was rated at NIL.

**Table 19: Compliance Indicator Score**

Area	Score	Weight	Weighted Score
Procurement System	69	0.3	20.7
Procurement Processes	76	0.5	38.0
Asset Disposal	NIL		
Average Compliance Score in Percentage	(58.7/0.8)%		73.4

The Average Compliance Indicator was **73.4%** which was **satisfactory**.

**Figure 3: Overall compliance indicator**



**3.2 Performance indicators**

The dimensions of the Entity’s performance of economy, efficiency, efficacy, effectiveness, competition, value for money and equity were analyzed as indicated in the table.

**Table 20: Performance Indicators**

	<b>PERFORMANCE INDICATOR</b>	<b>Score (%)</b>
1	Procure Ratio: [Actual procurement time divided by planned procurement time in days.]	65
2	Completion Ratio: [Actual completion time divided by contractual completion time in days.]	79
3	Payment Ratio: [Actual payment time divided by contractual payment time in days.]	68
4	Number of Received Bids:	32
5	Bid Responsive Rate: [The number of bids that pass technical evaluation as a percentage of the number of received bids]	69
6	Plan Ratio: [The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT.]	79
7	Procurement Plan Implementation: [The actual value of the procurement spend as a percentage of the procurement budget]	68
8	Cost Ratio: [The actual final contract amount paid divided by the original contract amount.]	92
	<b>Average Performance Indicator</b>	<b>69.0</b>

**3.2.1 Efficacy (Procure Ratio):** This measured the ability to provide goods or services in accordance with the planned timelines. 65% of the sampled procurements processes were completed within

the planned timelines. 35% of the providers were contracted outside the planned procurement time.

The Head, Procurement and Disposal should ensure that the Entity's procurement processes are handled in a manner that promotes efficiency to enhance quick service delivery.

- 3.2.2 Efficiency (Completion Ratio):** This analysed the time taken to execute contracts from start date to contract closure. The audit revealed that 79% of the audited procurements were completed within the contractual completion time. 21% of the works were certified as complete by the contract supervisors but however had irregularities when verified and hence incomplete.

The Accounting Officer should strengthen the contract management function to ensure that the executed and certified works are of the right quantity and quality.

- 3.2.3 Effectiveness (Payment Ratio):** This assessed the Entity's commitment to pay contractors within the contractual payment period. The Entity paid 68% of the contractors in the audited procurements within the contractual payment period. 32% of the payments were not made as per the contractual terms.

The Accounting Officer should ensure that payments are made to providers within the contractual time after satisfactory fulfillment of their contractual obligation.

- 3.2.4 Competition (Number of Bids Received)**

The Entity received more than two (2) bids in only 32% of the sampled procurements, and less than three (3) bids were received in 68% of the sampled procurements.

The Accounting Officer should ensure that the Entity's procurement activities are conducted in a manner that promotes fair competition.

- 3.2.5 The number of bids that passed technical evaluation (Bid Responsive Rate)**

The audit revealed that 69% of the audited bids received passed technical evaluation with 31% non-responsive. There are still cases of incompetent and incapable bidders who are not able to meet the Entity's specifications and requirements.

The Head Procurement and Disposal Unit should build the capacity of the bidders to submit bids that are responsive to the requirements of the Entity during bidder workshops, pre-bid meetings and prequalification exercises.

- 3.2.6 The variance between the total value of the awarded contract and the cost estimate in the procurement plan (Plan Ratio)**

The audit revealed that 79% of the sampled cases were awarded within the cost estimate in the procurement plan. 21% of the procurements varied from the planned costs.

The User Departments should ensure that adequate market price assessment is conducted at the planning stage to come up with realistic estimates of the contract values.

**3.2.7 The actual value of the procurement spend as a percentage of the procurement budget (Procurement Plan Implementation)**

The audit revealed that there was a 68% plan implementation rate. The Authority advises the Entity to report all procurements undertaken and also update the procurement plan before implementation in cases of changes to the plan along the way.

**3.2.8 This measured the final contract cost on completion as opposed to the total contract award price inclusive VAT (Cost Ratio)**

The audit revealed that the actual final contract amount paid did not vary from the original contract amount in 92% of the sampled contracts; however, variations were noted in 8% of the procurements executed. This included a case of payment of contingency amounts to the provider for Renovation of Namakwekwe water borne toilet for no extra works done.

The Accounting Officer should recover UGX. 221,958 from the contractor Muroma Building and Suppliers Limited and submit a report to the Authority within a period of one month from receipt of the report.

Contract supervisors should ensure that all invoices for works, services and supplies are verified for accuracy of payments claimed and details of actual payment before they are authorized in line with Section 35(e) of the PPDA Act, 2003.

**3.3 Overall weighted score**

The overall weighted score was the sum of the two weighted indicators as summarized in the table below:

**Table 21: Overall weighted score**

No.	COMPLIANCE INDICATOR	SCORE (%)	WEIGHT	WEIGHTED SCORE
3.	Average Compliance Indicator Score	73.4	0.4	29.4
4.	Average Performance Indicator Score	69.0	0.6	41.4
	<b>Entity's overall weighted score</b>			<b>70.8</b>

From the above analysis, the audit team noted that the Entity had an overall weighted score of **70.8%** in FY 2018/19 which performance was **Satisfactory**.

#### CHAPTER 4: RECOMMENDED ACTION PLAN

Mbale Municipal Council should implement the following recommendations within the timeframe given in order to improve its performance in procurement and disposal

**Table 22: Action plan for the Entity**

No.	Recommendations	Action plan
1.	The User Departments should always raise initiation forms that indicate the unit prices and estimated total quantities for the framework contracts in accordance with Clause 5.3 of PPDA Guideline no 10/2014 on use of framework contracts.	<b>Immediate</b>
2.	The Accounting Officer should ensure that proper market assessment with evidence and justifications for any variances is conducted to avoid contracting providers at inflated prices in accordance with Section 26 (4) of the PPDA Act, 2003.	<b>Immediate</b>
3.	The Entity should ensure that the specifications set in the bidding document are not tailored to a specific trademark, brand name, patent, producer, catalogue or manufacturer in accordance with Regulation 48 (8) of the Local Governments (PPDA) Regulations, 2006.	<b>Immediate</b>
4.	The Head Procurement and Disposal Unit should ensure that the solicitation documents prepared define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 48 (2 & 4) of the Local Government (PPDA) Regulations, 2006.	<b>Immediate</b>
5.	The Head, Procurement and Disposal Unit should address the bidding practices and inappropriate requirements that deter competition in order to increase bidder participation.	<b>Immediate</b>
6.	The Contracts Committee should thoroughly scrutinize bidding documents and procurement requisitions before their approval and authorization for issue to ensure that all requirements were approved at initiation in accordance with Section 29 (a) (ii) of the PPDA Act, 2003.	<b>Immediate</b>
7.	The User Departments should through the Accounting Officer always seek guidance from the Chief Mechanical Engineer when developing motor vehicle specifications in accordance with the PPDA Circular dated 5th September 2014.	<b>Immediate</b>
8.	The Contract Supervisors should always ensure that contractors implement contracts fully in accordance with Regulation 119 (9) of the Local Governments (PPDA) Regulation, 2006. The Accounting Officer should also set up an inspection committee that should verify all works at completion to ensure that what has been certified by the Contract Supervisors is of appropriate quality and quantity as specified in the contracts.	<b>Immediate</b>
9.	The evaluation committees should conduct detailed evaluation basing on terms, conditions or criteria included in the bidding documents in accordance with Regulation 78 (4) of the Local Governments (PPDA) Regulations, 2006.	<b>Immediate</b>
10.	The Accounting Officer should fast track the disposal of obsolete assets to avoid loss of value through depreciation, impairment and theft.	<b>June 2020</b>
11.	The Accounting Officer should ensure that all contracts with defects, those incomplete as per details in Tables 11,12 and 13 are immediately corrected ,completed and a progress report on the same submitted to the	<b>Immediate</b>

<b>No.</b>	<b>Recommendations</b>	<b>Action plan</b>
	Authority within two weeks on receipt of this communication.	
12.	The Accounting Officer should follow up with the relevant agencies to recover all the missing assets.	<b>June 2020</b>

**Annex I: Sample List**

No	Procurement Ref No.	Subject of Procurement	Method	Provider	Contract Value (UGX)	Average Process Score per case (%)	Average Performance Score per case (%)	Case Rating
1	MBAL760/W RKS/18-19/00032	Construction of 3 classroom block at Mayor Mbale P/S	Open National Bidding	Geomax Engineering Limited	115,249,420	74	74	Satisfactory
2	MBAL760/W RKS/18-19/00051	Fencing of Mbale Police Wanyera P/S Floor maintenance & painting of Malukhu Health Care	Selective National Bidding	Expert Concrete Producers Limited	33,238,653	76	86	Satisfactory
3	MBAL760/W RKS/18-19/00048	Installation of lighting arresters at selected schools	Selective National Bidding	Expert Concrete Producers Limited	48,949,200	82	86	Satisfactory
4	MBAL760/S RVCS/18-19/00058	Urgent repairs on the wheel loader and tipping tractor	Direct procurement	PPP Engineering & Credit Services	8,064,650	87	80	Satisfactory
5	MBAL760/W RKS/18-19/00040	Renovation of Municipal Health Centre	Selective National Bidding	Mashilazo Construction Company Ltd	20,148,975	74	42	Unsatisfactory
6	MBAL760/W RKS/18-19/00043	Renovation of two classroom block at Wambwa Primary School	Selective National Bidding	Chickooku General Agencies Limited	22,319,321	82	86	Satisfactory
7	MBAL760/W RKS/18-19/00044	Completion of Fencing Nabuyonga Primary School	Selective National Bidding	Muroma Building and Suppliers Limited	12,095,118	77	50	Unsatisfactory
8	MBAL760/W RKS/18-19/00045	Fencing of Doko Primary School	Selective National Bidding	Mashilazo Construction Company Ltd	19,550,118	75	71	Satisfactory
9	MBAL760/W RKS/18-19/00033	Rehabilitation of Waterborne Toilets at Namakwekwe Primary School	Open National Bidding	K & K Commercial Agencies	53,804,460	70	74	Satisfactory
10	MBAL760/W RKS/18-19/00039	Fencing Northern Division offices and the Health Centre	Open National Bidding	Expert Concrete Producers Limited	59,967,600	83	86	Satisfactory

No	Procurement Ref No.	Subject of Procurement	Method	Provider	Contract Value (UGX)	Average Process Score per case (%)	Average Performance Score per case (%)	Case Rating
11	MBAL760/S UPLS/18-19/00035	Supply of a 61-seater bus for Nabuyonga Primary School	Open National Bidding	Tata Uganda	357,000,000	67	50	Unsatisfactory
12	MBAL760/S UPLS/18-19/00034	Supply of Desks at Mayor Mbale, Nashibiso and Zesui Primary Schools	Selective National Bidding	Delta Communication Ltd	17,850,000	82	57	Satisfactory
13	MBAL760/W RKS/18-19/00036	Construction of 5 stance water borne toilet at Malukhu Primary School	Selective National Bidding	K & K Commercial Agencies Limited	44,858,880	70	79	Satisfactory
14	MBAL760/W RKS/18-19/00038	Fencing Bujoloto Primary Scholl	Selective National Bidding	Bangoma Investments Limited	23,601,180	73	46	Unsatisfactory
15	MBAL760/S UPLS/00017	Provision of fuel and lubricants	Open National Bidding	Stabex International Limited	102,900,500	67	63	Satisfactory
16	MBAL760/S UPLS/00022	Supply of assorted office stationery	Open National Bidding	Delta Communication and I.T	8,129,000	67	58	Satisfactory
17	MBAL760/S UPLS/00022	Supply of assorted road construction materials	Open National Bidding	Neron Company Ltd Westline Oil Stream Supplies Ltd K & K Commercial Agencies Ltd Buyima Bulaire General Company Limited Ramuwa Building & Suppliers	271,725,000	77	64	Satisfactory
18	MBAL760/S RVCS/18-19/00027	Repair and maintenance of vehicles	Open National Bidding	PPP Engineering & credit services Ltd Toyota (U)	32,000,000	79	67	Satisfactory

No	Procurement Ref No.	Subject of Procurement	Method	Provider	Contract Value (UGX)	Average Process Score per case (%)	Average Performance Score per case (%)	Case Rating
				Ltd				
19	MBAL760/S RVCS/18-19/00004	Collection of Advertising fees/ Bill boards	Open National Bidding	Apex General Services Limited	163,236,000	80	67	Satisfactory
20	MBAL760/S RVCS/18-19/00003	Collection of Property rates and ground rent Wanale Division	Open National Bidding	Ramuwa Building and Suppliers Limited	190,350,000	83	71	Satisfactory

### Annex 2. Performance rating

No	Performance Score (%)	Performance Rating	Abbreviation	Compliance rating by count	Compliance rating by amount (UGX)
1	90-100	Highly Satisfactory	HS	-	-
2	60-89	Satisfactory	S	16	1,077,058,631
3	30-59	Unsatisfactory	U	4	412,845,273
4	0-29	Highly Unsatisfactory	HUS	-	
				20	<b>1,489,903,904</b>

**Annex 3. List of staff in the Procurement and Disposal Unit**

No.	Name	Position	Qualifications	Date of appointment
1	Mr. Fredrick Stuma	Head PDU /SPO	<ul style="list-style-type: none"> <li>Graduate Diploma CIPS</li> <li>PGD in Purchasing &amp; Supply Chain Management</li> <li>BBA (Accounts)</li> </ul>	May 2008
2	Mr. Ali Wodero	Procurement Officer	<ul style="list-style-type: none"> <li>PGD in Procurement and Supply Chain Management</li> <li>Bachelor's degree in Procurement and Supply</li> </ul>	July 2014

**Annex 4. List of the Contracts Committee members**

No	Name	Job Title	Committee Position	Appointment Date
1	Ms. Annet Wabule	Ag. Senior Assistant Town Clerk	Chairperson	2 <sup>nd</sup> February 2019
2	Ms. Angela Neumbe	Community Development Officer	Member	18 <sup>th</sup> March 2019
3	Dr Massa Simon	Veterinary Officer	Member	12 <sup>th</sup> December, 2018
4	Wakoli Juliet	Deputy Head Teacher	Member	12 <sup>th</sup> December, 2018
5	Kamuli Boaz Mayeku	Municipal Education Officer	Member	12 <sup>th</sup> December, 2018

**Annex 5. List of User Departments**

No	Title of the User Department
1.	Administration
2.	Finance
3.	Production & Marketing
4.	Health
5.	Education
6.	Roads & Engineering
7.	Natural Resources
8.	Community Based Services
9.	Planning
10.	Internal Audit

## Annex 6: Physical Verification



Image 1: Low cost sealing of 250 meters of Maluku road under force accounts



Image 2: Spot pothole patching of Naboa road under force account



Image 3: Classroom block at Mayor Mbale Primary School



Image 4: Nabuyonga Primary School 61 seater School Bus



Image 5: Renovated two classroom block at Wambwa Primary School



Image 6: A section of a chain link fence at Doko Primary School



Image 7: Completion of chain-link fencing at Nabuyonga Primary School



Image 8: Rehabilitated water borne toilet at Namakwekwe Primary School



Image 9: A section of the chain link fence at the Northern Division Offices



Image 10: A Chain Link Fence at Bujoloto Primary School