



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

**PROCUREMENT AND DISPOSAL COMPLIANCE
INSPECTION REPORT FOR FINANCIAL YEAR 2021/22**

KAPCHORWA DISTRICT LOCAL GOVERNMENT

FEBRUARY 2023

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ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQs	Bill of Quantities
CC	Contracts Committee
FY	Financial Year
LTD	Limited
MOU	Memorandum of Understanding
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PS/ST	Permanent Secretary/ Secretary to the Treasury
DLG	District Local Government
UGX	Uganda Shillings
(U)	Uganda
VAT	Value Added Tax
UGIFT	Uganda Intergovernmental Fiscal Transfer Program

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal Compliance Inspection of Kapchorwa District Local Government that covered a sample of eight (8) procurement transactions under the Financial Year 2021/22 and conducted specific performance audits on three UGIFT funded projects namely; Upgrade of Ngangata HC II to HC III worth UGX 647,679,694, Construction of Kabeywa Seed Secondary School worth 2,056,508,003 and construction of Kaptanya Seed Secondary School worth UGX 3,059,426,760.

The overall objective of the procurement and disposal Compliance Inspection was to assess and establish the degree of compliance of Kapchorwa District Local Government's procurement system and processes with the provisions of the PPDA Act, 2003 as amended and the Local Governments (PPDA) Regulations 2006 and assess the level of procurement performance over the compliance inspection period.

From the findings of the procurement Compliance Inspection exercise, the performance of Kapchorwa District Local Government for the Financial Year 2021/22 was **Moderately Satisfactory** with an overall weighted average risk rating of **37.5%**. The risk assessment criteria is detailed in chapter 3 of the report.

Despite the moderately satisfactory performance, the following exceptions were noted for the attention of management:

1. The Contracts Committee was never inducted nor trained in how to effectively and efficiently execute its oversight role of the procurement and disposal function within the entity which could compromise the integrity of the process.
2. The Internal Auditor did not conduct a comprehensive audit of the entire procurement function in the Financial Year under review which implies that the internal mechanism to detect and correct wrong action is not in-built which hinders improvement in the Entity's procurement processes. This is in contravention of Regulation 28 of the Local Governments (PPDA) Regulations, 2006.
3. The Entity did not implement UGX 283,467,830 equivalent to 20% of its total procurement budget for the Financial Year under review. This exposes the Entity to the risk of budgetary cuts in subsequent periods, failure to meet planned objectives and unsatisfied communities.
4. The Entity did not conduct procurements under the Force Account Mechanism in accordance with the PPDA (Force Account Regulations) 2014 and the PPDA Act 2003. Most notably; there was no evidence that the Entity conducted an analysis to determine that the direct, indirect and overhead costs to be incurred in using the Force Account Mechanism were less than would be incurred if the assignment was executed by a contractor, there was no evidence that the Accounting Officer formally appointed a member of the procuring and disposing entity as supervisor of the works and there was no evidence of issued performance and completion certificates in respect of the assignments conducted under the force account mechanism.
5. The Accounting Officer did not institute a formal and systematic mechanism within the Entity to ensure that all previous PPDA audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. Consequently 46% of the previous recommendations were not implemented.

6. In two procurements worth UGX 643,722,000, the Entity issued inadequate solicitation documents to bidders that lacked detailed technical evaluation criteria in one instance and provided for an irrelevant technical criterion in another, which may result in to awarding of contracts to providers that are not capable of delivering as per the requirements of the Users.
7. In three procurements worth UGX 162,345,200, the Evaluation Committee passed and recommended award to a non-compliant bidder in contravention of Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations.
8. The Entity failed to obtain adequate competition in three (3) procurements worth UGX 92,345,200 as less than three bids were received 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.
9. The contract for the construction of Teryet Seed Secondary School worth UGX 2,214,633,032 was signed without a definite scope of works. Whereas the entire project sum was UGX 2,214,633,032, the Entity opted for a phased arrangement spanning three financial years, however, the scope of works for each phase was not defined in the contract instead instructions were issued by the Accounting Officer to the contractor which could not be construed to be part of the contract.
10. The performance security was submitted late on 28th January 2022, three months after contract signature, whereas the general conditions of contract in the procurement for construction of Teryet Seed Secondary School worth UGX 2,214,633,032 provided that the contractor should furnish the Entity with a performance security within twenty-one (21) working days after contract signature.

Key Recommendations made:

1. The Accounting Officer should liaise with the Authority to have an induction training conducted for the Contracts Committee members and other stakeholders in how to efficiently and effectively execute their roles and responsibilities in the procurement and disposal process.
2. The Accounting Officer should ensure that the Internal Auditor conducts an annual comprehensive review of the procurement procedures of the Entity in accordance with Regulation 28 of the Local Governments (PPDA) Regulations, 2006 and may seek a training from the Authority in order to build capacity of the Internal Audit Unit in procurement and disposal procedures.
3. The Authority recommends that the Accounting Officer should along with Management carry out regular review of the implementation of the procurement plan and update it in accordance with Section 58 (4) of the PPDA Act, 2003 as amended to ensure improved performance.
4. The Accounting Officer should ensure that the uptake of the Force Account mechanism is in concert with Section 95A of the PPDA Act, 2003 and the PPDA (force Account Mechanism) Regulations, 2014.
5. The Accounting Officer with support from Internal Audit should come up with a strong mechanism that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others.

6. The Heads of User Departments should ensure that the evaluation criteria recommended is fit for the purpose of the procurements in accordance with Regulation 48 of the LG (PPDA) Regulations, 2006.
7. The Accounting Officer should caution the evaluation committee members in the procurements with evaluation irregularities against violating the set evaluation criteria and the Head of Procurement and Disposal Unit should ensure that all evaluations are conducted in line with the criteria set in the bidding document in accordance with Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006.
8. The Accounting Officer should cause an investigation into the issues that are leading to the low bidder participation whose findings will inform the Entity's next course of action.
9. The Accounting Officer should task the District Engineer to always prepare detailed BOQs for each of procurement where the scope of work has been phased and this should also be done for the contract for the construction of Teryet Seed Secondary School that is said to have three phases and ensure that the contract is amended to include a provision for all the three phases i.e. duration and scope.
10. The Accounting Officer should ensure that where performance securities are required, the contractors furnish the required performance security within twenty-one working days after contract signature in accordance with the Special Conditions of Contract and Regulation 102 of the Local Government (PPDA) Regulations, 2006.

Performance on three UGIFT funded projects namely; Upgrade of Ngangata HC II to HC III worth UGX 647,679,694, Construction of Kabeywa Seed Secondary School worth 2,056,508,003 and construction of Kaptanya Seed Secondary School worth UGX 3,059,426,760

- i. **Performance on the procurement for upgrade of Ngangata HCII to HC III funded by the Uganda Intergovernmental Fiscal Transfer Program (UGIFT) FY 2019/2020.** The following issues were noted:
 1. Sixteen (16) months delay in completing the project was noted at contract implementation. Whereas, the initial project period was six months starting on 12th December 2019 and expiring on 12th June 2020, works were completed on 20th October 2021.
 2. The Accounting Officer did not appoint a contract management team consisting of the District Engineer, District Education Officer, District Environmental Officer and the District Community Officer to supervise the project implementation contrary to Clause D (1) of the PPDA Circular No. 3 of 2019 on the implementation of procurements under the Uganda Intergovernmental Fiscal Transfer Program for Results.
 3. The evaluation criteria were not adequate and did not cater for the project in its entirety. For instance, whereas, there were four health centres each valued at UGX 647,679,694 totaling to UGX 2,590,718,776, bidders were only required to provide evidence of experience in similar contracts amounting to UGX 1,000,000,000 and turnover amounting to UGX 1,000,000,000 which was not commensurate to the magnitude of the entire project.
 4. Effecting advance payment without advancement payment guarantee/security. The audit noted that an advance payment amounting to UGX 182,645,674 was effected to the provider; M/s Cab Uganda Limited , however, there was no evidence that the provider submitted an advance payment security contrary to Regulation 115 (4) of the Local Governments (PPDA) Regulations 2006.

5. Wrong format of performance guarantee. The BEB Cab Uganda Limited submitted a conditional performance bond from Excel Insurance Company Limited in contravention of the special conditions of contract that required that a performance bond be submitted by the best evaluated bidder in the form of an unconditional guarantee.
6. The Authority noted that works were executed against an expired contract. Whereas the initial contractual completion date was 12th June 2020, by 18th July 2020 physical progress was at 85% as noted from the progress report dated 18th July 2020 and the Contractor had not made a request for extension of the contract.

Recommendations

1. 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.
 2. The Accounting Officer should ensure that in future UGIFT procurements, contract management teams are duly appointed immediately after contract signature in accordance with the circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer Program for Results by the Ministry of Finance Planning and Economic Development and oriented in to their roles and responsibilities.
 3. The Ministry of Health should when setting the evaluation criteria for hybrid procurements, consider the objectives of the procurement and the necessary requirements to satisfactorily perform the contract and set a suitable and appropriate evaluation criteria and methodology that can lead to the procurement of the right contractors.
 4. The Accounting Officer should ensure that advance payments are made in accordance with Regulation 115 (4) of the Local Governments (PPDA) Regulations 2006 and valid advance payment guarantees.
 5. The Accounting Officer should ensure that where performance securities are required, no contracts should be signed before the firms furnish the Entity with the required performance securities in the right format in accordance with the Special Conditions of Contract and Regulation 102 of the Local Government (PPDA) Regulations, 2006.
 6. Contract Managers should always monitor contracts effectively and ensure that in case of any need for extension of the contract completion period, this is done in time in accordance with Regulation 119(10) and (c) of the Local Governments (PPDA) Regulations, 2006.
- ii. **Performance on the construction of Kaptanya Seed Secondary School in Kapchorwa DLG worth UGX 3,059,426,760 (FY 21-22) funded by the Uganda Intergovernmental Fiscal Transfer Program (UgIFT).** The following issues were noted:

Issue

The Authority noted a delay at contract execution occasioned by the Entity's refusal to ensure that the contract is signed expeditiously. The Authority noted that whereas the contractor; BAM construction and surveyors Limited signed the contract on 13th October 2022, the Entity's Accounting Officer had not appended his signature by 23rd November 2022.

Recommendations

- The Accounting Officer should ensure that the contract is expeditiously signed to avoid delays and money being returned to the consolidated fund.

- In future projects the Accounting Officer should ensure that all projects conducted are appraised and the performance of the contractor documented such that it can be used in subsequent evaluations to kick out unserious bidders.

iii. Performance on the construction of Kabeywa Seed Secondary School in Kapchorwa DLG worth UGX 2,056,508,003 funded by the Uganda Intergovernmental Fiscal Transfer Program (UgIFT). The following issues were noted:

Wrong format of performance bond

The audit noted that Bam Construction and Surveyors Limited submitted a conditional performance bond from Excel Insurance Company Limited in contravention of the special conditions of contract that required that a performance bond be submitted by the best evaluated bidder in the form of an unconditional guarantee.

Recommendation

The Accounting Officer should ensure that where performance securities are required, no contracts should be signed before the firms furnish the Entity with the required performance securities in the right format in accordance with the Special Conditions of Contract and Regulation 102 of the Local Government (PPDA) Regulations, 2006.

Kapchorwa District Local Government should implement the recommended action plan on pages **30 and 31**

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal Compliance Inspection of Kapchorwa District Local Government that covered a sample of eight (8) procurement transactions under the Financial Year 2021/22 and conducted specific performance audits on three UGIFT funded projects namely; Upgrade of Ngangata HC II to HC III worth UGX 647,679,694, Construction of Kabeywa Seed Secondary School worth 2,056,508,003 and construction of Kaptanya Seed Secondary School worth UGX 3,059,426,760. The compliance inspection involved a review of 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 compliance inspection was to assess and establish the degree of compliance of Kapchorwa District Local Government's procurement system and processes with the provisions of the PPDA Act 2003 and Local Governments Regulations 2006 and assess the level of procurement performance over the compliance inspection period.

The specific objectives were:

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

1.3 Compliance inspection Scope

The Compliance Inspection involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The compliance inspection covered eight (8) procurement transactions worth UGX 4,134,771,860 under the Financial Year 2021/22.

The Entity had a total procurement budget of UGX 5,911,851,477 in the audit period. To prepare for the audit, the auditors reviewed the Entity budget, procurement plan and monthly 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 Table 3 below:

Table 1: Distribution of transaction population and sample

Method of Procurement	Population Value(UGX)	Sample Value (UGX)	% by value	Population No.	Sample No.	% by no
Open National Bidding	4,184,978,768	4,042,426,760	96.5	7	5	71

Method of Procurement	Population Value(UGX)	Sample Value (UGX)	% by value	Population No.	Sample No.	% by no
Selective National bidding	398,804,667	92,345,100	23	27	3	11
Direct Procurement	249,079,512					
Total	4,832,862,947	4,134,771,860	86	34	8	23.5

1.4 Compliance inspection Methodology

The Compliance Inspection exercise examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive compliance inspection conclusions. This involved a review of the Entity's procurement/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 fitness for purpose. Special attention was given to reporting mechanisms within the Entity and internal controls due to repeated failures by the Entity as highlighted in previous reports.

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

A debriefing meeting to clear all pending issues that arose during the compliance inspection was held with the Entity management and staff on **25th November 2022** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **16th January 2023** with a request to submit a management response by **23rd January 2023**, which was submitted on **25th January 2023**.

On completion of data collection and 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. The compliance inspection report presents the key findings and conclusions arising from the compliance inspection.

1.5 Structure of the Entity

The Entity had a substantive Accounting Officer, a fully staffed Procurement and Disposal Unit with three staff for the period under review, a Contracts Committee consisting of five members and adhoc Evaluation Committees appointed for each procurement transaction. The Entity's substantive Accounting Officer during the Financial Year was the Chief Administrative Officer Mr. Mussa Ismail Onzu.

i. Composition of the Contracts Committee

During the year under inspection, the Entity's Contracts Committee was fully constituted and tenure not expired for any of the members.

Table 2: Composition of Contracts Committee

S/N	Name	Position	Job Title	Date of appointment
1.	Andrew Teko bayi	Chairperson	District Planner	17 th November 2022
2.	Sr. Juliet Chelimo	Member	Principal Nursing Officer	1 st April 2021
3.	Mr. Chepsikor David	Member	Senior Fisheries Officer	1 st April 2021
4.	Mr. Chelangat Louis	Member	Senior Finance Officer	1 st April 2021
5.	Mr. Cherotich Febia	Member	Senior Community Development Officer	1 st April 2021

NB: The Contracts Committee was never inducted nor trained in how to effectively and efficiently execute its oversight role of the procurement and disposal function within the entity which could compromise the integrity of the process.

ii. Staffing of the Procurement and Disposal Unit

During the year under inspection, the Entity's procurement and disposal unit was fully staffed with three members of staff in the Unit at the level of Principal procurement officer, Senior Procurement Officer and Assistant Procurement Officer. The details of the Procurement and Disposal Unit staff are shown in the table below:

Table 3: Staff in the Procurement and Disposal Unit

No	Name	Position	Academic and professional qualifications	Years in appointment
1.	Ms Cheptoris Dinah	Principal Procurement Officer	BPLM, PGD-PSCM, CIPS	1 st June 2020
2.	Mr. Chelimo Titus	Procurement Officer	Bsp, PGD-PSCM, PGD-PPM	1 st April 2020
3.	Mr. sabia Tom	Assistant Procurement Officer	DPSCM	22 nd May 2018

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CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS

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

2.1.1 Failure to implement 46% of the previous audit recommendations

The Authority noted that the Entity had been issued its previous audit report for the Financial Year 2017/18 in June 2019. Out of the thirteen (13) recommendations made, four (4) representing (38%) recommendations were partially implemented, one (1) representing (8%) was not implemented and eight (8) representing (54%) were fully implemented as detailed in the table below:

Table 4: Implementation of previous audit recommendations

No	Recommendation	Status
1.	The Accounting Officer should ensure that all PPDA recommendations are implemented so as to improve the Entity's performance.	Partially Implemented
2.	The Head Procurement and Disposal Unit should ensure that the solicitation document defines the requirements precisely and in a manner that leaves no doubt or assumption by a bidder of the requirements of the Entity in accordance with Regulation 48 (2) of the Local Governments (PPDA) Regulations, 2006.	Partially Implemented
3.	<ul style="list-style-type: none">• The Head, Procurement and Disposal Unit should ensure that the Evaluation Committees adhere to the requirements of the solicitation document during evaluation.• 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.• The Accounting Officer should request the Authority to conduct training in evaluation.	Partially Implemented
4.	The Accounting Officer and Heads of User Departments should ensure that providers are given full and timely payment in accordance with Regulation 117 (6) of the Local Governments (PPDA) Regulations, 2006.	Partially Implemented
5.	The Head, Procurement and Disposal Unit should ensure that LG PP Form 1s are filled with clear statements of requirements attached for all procurements in accordance with Regulation 65(1) of the LG (PPDA) Regulations, 2006.	Not Implemented

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.

Recommendation

The Authority found the Entity's Response Unsatisfactory and recommends that the Accounting Officer with support from Internal Audit should come up with a strong mechanism that will ensure that all audit recommendations are regularly monitored and implemented so as

to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others.

Management Response

The transition in the office of the Accounting Officer has partly affected the implementation status.

2.1.2 Failure to conduct disposal

The Authority noted that the Entity had not conducted any disposal process during the period under review, although some assets were found grounded and vandalized on the Entity's premises as shown in the pictures below.

Table 5: Showing items due for disposal

<p><i>An old lorry LG 005046 was due for disposal</i></p>	<p><i>An old tractor was due for disposal</i></p>
<p><i>An old pickup UG 1593A was due for disposal</i></p>	<p><i>An old lorry number UG1540W was due for disposal</i></p>
<p><i>An old pickup UG0054E that was due for disposal</i></p>	<p><i>An old lorry that was due for disposal</i></p>

Implications

Failure to dispose of assets whose use ceased inhibits achievement of value for money as funds are held up in the assets and also value lost through depreciation. This may also lead to theft and vandalism of the assets.

Management Response

- Not all the assets indicated above belong to the Entity like the blue tipper belongs to the Municipal, Isuzu Dmax belongs to Ministry of Agriculture Animal Industry and Fisheries and the FAW truck belongs to Ministry of Works and Transport which would require permission from the parent Agency for us to dispose. We have since tried to write to the parent Ministry but failed to get approval.
- The recommendation is noted and we shall proceed to dispose the Assets that are within our jurisdiction.

Recommendation

The Entity did not provide any documentary evidence to ascertain the efforts that have been undertaken by the Entity to ensure the Entity Assets are disposed of; The Accounting Officer should ensure that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006.

2.1.3 Failure by Internal Audit to make an audit of the entire procurement function in the Financial Year under review

The Authority observed that as much as the Entity had prepared audit reports for the four quarters, these were not comprehensive enough to cover the entire procurement process. The reports covered only the contract management process of a sample of site inspections to ensure that procured supplies, service output or works were in place.

Implication

The internal mechanism to detect and correct wrong action is not in-built which hinders improvement.

Management Response

We acknowledge the Auditor's observation which has largely been due to resource constraints. I have however, instructed the Internal Auditor to cover all areas of the procurement function in subsequent Financial Years.

Recommendation

The Accounting Officer should ensure that the Internal Auditor conducts an annual comprehensive review of the procurement procedures of the Entity in accordance with Regulation 28 of the Local Governments (PPDA) Regulations, 2006 and may seek a training from the Authority in order to build capacity of the Internal Audit Unit in procurement and disposal procedures.

2.1.4 Failure to implement 18.3% of the procurement plan

The table below summarizes information about the procurement plan, budget, and utilization of funds. The procurement plan implementation rate was 81.7% while the implementation variance was worth UGX 1,078,988,530 (18.3%).

Table 6: Procurement plan Implementation

Total procurement plan value inclusive VAT (UGX)	5,911,851,477
Procurement spend value inclusive of VAT (UGX) based on the quarterly reports submitted to the Authority	4,832,862,947
Implementation rate	81.7

Unimplemented variance	18.3%
Implementation variance (UGX)	1,078,988,530

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 under listed procurements had been planned to be executed in the FY 2021-2022 but spilled over to the next Financial Year 2022/2023 and were not reported. Below are the details:

Table 7: Unreported procurements

No	Subject of Procurement	Contract Amount	Reason for non-Execution
1.	Supply of assorted medical equipment	180,000,000	Hybrid procurement could not be completed within the financial year
2.	Construction of Kabeywa Seed Secondary School	200,000,000	This was retention that could not be paid before the expiry of the defects period
3.	Micro scale irrigation scheme	257,612,725	Farmers did not co-fund for agreements to be signed
Total		637,612,725	

Authority's comment

The Authority excluded the seed school figure since it was already part of the UGX 4,832,862,947 procurement spend and UGX 5,911,851,477 planned amount.

Therefore; Management only explained 637,612,725 leaving a variance of UGX 441,375,805 non implemented not explained.

Recommendations

The Authority noted the Entity's response and recommends that the Accounting Officer should 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 as amended to ensure improved performance.

2.1.5 Management of Force Account

The Entity had a URF budget of UGX 293,026,569 of which only UGX 137,370,318 was received. The following anomalies were noted

- There was no evidence that the Entity conducted an analysis to determine that the direct, indirect and overhead costs to be incurred in using the Force Account Mechanism were less than would be incurred if the assignment was executed by a contractor contrary to section 95 A (3) (b) of the PPDA Act, 2003.
- There was no evidence that the Accounting Officer formally appointed a member of the procuring and disposing entity as supervisor, to supervise the works to be executed under the force account mechanism contrary to Regulation 5 (1) of the PPDA (force Account Mechanism) Regulations, 2014.

- There was no evidence that the supervisor issued performance and completion certificates in respect of the assignments conducted under the force account mechanism contrary to Regulation 5 (1) (d) of the PPDA (force Account Mechanism) Regulations, 2014.

Implication

This inhibits accountability and may affect achievement of value for money.

Management Response

We acknowledge the concern and pledge to address the issues in the subsequent financial years.

Recommendation

The Accounting Officer should ensure that the uptake of the Force Account mechanism is in concert with Section 95A of the PPDA Act, 2003 and the PPDA (force Account Mechanism) Regulations, 2014.

2.2 To establish the level of compliance with the PPDA Act, 2003 as amended and the Local Governments (PPDA) Regulations, 2006 in the conduct of procurement and disposal activities

2.2.1 Signing a contract with an unauthorized bidder's representative

In the procurement for supply of pipes to water department worth UGX 110,000,000, the Accounting Officer signed a contract with an individual that did not have the Powers of Attorney. Powers had been granted to Mr. Yalamati Srinivas Chaitanya. However, the contract was signed with Mr. Tamatan Reddappa.

Implication

The signed contract was null and void and could be challenged in case of litigation. g.

Management Response

This is noted for implementation in subsequent procurements.

Recommendation

The Accounting Officer should ensure that all contracts are signed with individuals with that have been assigned powers of attorney to represent and transact business on behalf of their companies.

2.2.2 Poor market price

The audit revealed that there was poor market price assessment in the procurement for pipes laying and intake works for Kabeywa – Chepterech water system worth UGX 40,000,000. The estimate on the initiation form for this procurement was UGX 35,638,000 implying that there was poor market price assessment with a variance of UGX 4,362,000 (12.2%) between the estimated price and the actual contract price.

Implication

Poor market price assessment results into failure to attain value for money.

Management Response

The discrepancy arose as a result of the following:

- Initial location of the intake was altered by the community and shifted further upstream of river Sirimityo which was done after submission of LG PP form 1.
- During pipe laying, the river meandered outward which resulted in a shortfall of 200 meters of pipe length.

Recommendation

The Authority noted the Entity's Response and recommends that in future analysis of the discrepancies between the estimated and actual contract amounts should be done before contract signature to aid in decision making and confirmation of additional funds needs to be done by the Accounting Officer assessing the market price.

2.2.3 Approval of inadequate evaluation criteria in the solicitation document by the Contracts Committee

The evaluation criteria contained in the solicitation documents issued to bidders in the following procurements worth UGX. 260,000,000 was inadequate and did not have the most appropriate criteria and methodology to compare and evaluate the competencies of the bidders contrary to Regulation 48 (4) of the Local Governments (PPDA) Regulations, 2006.

Table 8: Procurements with inadequate evaluation criteria

No	Subject of procurement	Contract Amount (UGX)	Findings
1.	Supply of pipes to water department	110,000,000	There were no detailed technical evaluation criteria in the solicitation document. The Entity did not seek to assess the bidders' financial capacity to deliver.
2.	Supply of fuel oils and lubricants	150,000,000	Irrelevant evaluation criteria: under technical evaluation bidders were required to submit experience as prime contractors in cleaning services, capacity to comprehend environmental and social impact that may arise before, during and after execution of the project and to provide evidence of possession of an environmental officer, social development officer e.t.c which were irrelevant for this procurement.
Total		260,000,000	

Implication

This may result in to awarding of contracts to providers that are not capable of delivering as per the requirements of the Users.

Management response

This is duly noted.

Recommendations

- The Head Procurement and Disposal Unit and User Departments should ensure that the evaluation criteria set in the solicitation documents is sufficient and comprehensive enough to assess the bidders' technical and financial capabilities to execute the contract.

- The Heads of User Departments should ensure that the evaluation criteria recommended is fit for the purpose of the procurements in accordance with Regulation 48 of the LG (PPDA) Regulations, 2006.

2.2.4 Passing non- compliant bidders at evaluation

In three procurements worth UGX 162,345,200, the Evaluation Committee passed and recommended award to a non- compliant bidder in contravention of Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations. These procurements were:

Table 9: Showing irregularities at evaluation

No.	Subject of Procurement	Contract Amount (UGX)	Observation	Authority comment
1.	Supply of pipes to water department	110,000,000	Crest tanks (U) limited was eliminated on the basis of not submitting a code of conduct for bidders and providers, code of conduct for contractor's personnel However, these criteria had not been stated in the solicitation document.	No documentary evidence submitted by the Entity
2.	Construction of 2 stance brick lined latrine at Kapchai P/S	10,070,000	Bidders were required to submit audited books of accounts or other financial statements acceptable to the Employer, for the last recent Two (02) years (2020/2021, 2019/2020), to demonstrate the current soundness of the bidder's financial position and its prospective long term profitability which the bidder did not attach.	The Entity only submitted audited reports for the year ending 30 th June 2020
3.	Extension of Registry block in Kapchorwa DLG Headquarters	42,275,200	<ul style="list-style-type: none"> •The Best Evaluated Bidder, Sky Extra Enterprises Limited was not compliant on the requirement of possession of a social Development Officer, with a diploma in Social work and 2 years' general experience. •Sky Extra Enterprises Ltd (BEB) did not attach a Health and Safety Officer with a certificate in Public Health and 3 	The Entity only attached a random certificate and transcript without any CVs provided.

			years' general experience in construction.	
Total		162,345,200		

Implication

This could be an indicator of unethical tendencies and practices within the Entity that compromise fairness and transparency in the evaluation process leading to the award of contracts to non-compliant bidders and failure to attain value for money.

Management response

Bidders for the above submitted requisite documents as attached.

Recommendation

The Accounting Officer should caution the evaluation committee members for the above mentioned procurement against violating the set evaluation criteria and the Head of Procurement and Disposal Unit should ensure that all evaluations are conducted in line with the criteria set in the bidding document in accordance with Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006.

2.2.5 Low bidder participation

The Entity failed to obtain adequate competition in three (3) procurements worth UGX 92,345,200 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 the table below:

Table 10: indicating procurements with low bidder participation

S/N	Procurement	Amount	Bids received
1.	Construction of 2 stance brick lined latrine at Kapchai P/S	10,070,000	2
2.	Extension of Registry block in Kapchorwa DLG Headquarters	42,275,200	1
3.	Pipes Laying and intake work for Kabeywa – Chepterech water system	40,000,000	1
Total		92,345,200	

Implications

- This could be a sign of bidder collusion, lack of information to bidders and subjective award of tenders.
- 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 bidders were invited for the above projects.

Recommendations

The Accounting Officer should cause an investigation into the issues that are leading to the low turn up of the bidders whose findings will inform the Entity's next course of action.

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

2.3.1 Performance on the procurement for upgrade of Ngangata HCII to HC III funded by the Uganda Intergovernmental Fiscal Transfer Program (UgIFT)

The Government of Uganda appropriated funds worth UGX 647,679,694 to undertake the construction of the Upgrade of Ngangata Health Centre II to Health Centre III in Kapchorwa District. Funds were obtained from the World Bank through a program called the Uganda Intergovernmental Fiscal Transfer Program (UGIFT), the implementing Ministry was the Ministry of Health that was responsible for developing the Bills of Quantities, the bidding document and advertising for the tender. Kapchorwa District Local Government was responsible for approving the bidding document, conducting evaluation, signing of the contract as well as contract management.

Contract Summary

Contract Title	Upgrade of Ngangata HC II to HC III	
Reference Number	MOH-UgIFT/Wrks/19-20/0001-16	
Contract Sum	647,679,694	
Contract Scope	1. Maternity Ward 2. VIP four (4) stance 3. Placenta Pit 4. Medical waste pit 5. External works 6. OPD (Provisional)	
Contract Signing date	6 th December 2019	
Original contract completion date	12 th June 2020	
Contract Extensions	No contract extensions on file	
Name of Contractor	Cab Uganda Limited	
Method of procurement	Open National Bidding	
Type of Contract	Lumpsum	
Amount Paid	Amount paid (UGX)	
	182,645,674	Advance
	235,646,619	Certificate 2
	172,188,287	Certificate 3
	16,012,944	Certificate 4
	Total amount paid: 606,493,524	
Contract supervisor of works	Mr. Cheptoyek Franklin	

The Authority found the following irregularities in the procurement process and contract management:

i. Delayed contract implementation by 16 months.

The audit revealed that in the procurement for Upgrade of Ngangata HC II to HC III worth UGX 647,679,694. Whereas, the initial project period was six months starting on 12th December 2019 and expiring on 12th June 2020, works were completed on 20th October 2021 indicating a delay of sixteen (16) months. There was no evidence to confirm whether providers requested for extensions and if the Entity provided the extensions on time.

Implications

- Delayed contractual completion results into delayed service delivery and failure to attain value for money.
- Prolonged project completion results into commitment of more resources in terms of staff and time to projects that would have otherwise have been completed.

Management Response

We note the concern and pledge to comply in subsequent procurements.

Recommendation

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.

- ii. **Failure to heed to the Authority's Guidance on appointing a Contract Management team**
Clause D (1) of Circular No. 3 of 2019 on the implementation of procurements under the Uganda Intergovernmental Fiscal Transfer Program for Results provides that the Chief Administrative Officer shall appoint a contract management team consisting of the District Engineer, District Education Officer, District Environmental Officer and the District Community Officer that shall be responsible for; ascertaining that the contractor performs the contract in accordance with the terms and conditions stipulated in the contract and managing the obligations and duties of the Entity under the contract among others. The Authority noted that in the procurement for Upgrade of Ngangata HC II to HC 111 worth UGX 647,679,694, the Accounting Officer did not appoint a contract management team contrary to the above requirement.

Implication

This is indicative of poor contract management which may lead to delays, shoddy works and abandonment of site.

Management Response

We note the concern and pledge to comply in subsequent procurements.

Recommendation

The Accounting Officer should ensure that in future UGIFT procurements, contract management teams are duly appointed immediately after contract signature in accordance with the circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer Program for Results by the Ministry of Finance Planning and Economic Development.

- iii. **Inadequate evaluation criteria**

In the procurement for Upgrade of Ngangata HC II to HC 111 worth UGX 647,679,694, the evaluation criteria were not adequate and did not cater for the project in its entirety. For instance, whereas, there were four health centres each valued at UGX 647,679,694 totaling to UGX 2,590,718,776, bidders were only required to provide evidence of experience in similar contracts amounting to UGX 1,000,000,000 and turnover amounting to UGX 1,000,000,000 which was not commensurate to the magnitude of the project.

Implication

This may result in to awarding of contracts to providers that are not capable of delivering as per the requirements of the Users.

Management response

Upgrade of Ngangata HC II to III was conducted under the hybrid arrangement and the line Ministry prepared the solicitation documents.

Recommendations

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

The Ministry of Health should when setting the evaluation criteria for hybrid procurements, consider the objectives of the procurement and the necessary requirements to satisfactorily perform the contract and set a suitable and appropriate evaluation criteria and methodology that can lead to the procurement of the right contractors.

iv. Effecting advance payment without security

The audit noted that an advance payment amounting to UGX 182,645,674 was effected to the provider; M/s Cab Uganda Limited, however, there was no evidence that the provider submitted an advance payment security contrary to Regulation 115 (4) of the Local Governments (PPDA) Regulations 2006.

Implication

The Entity is placed at the risk of a financial loss in the event of non-performance by the contractor.

Management Response

We had an insurance bond which turned out to be invalid.

Recommendation

The Accounting Officer should ensure that advance payments are made in accordance with Regulation 115 (4) of the Local Governments (PPDA) Regulations 2006 against valid advance payment guarantees.

v. Wrong format of performance bond

The audit noted that Cab Uganda Limited submitted a conditional performance bond from Excel Insurance Company Limited in contravention of the special conditions of contract that required that a performance bond be submitted by the best evaluated bidder in the form of an unconditional guarantee.

Implication

The Entity may not be protected from non-performing firms.

Management Response

We take the Guidance.

Recommendation

The Accounting Officer should ensure that where performance securities are required, no contracts should be signed before the firms furnish the Entity with the required performance securities in the right format in accordance with the Special Conditions of Contract and Regulation 102 of the Local Government (PPDA) Regulations, 2006.

vi. **Execution of works against an expired contract**

The Authority noted that in the procurement for Upgrade of Ngangata HC II to HC 111 worth UGX 647,679,694, works were executed against an expired contract. Whereas the initial contractual completion date was 12th June 2020, by 18th July 2020 physical progress was at 85% as noted from the progress report dated 18th July 2020 and the Contractor had not made a request for extension of the contract.

Implication

Performing works on an expired contract may result into failure by either party to seek legal redress in case of breach of obligations since there could be no legally binding agreement.

Management Response

This is noted

Recommendation

- Contract Managers should always monitor contracts effectively and ensure that in case of any need for extension of the contract completion period, this is done in time in accordance with Regulation 119(10) and (c) of the Local Governments (PPDA) Regulations, 2006.
- The Accounting Officer should strengthen contracts management and supervision so as to ensure that the contract objectives are achieved within the constraints of cost, quality and time.

vii. **The Authority conducted physical verification on this project . and noted the following:**

UPGRADE OF NGANGATA HC II TO HC III Contract price: UGX 647,679,694

Contractor: Cab Uganda Limited



Issues noted

- i. Patches on the floor.
- ii. Solar system for pumping water was not working.
- iii. Equipment for the medical facility had not yet been delivered.

Implication

The beneficiaries of the project may not get the desired effects thus hindering achievement of value for money.

Management Response

The commissioning of the project was done over two years ago, so any defects which occur are a responsibility of the DHOs office to ensure that there is an operation and maintenance plan in place to handle issues that may arise after commissioning of the project.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should task the District Health Officer to prioritize the works on the solar system for pumping water to ensure its fully functional and the provision of medical equipment to the facility in subsequent Financial Years.

2.3.2 Performance on the construction of Kaptanya Seed Secondary School in Kapchorwa DLG worth UGX 3,059,426,760 funded by the Uganda Intergovernmental Fiscal Transfer Program (UgIFT)

The Government of Uganda appropriated funds worth UGX 3,059,426,760 to undertake the construction of Kaptanya Seed Secondary School in Kapchorwa District. Funds were obtained from the World Bank through a program called the Uganda Intergovernmental Fiscal Transfer Program (UGIFT), the implementing Ministry was the Ministry of Education and Sports that was responsible for developing the Bills of Quantities, the bidding document and advertising for the tender. Kapchorwa District Local Government was responsible for approving the bidding document, conducting evaluation, signing of the contract as well as contract management.

Contract Summary

Contract Title	Construction of Kaptanya Seed Secondary School in Kapchorwa DLG
Reference Number	MoES/UgIFT/WRKS/2021-2022/00005/lot-34
Contract Sum	3,059,426,760
Contract Scope	Preliminaries Site levelling 2classroom block 1 unit science laboratory Administration block 2 unit teacher's house and kitchen 2 stance VIP latrine block 3 stance VIP latrine block 4 Externl works Rain water harvesting Library block Multipurpose hall Sports field.
Contract Signing date	13 th October 2022
Project duration	Eighteen months (18)
Name of Contractor	BAM construction and surveyors limited
Method of procurement	Open Domestic Bidding
Type of Contract	Admeasurement

Contract commencement date	Contract not yet signed
Planned completion date	Contract not yet signed
Amount Paid	None
Contract supervisor of works	Mr. Cheptoyek Franklin

The Authority found the following irregularities in the procurement process and contract management:

i. Delay to sign the contract

In the procurement for construction of Kaptanya Seed Secondary School in Kapchorwa DLG worth UGX 9,136,627,867, there was a delay at contract execution occasioned by the Entity's refusal to ensure that the contract is signed expeditiously. The Authority noted that whereas the contractor; BAM construction and surveyors Limited signed the contract on 13th October 2022, the Entity's Accounting Officer had not appended his signature by 23rd November 2022. During the debrief meeting, the Accounting Officer stated that the contractor had not completed another project in the District and the Entity had stayed contract signature until the contractor completes the other project. This was tantamount to conducting evaluation after contract award.

Implications

- Delays at any stage of the procurement process lead to delayed service delivery.
- There is a risk of the allocated funds being returned to the consolidated fund before contract execution starts, furthermore, the project could be affected by inflation if it is not executed within the intended period.

Management Response

We note and pledge to implement the recommendations in subsequent procurements.

Recommendations

- The Accounting Officer should ensure that the contract is expeditiously signed to avoid delays and money being returned to the consolidated fund.
- In future projects the Accounting Officer should ensure that all projects conducted are appraised and the performance of the contractor documented such that it can be used in subsequent evaluations to kick out unserious bidders.

2.3.3 Performance on the construction of Kabeywa Seed Secondary School in Kapchorwa DLG worth UGX 2,056,508,003 funded by the Uganda Intergovernmental Fiscal Transfer Program (UgIFT)

The Government of Uganda appropriated funds worth UGX 2,056,508,003 to undertake the construction of Kabeywa Seed Secondary School in Kapchorwa District. Funds were obtained from the World Bank through a program called the Uganda Intergovernmental Fiscal Transfer Program (UGIFT), the implementing Ministry was the Ministry of Education and Sports that was responsible for developing the Bills of Quantities, the bidding document and advertising for the tender. Kapchorwa District Local Government was responsible for approving the bidding document, conducting evaluation, signing of the contract as well as contract management.

Summary facts

Contract Title	Construction of Kabeywa Seed Secondary School			
Contract Scope	7. Classroom blocks 8. Administration block 9. Multipurpose block 10. Library 11. Computer block 12. Staff quarters 13. Student toilets 14. Staff quarters			
Contract Signing date	22 nd /05/2019			
Original contract completion date	30 th June 2022			
Performance Security	10%			
Contract period	12 months			
Extension upto	30 th December 2021			
Percentage completion	50%			
EFT Payment receipt	108,651,556			
Defects Liability period	Six months			
Contract Extensions	<table border="1"> <thead> <tr> <th>Expiry of the extension</th> </tr> </thead> <tbody> <tr> <td>30st December 2021</td> </tr> <tr> <td>30th March 2021</td> </tr> </tbody> </table> +	Expiry of the extension	30 st December 2021	30 th March 2021
Expiry of the extension				
30 st December 2021				
30 th March 2021				
Name of Contractor	Bam Construction and Surveyors Limited			
Method of procurement	Open National Bidding			
Type of Contract	Lump sum			
Contract Price (UGX)	2,056,508,003			
Amount Paid	333,702,715			
Missing Payment records	1. Advance payment Guarantee 2. Advance payment records 3. All progress reports			
Project Manager	Mr. Cheptoek Mike			

i. Wrong format of performance guarantee

The audit noted that Bam Construction and Surveyors Limited submitted a conditional performance bond from Excel Insurance Company Limited in contravention of the special conditions of contract that required that a performance bond be submitted by the best evaluated bidder in the form of an unconditional guarantee.

Implication

The Entity may not be protected from non-performing firms.

Management Response

This is noted

Recommendation

The Accounting Officer should ensure that where performance securities are required, no contracts should be signed before the firms furnish the Entity with the required performance

securities in the right format in accordance with the Special Conditions of Contract and Regulation 102 of the Local Government (PPDA) Regulations, 2006.

2.3.4 Issues noted in the procurement for construction of Teryet Seed Secondary School worth UGX 2,214,633,032

i. Delayed submission of a performance security

The Authority noted that whereas the general conditions of contract in the procurement for construction of Teryet Seed Secondary School worth UGX 2,214,633,032 provided that the contractor should furnish the Entity with a performance security within twenty-one (21) working days after contract signature, the contract was signed on 8th October 2021 while the performance security was furnished on 28th January 2022 causing a delay of three calendar months.

Implications

- The Entity may not be protected from non-performing firms.
- This may also lead to delayed contract execution due to the time lost waiting for the performance security.

Management Response

This is noted.

Recommendation

The Accounting Officer should ensure that where performance securities are required, the contractors furnish the required performance security within twenty-one working days after contract signature in accordance with the Special Conditions of Contract and Regulation 102 of the Local Government (PPDA) Regulations, 2006.

ii. Signing a contract without specifying the scope of works

Whereas the entire project sum was UGX 2,154,193,000 in the procurement for construction of Teryet Seed Secondary School, the Entity opted for a phased arrangement spanning three financial years, however, the scope of works for each phase was not defined in the contract instead instructions were issued by the Accounting Officer to the contractor which could not be construed to be part of the contract.

Implication

This may lead confusion and contestation between the Entity and the contractor and contract implementation

Management Response

- In phase II of the project detailed BOQs have been approved.
- The contract has been amended to cover all the remaining phases.

Recommendation

The Accounting Officer should:

- Task the District Engineer to draft detailed BOQs for each the three phases
- Ensure that the contract is amended to include a provision for all the three phases i.e. duration and scope.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present graphically the scores per area assessed under different compliance inspection questions

3.1 Entity's Risk Assessment

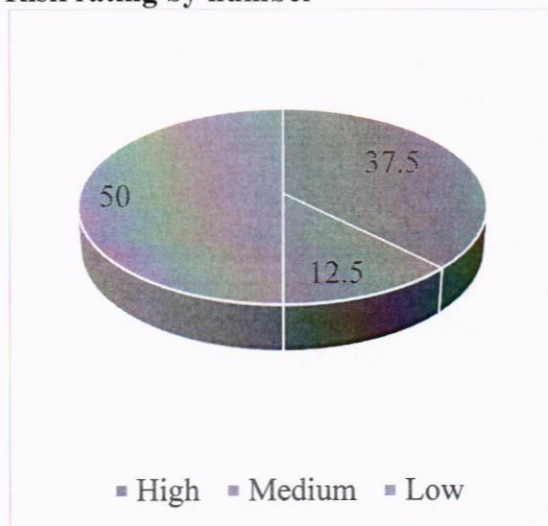
The table below shows the Entity's performance per risk category based on the sampled procurements:

Table 11: Showing summary of risk assessment of Kapchorwa DLG

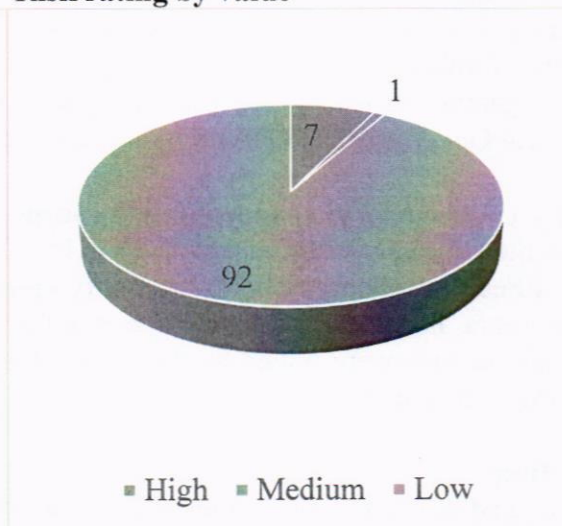
Risk Category	Number of Sampled Procurements	%Number	Value(UGX)	% Value
High	3	37.5	302,275,100	7.310562958
Medium	1	12.5	40,000,000	0.967405249
Low	4	50	3,792,496,760	91.72203179
Satisfactory				
Total	8	100	4,134,771,860	100

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

Risk rating by number



Risk rating by value



3.2 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 in Table 12:

Table 12: Showing the Entity's risk score both by number and value of sampled procurements.

Risk category	Rating (By Number)	Weights	Total weighted Average	Rating (By Value)	Weights	Total weighted Average
High	37.5	0.6	22.5	7	0.6	4.386337775
Medium	12.5	0.3	3.75	1	0.3	0.290221575
Low	50	0.1	5	92	0.1	9.172203179
Satisfactory		0	0		0	0
Total	100	1	31.25	100	1	13.84876253

$$\text{Weighted Average (By no.)} = \sum \text{Weighted Score} \times 100 = \frac{31.25}{60} \times 100 = 52\%$$

$$\text{Weighted Average (By Value)} = \sum \text{Weighted Score} \times 100 = \frac{13.8}{60} \times 100 = 23\%$$

$$\text{Combined Weighted Average} = \frac{52+23}{2} = 37.5\%$$

3.3 Risk rating criteria

The table below shows the risk rating criteria:

Table 13: Showing the risk rating criteria

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

3.4 Overall Compliance Inspection Conclusion

The performance of Kapchorwa District Local Government for the Financial Year 2021/22 was Moderately **Satisfactory** with overall weighted average risk rating of **37.5%**.

3.5 Recommended Action Plan

Kapchorwa District Local Government should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 14: Recommended Action Plan

No.	Recommendation	Target Date
1.	The Accounting Officer should liaise with the Authority to have an induction training conducted for the Contracts Committee members and other stakeholders in how to efficiently and effectively execute their roles and responsibilities in the procurement and disposal process	June 2023
2.	The Accounting Officer should ensure that the Internal Auditor conducts an annual comprehensive review of the procurement procedures of the Entity in accordance with Regulation 28 of the Local Governments (PPDA) Regulations, 2006.	June 2023
3.	The Authority recommends that the Accounting Officer should 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 as amended to ensure improved performance.	June 2023
4.	The Accounting Officer should ensure that the uptake of the Force Account mechanism is in concert with Section 95A of the PPDA Act, 2003 and the PPDA (force Account Mechanism) Regulations, 2014.	June 2023
5.	The Accounting Officer with support from Internal Audit should come up with a strong mechanism that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others.	June 2023
6.	The Heads of User Departments should ensure that the evaluation criteria recommended is fit for the purpose of the procurements in accordance with Regulation 48 of the LG (PPDA) Regulations, 2006.	June 2023
7.	The Accounting Officer should caution the evaluation committee members for the above mentioned procurement against violating the set evaluation criteria and the Head of Procurement and Disposal Unit should ensure that all evaluations are conducted in line with the criteria set in the bidding document in accordance with Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006.	June 2023
8.	<ul style="list-style-type: none"> • Contract Managers should always monitor contracts effectively and ensure that in case of any need for extension of the contract completion period, this is done in time in accordance with Regulation 119(10) and (c) of the Local Governments (PPDA) Regulations, 2006. • The Accounting Officer should strengthen contracts management and supervision so as to ensure that the contract objectives are achieved within the constraints of cost, quality and time. 	June 2023
9.	The Accounting Officer should ensure that in future UGIFT procurements, contract management teams are duly appointed	June 2023

No.	Recommendation	Target Date
	immediately after contract signature in accordance with the circular on contract management and safeguard requirements under the Uganda Intergovernmental Fiscal Transfer Program for Results by the Ministry of Finance Planning and Economic Development.	
10.	The Ministry of Health should when setting the evaluation criteria for hybrid procurements, consider the objectives of the procurement and the necessary requirements to satisfactorily perform the contract and set a suitable and appropriate evaluation criteria and methodology that can lead to the procurement of the right contractors.	June 2023
11.	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.	June 2023
12.	The Accounting Officer should ensure that where performance securities are required, no contracts should be signed before the firms furnish the Entity with the required performance securities in the right format in accordance with the Special Conditions of Contract and Regulation 102 of the Local Government (PPDA) Regulations, 2006.	June 2023
13.	The Accounting Officer should task the District Engineer to draft detailed BOQs for each of the three phases and ensure that the contract is amended to include a provision for all the three phases i.e. duration and scope.	June 2023

Annex A: Findings and rating on the individual contracts reviewed

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Supply of pipes to water department Contract amount: 110,000,000 Contractor: Reliefline (U) Limited Procurement Method: Open National Bidding</p>	<ul style="list-style-type: none"> Contract signed by unauthorised personnel: contract was signed by Mr. Tamatan Reddappa Reddy instead of Mr. Yalamati Srinivas Chaitanya. Crest tanks (U) limited was eliminated on the basis of not submitting a code of conduct for bidders and providers, code of conduct for contractor's personnel However, these criteria had not been stated in the solicitation document. Additionally, there was no detailed technical evaluation criteria in the solicitation document.
2.	<p>Subject: Extension of Registry block in Kapchorwa DLG Headquarters Procurement method: Selective bidding Contractor: Sky Extra Enterprises Ltd Contract value: UGX 42,275,200</p>	<p>Bidding</p> <ul style="list-style-type: none"> Low bidder participation as only one firm submitted their bid. The Best Evaluated Bidder, Sky Extra Enterprises Limited was not compliant on the requirement of possession of a social Development Officer, with a diploma in Social work and 2 years' general experience. Sky Extra Enterprises Ltd (BEB) did not attach a Health and Safety Officer with a certificate in Public Health and 3 years' general experience in construction. Completion certificate.
3.	<p>Supply of Fuel Oils and Lubricants Contractors: Hass Petroleum Uganda Limited and Fahaab Energy Limited Procurement Method: Open National Bidding Contract Price: 150,000,000</p>	<p>Irrelevant evaluation criteria. under technical evaluation bidders were required to submit experience as prime contractors in cleaning services, capacity to comprehend environmental and social impact that may arise before, during and after execution of the project and to provide evidence of possession of an environmental officer, social development officer e.t.c which were irrelevant for this procurement.</p>

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	<p>Pipes Laying and intake work for Kabeywa – Chepterech water system Procurement method: Selective bidding Contractor: Bethel Contractors Co. Ltd Contract Value: UGX 40,000,000</p>	<ul style="list-style-type: none"> Low bidder participation as only one bidder was received. Poor market price assessment. There was a variance of UGX 4,362,000 between estimated amount of UGX 35,638,000 and contract value of UGX 40,000,000.

No	LOW RISK	REASONS FOR LOW RISK
1.	<p>Construction of 2 stance brick lined latrine at Kapchai P/S Procurement method: Selective bidding Contractor: Bethel Contractors Ltd Contract value: UGX 10,070,000</p>	<p>Low bidder participation as only two bids were received out of the invited bidders.</p>

2.	<p>Subject: Management of Kaserem market</p> <p>Procurement method: Open domestic bidding</p> <p>Contractor: Sebei overall General Agencies Ltd</p> <p>Contract value: UGX 23,000,000</p>	<p>Planning and Imitation</p> <ul style="list-style-type: none"> • There was delayed initiation whereby confirmation of funding was done on 19/05/2021 and funding was done on 26/08/2021. <p>Bidding document</p> <ul style="list-style-type: none"> • Low bidder participation
3.	<p>Construction of kaptanya Seed Secondary School in Kapchorwa DLG</p> <p>Contractor: BAM Construction and Surveyors Limited</p> <p>Contract Amount: 3,059,426,760</p> <p>Procurement Method: Open National Bidding</p>	<p>Delay: Whereas the contractor signed on 13th October 2022, the Entity hasn't signed yet</p> <p>No bids for BAM Construction and Surveyors Limited</p>
4.	<p>Construction of Teryet Seed Secondary School</p> <p>Contract Amount: 2,214,633,032</p> <p>Contractor: Ngujjo Investments Limited</p> <p>Procurement Method: Open National Bidding</p>	<p>Signing a contract without specifying the scope of works: Whereas the entire project sum was UGX 2,154,193,000, the Entity opted for a phased arrangement spanning three financial years, however, the scope of works for each phase was not defined in the contract.</p>

PERFORMANCE ON UGIFT PROJECTS CONDUCTED IN PREVIOUS FINANCIAL YEARS

1.	<p>Subject: Construction of Seed Secondary School at Kabeywa</p> <p>Procurement method: Open Domestic Bidding</p> <p>Contractor: Bam Construction and Surveyors Ltd</p> <p>Contract value: UGX 2,056,508,003</p> <p>The completion date 2023</p>	<p>Wrong format of performance bond</p>
2.	<p>Upgrade of Ngangata HC II TO HC 111</p> <p>Contract Amount: 647,679,694</p> <p>Contractor: Cab Uganda Limited</p> <p>Procurement method: Open National Bidding</p>	<ul style="list-style-type: none"> • No advance payment security, yet advance payment amounting to UGX 182, 645, 674 was effected on 17th February 2020. • Delayed completion of works: the initial project period was six months starting on 12th December 2019 but expiring on 12th June 2020 however works were completed on 20th October 2021. • Missing records: evidence of contract extension i.e. contract expired on 12th June 2020 but by 18th July 2020 works were at 85% as noted from the progress report dated 18th July 2020.

		<ul style="list-style-type: none"> • Failure to appoint a contract management team I.e. only the supervisor of works was appointed. • No evidence of submission of a performance security yet GCC 52.1 stated that a 10% performance security would be required. • Inadequate evaluation criteria: The evaluation criteria were not adequate and did not cater for the project in its entirety for instance. Whereas, there were four health centres each valued at UGX 647,679,694 totalling to UGX 2,590,718,776, bidders were only required to provide evidence of experience in similar contracts amounting to UGX 1,000,000,000 and turnover amounting to UGX 1,000,000,000 which was not commensurate to the magnitude of the project. <p>The provider submitted an insurance bond from excel insurance which was conditional and not in the format issued in the standard bidding documents issued by PPDA</p>
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Annex B: Sample list for the compliance inspection of Kapchorwa DLG for FY 2021/22

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Rating
1.	Kapc852/supls/22-23/00003	Supply of fuel oils and lubricants	Open National Bidding	Hass Petroleum Uganda Limited and Fahaab Energy Limited	150,000,000	High
2.	MoES/UgIFT/WRKS/2021-2022/00005/lot-34	Construction of kaptanya Seed Secondary School in Kapchorwa DLG	Open National Bidding	BAM Construction and Surveyors Limited	3,059,426,760	Low
3.	Kapc520/SUPLS/21-22/00022	Supply of pipes to water department	Open National bidding	Relief Line Uganda Ltd	110,000,000	High
4.	Kapc520/SUPLS/21-22/00001	Construction of Teryet Seed Secondary School	Open National bidding	Ngujjo Investments Ltd	700,000,000	Low
5.	Kapc520/SRVCS/21-22/00005	Management of Kaserem market	Open National Bidding	Sebei overall General Agencies Ltd	23,000,000	Low
6.	Kapc520/SUPLS/21-22/000015	Construction of a 2 stance brick lined latrine at Kapchai S/C	Selective bidding	Bethel Contractors Ltd	10,070,000	Low
7.	Kapc520/SUPLS/21-22/00025	Extension of Registry block	Selective bidding	Sky Extra Ltd	42,275,100	High
8.	Kapc520/SUPLS/21-22/00027	Pipes laying and intake work for Kabeywachepterech water system	Selective bidding	Bethel Contractors Ltd	40,000,000	Medium

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1.	MOH-UgIFT/Wrks/19-20/0001-16	Upgrade of Ngangata HC II TO HC 111	Open National Bidding	Cab Uganda Limited	647,679,694	Medium
2.	MOES-UgIFT/Wrks/19-20/0001-16	Construction of Seed Secondary School at Kabeywa	Open Domestic Bidding	Bam Construction and Surveyors Ltd	2,056,508,003	Medium