



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

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

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

**KIRUHURA DISTRICT LOCAL GOVERNMENT**

**MAY 2023**

## TABLE OF CONTENTS

Contents	
TABLE OF CONTENTS .....	ii
ACRONYMS .....	iii
EXECUTIVE SUMMARY .....	1
CHAPTER 1: INTRODUCTION .....	2
1.1 Structure of the Entity .....	2
1.2 Background .....	2
1.3 Main Audit Objectives .....	2
1.4 Audit Scope .....	2
1.5 Audit Methodology .....	3
CHAPTER 2: AUDIT FINDINGS, IMPLICATIONS, AND RECOMMENDATIONS.....	4
2.1 Level of compliance of the Entity with the general provisions under the PPDA Act, 2003, and Local Governments (PPDA) Regulations, 2006.....	4
2.1.1 Implementation of previous recommendations .....	4
2.1.2 Assets Management .....	4
2.1.3 Disposal of Kiruhura District Local Government’s obsolete assets.....	7
2.1.4 Procurement plan implementation.....	8
2.2 Level of compliance of procurement and disposal processes with the PPDA Act, 2003, and Local Government Regulations 2006.....	8
2.2.1 Low bidder participation.....	8
2.2.2 Submission of falsified tax clearance certificates .....	9
2.2.3 Signing a contract without Solicitor General approval.....	9
2.2.4 Signing contracts with unauthorized bidder representatives.....	10
2.2.5 Delayed procurement processes .....	11
2.3 Level of efficiency and effectiveness during contract implementation.....	12
2.3.1 Delayed completion of contracts .....	12
2.3.2 Implementation of environmental, social, and health safety requirements .....	13
CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY .....	15
3.1 Overall Audit Conclusion .....	15
3.2 Recommended Action Plan.....	17
Annex A: Medium-risk rated individual contracts reviewed.....	18
Annex B: Transaction list and rating per case .....	19
Annex C: Risk Rating Criteria .....	21
Annex D: Physical Verification .....	22

## List of Tables

Table 1: Analysis of Population and Sample Selected for Audit of FY 2021/22.....	3
Table 2: Assets that require engraving.....	4
Table 3: Untitled Land .....	5
Table 4: Kiruhura District Local Government’s encroached land .....	6
Table 5: Items recommended for Disposal .....	7
Table 6: Analysis of procurement plan performance.....	8
Table 7: Low Bidder Participation .....	8
Table 8: Contracts signed by Unauthorized Personnel .....	10
Table 9: Procurements whose planned timelines were exceeded during implementation.....	11
Table 10: Procurements with Delayed Completion .....	12
Table 11: Risk Rating .....	15
Table 12: Summary of performance of Kiruhura District Local Government.....	15
Table 13: Recommended Action Plan .....	17

## ACRONYMS

CC	Contracts Committee
FY	Financial Year
HC	Health Centre
Ltd	Limited
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SLAC	Systematic Land Adjudication and Certification programme
SUPLS	Supplies
SVRCS	Services
UPDF	Uganda People's Defence Forces
VIP	Ventilated Improved Pit
WRKS	Works

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the procurement and disposal audit of Kiruhura District Local Government that covered a representative sample of 20 procurement transactions under the Financial Year 2021/22.

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

From the findings of the procurement audit exercise, the performance of Kiruhura District Local Government for the Financial Year 2021/22 was **Satisfactory** with an overall weighted average risk rating of **21%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

Despite this satisfactory performance, the following exceptions were noted:

1. Kiruhura District Local Government failed to implement 57% of the Authority's previous audit recommendations. This is a red flag for weak internal controls and affects the performance of the procurement and disposal function in the Entity.
2. Various movable assets and plots of land belonging to Kiruhura District Local Government Council were neither engraved with a unique identification mark nor titled. This resulted in various plots of land owned by the Kiruhura District Local Government being encroached upon and used by unauthorized personnel. This also exposes the District assets to theft and pilferage since they cannot be identified and renders tracking and tracing of unlabeled assets problematic.
3. Failure to dispose of obsolete assets that were recommended by the Board of Survey report. This inhibits the achievement of value for money as funds are held up in assets and also lost through depreciation.
4. Kiruhura District Local Government signed two contracts worth UGX 70,214,750 with providers' representatives who had no Powers of Attorney which is irregular and makes the resultant contract voidable.
5. Slow implementation of works and delivery of goods in four procurement transactions worth UGX 580,506,589. This results in a risk of committing more resources to the project than had been anticipated in terms of staff and time.
6. There was poor waste disposal at the Kiruhura District Local Government headquarters as the Entity carried out open burning of waste and did not sort the plastics. This portrays a poor image of the Government as an enforcer of proper waste management and environmental protection within the district.

The Authority recommends that:

1. The Accounting Officer should;
  - (i) Ensure that all; all recommendations by the Authority are shared with all Departments of the Entity and institute a mechanism to ensure full implementation.
  - (ii) Engrave all assets of the Kiruhura District Local Government and also process land titles for all its untitled land.
  - (iii) Dispose of all obsolete assets identified by the Board of Survey following Regulation 122 of the Local Governments (PPDA) Regulations, 2006.
  - (iv) Desist from signing contracts with unauthorized personnel in accordance with Regulation 88 of the Local Governments (PPDA) Regulations, 2006

2. Contract supervisors should supervise providers to perform their contractual obligations following the terms and conditions specified in the contract following Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006.
3. Kiruhura District Local Government should adopt proper waste management to act as a benchmark for the surrounding community.

Kiruhura District Local Government should implement the recommended action plan on **page 16**.

## CHAPTER 1: INTRODUCTION

### 1.1 Structure of the Entity

Section 26 (1) of the PPDA Act, 2003 gives the Accounting Officer the overall responsibility for the successful execution of the procurement and disposal process in the Procuring and Disposing Entity. Section 26 (1) (a) and (c) specifically gives the responsibility to the Accounting Officer to cause the establishment of a Procurement and Disposal Unit and Contracts Committee staffed at an appropriate level.

The Entity had a substantive Accounting Officer, a Procurement and Disposal Unit, and a Contracts Committee. Adhoc Evaluation Committees were appointed for each procurement transaction.

### 1.2 Background

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

### 1.3 Main Audit Objectives

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

The specific objectives were to:

- i. Establish the level of compliance by the Entity with the general provisions of the PPDA Act 2003 and Regulations 2006;
- ii. Establish the level of compliance of procurement and disposal processes with the PPDA Act, 2003 and Regulations 2006; and
- iii. Assess the level of efficiency and effectiveness in contract implementation.

### 1.4 Audit Scope

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

**Table 1: Analysis of Population and Sample Selected for Audit of FY 2021/22**

No	POPULATION			SAMPLE		PERCENTAGE	
	Procurement method	Value (UGX)	No	Value (UGX)	No	Value	No
1.	Open Bidding	4,150,338,179	28	1,235,675,703	13	46%	30%
2.	Selective Bidding	1,196,154,193	14	410,003,050	5	36%	34%
3.	Micro procurements	458,925,040	125	-	-	-	-
4.	Direct procurement	276,762,930	3	128,229,074	2	67%	46%
<b>TOTAL</b>		<b>6,082,180,342</b>	<b>170</b>	<b>1,773,907,827</b>	<b>20</b>	<b>12%</b>	<b>29%</b>

**1.5 Audit Methodology**

An entry meeting was held on **6<sup>th</sup> December 2022**. At the meeting, the objectives of the audit were discussed as well as the timelines, roles, and responsibilities. The Entity's 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.

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

At the end of the field data collection, a debriefing meeting was held on **15<sup>th</sup> December 2022** with the Accounting Officer to clear all pending issues that arose during the audit before the auditors embarked on the preparation of the management letter. The management letter was sent to the Entity on **17<sup>th</sup> January 2023** with a request to submit a management response by **30<sup>th</sup> January 2023**. The exit meeting was held on **13<sup>th</sup> April 2023** at the PPDA Western Regional office premises in Mbarara.

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

## CHAPTER 2: AUDIT FINDINGS, IMPLICATIONS, AND RECOMMENDATIONS

### 2.1 Level of compliance of the Entity with the general provisions under the PPDA Act, 2003, and Local Governments (PPDA) Regulations, 2006

The following areas of non-conformity were observed;

#### 2.1.1 Implementation of previous recommendations

Kiruhura District Local Government failed to implement 57% of the Authority's recommendations contained in the procurement and disposal compliance inspection report for FY 2019/20 contrary to Regulation 14 (k) of the Local Governments (PPDA) Regulations 2006. These include;

- i. Arithmetic error corrections were still not being communicated to the concerned bidders.
- ii. Procurements were still initiated late and as a result planned timelines were exceeded.
- iii. Low bidder participation still existed in the Entity.
- iv. Contract supervisors still failed to enforce the performance security requirement.

#### Implication

The issues raised during the compliance inspection are still occurring in the Entity despite the Authority making recommendations to rectify them. This is a red flag for weak internal controls and affects the performance of the procurement and disposal function in the Entity.

#### Management Response

*Management noted the query and took note of the Auditor's recommendation to make sure that all recommendations made by the Authority are implemented.*

#### Recommendation

The Accounting Officer should ensure that all recommendations made by the Authority are fully implemented following Regulation 14 (k) of the Local Governments (PPDA) Regulations 2006.

#### 2.1.2 Assets Management

The audit revealed the following exceptions;

##### a) Engraving of Kiruhura District Local Government's assets

The board of survey report for the Financial Year 2020/2021 revealed that various movable assets belonging to Kiruhura District Local Government such as furniture, office, and ICT equipment were neither engraved nor labeled with a unique identification mark. These assets are listed in Table 2 below:

**Table 2: Assets that require engraving**

S/N	Location	Asset Description	Quantity
1.	PAS Office	High Back Executive Chairs	2
2.	CAO's Office	Water dispenser	1
3.	PHRO's Office	Laptop Computer	1

S/N	Location	Asset Description	Quantity
4.	DSC secretary	Laptop	1
5.	Administration Block	Solar Batteries	15
6.	Board Room	Staking Chairs	17
		Samsung TV screen	1
		Decoder	
7.	Water and Sanitation Unit	GPS Garmin	1
8.	LCV Office	Executive leather chair	1
		Table and shelf sideboard	1
9.	Finance Department	Short metallic cabinets	1
		Big wooden table	1
10.	Server room	Wooden shelves	9
11.	Natural Resources	7 chairs, tables 4, cabin,	11
		Shelves	2

### Implications

- Assets of the District are prone to theft and pilferage since they cannot be identified.
- This implies that tracking and tracing of unlabeled assets is problematic.

### Management Response

*Management noted the query and took note of the Auditor's recommendation to that all assets of the district are labeled.*

### Recommendation

The Accounting Officer should ensure that all assets of the district are labeled to ease identification of obsolete ones to be subjected to disposal in accordance with Regulation 122 (6) of the Local Government (PPDA) Regulations, 2006.

### b) Titling of land

The board of survey report for the Financial Year 2021/2022 revealed that Kiruhura District Local Government owned various plots of land that either had no titles. Some of the district's untitled land is detailed in Table 3 below;

**Table 3: Untitled Land**

S/N	Land Location	Issue observed
1.	Kinoni Sub-county Headquarters in Kasana Parish	Untitled land
2.	Ruyonza valley tank	Untitled land
3.	Orubare valley dam	Untitled land
4.	Muryampinguzi valley dam	Untitled land
5.	Ekikinga Swamp	Untitled land
6.	Keitanturegye	Untitled land

S/N	Land Location	Issue observed
7.	Kabuyanda 1 Valley tank	Untitled land
8.	Kyabagyenyi valley dam	Untitled land
9.	Rwamassi road camp	Untitled land
10.	Kigando parish land	Untitled land

### Implications

The district's land is susceptible to grabbing and theft.

### Management Response

*Management embarked on the titling of Government lands within its limited resources and a few titles have been secured. However, under SLAC project all Government lands within the areas of Kanyaryeru, Sanga, Akyanja, Sanga Town Council will be titled and titles are about to be received.*

### Recommendation

The Accounting Officer should ensure that land titles are processed for all untitled district land.

### c) Encroachment of District's land by unauthorized personnel

The audit revealed that various plots of land owned by the Kiruhura District Local Government had been encroached upon and used by unauthorized personnel. Some of the encroached plots of land are listed in Table 4 below;

**Table 4: Kiruhura District Local Government's encroached land**

S/N	Land Location	Issue observed
1.	Ruyonza valley tank	Untitled land and encroached
2.	Kishangura Dam	Untitled land and encroached
3.	Orubare valley dam	Untitled land and encroached
4.	Kashwa ward	Land used as Rugongi dam heavily encroached

### Implications

- Kiruhura District Local Government land was encroached on by squatters.
- The District's land has been grabbed and stolen.

### Management Response

*We take note of the audit finding on land encroachment. Nonetheless, the District is in the process of acquiring land titles for all its land.*

### Recommendation

The Accounting Officer should ensure all persons utilizing the Council's land are properly documented through leases and recover the encroached land.

### 2.1.3 Disposal of Kiruhura District Local Government's obsolete assets

The Authority noted that despite having a board of survey report for the Financial Year 2021/2022 which recommended various assets for disposal, Kiruhura District Local Government did not dispose of any asset contrary to Regulation 122 of the Local Governments (PPDA) Regulations, 2006. The board of survey report recommended the items in Table 5 below to be disposed of.

**Table 5: Items Recommended for Disposal**

S/N	Asset Category	Asset Description
1	Transport Equipment	Pick up Single cabin LG 0017-65
		Double cabin pick up 343
		Motorcycle UEK 055z
		Toyota Land Cruiser
		Ambulance UG 3789M
2	ICT Equipment	Digital Camera Donated by EGPAF
		1 laptop used by PHRO
		3 computers for District Chairperson
3	Office Equipment	Paper Shredder
		Fax Machine

Some of the obsolete assets are pictured below;

**Figure 1: Obsolete motor vehicle in the compound**



Figure 1: Pictures showing the obsolete motor vehicle at the Kiruhura District Local Government headquarters. The picture was taken on 13<sup>th</sup> December 2022.

#### **Implication**

Failure to dispose of inhibits the achievement of value for money as funds are held up in assets and also lost through depreciation.

#### **Management response**

*We concur with the observation of the Auditor. The board of survey report for the current financial year 2022/2023 will cater for the obsolete items.*

**Recommendation**

The Accounting Officer should conduct disposal of all the obsolete items identified by the Board of Survey following Regulation 122 of the Local Governments (PPDA) Regulations, 2006.

**2.1.4 Procurement plan implementation**

A review of the quarterly reports submitted revealed that the Entity implemented 99.6% of its procurement plan for the financial year 2021/2022 as of 30<sup>th</sup> June 2022, as detailed in Table 6 below;

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

Total procurement plan value inclusive VAT (UGX)	6,109,092,146
Total procurement spend value inclusive VAT (UGX)	6,082,180,342
Procurement Plan Implementation Rate	99.6%
Procurement Plan Implementation Variance (UGX)	26,911,804

*This was a good performance and the Entity should keep it up.*

**2.2 Level of compliance of procurement and disposal processes with the PPDA Act, 2003, and Local Government Regulations 2006**

The audit revealed the following exceptions;

**2.2.1 Low bidder participation**

The Authority observed that there was low bidder participation within the sampled procurement transactions conducted by the Entity. These procurement transactions under the selective bidding method either had a sole or two (2) bidders responding to bid invitations which was too low;

Table 7 below provides details of procurements with low bidder participation.

**Table 7: Low Bidder Participation**

No.	Subject	Procurement Method	Number of bidders invited	Number of bids received
1.	Construction of a 2-stance VIP latrine and shutting of a community hall at Sanga Sub-County	Selective Bidding	3	2
2.	Supply of 2 laptops and 2 desktop computers	Selective Bidding	3	1

No.	Subject	Procurement Method	Number of bidders invited	Number of bids received
3.	Renovation of Kashongi Community Hall and completion of a classroom block at Rushengyere Primary School	Selective Bidding	3	2

### **Implication**

This implies that there is a loss of confidence by bidders in the procurement processes of the Entity.

### **Management response**

*We take note of the query and the Auditor's recommendation to train bidders on how to prepare responsive bids and provide reassurance to the existing bidders that procurement processes are fair, transparent, and competitive.*

### **Recommendation**

The Accounting Officer should organize a bidder conference to attract new bidders to the District and provide reassurance to existing bidders that procurement processes are fair, transparent, and competitive.

#### **2.2.2 Submission of falsified tax clearance certificates**

The audit team observed that Handz (U) Ltd was eliminated for submitting an invalid transactional tax clearance certificate in the Completion of a Veterinary Laboratory worth UGX 27,295,760. Although the Entity discovered the falsified document, the firm was not forwarded to the Authority for blacklisting.

### **Implication**

Companies with falsified documentation can potentially defraud the Entity and this also amounts to a breach of the ethical code of providers which undermines the principle of ethics.

### **Management response**

*We take note of the query and the Auditor's recommendation to submit firms with falsified documentation for blacklisting.*

### **Recommendation**

The Accounting Officer should always recommend firms with falsified documentation to the Authority for blacklisting.

#### **2.2.3 Signing a contract without Solicitor General approval**

The Authority found that the contract for the construction of 2 staff houses, a placenta pit, and fencing of Rweshande HC II worth UGX 477,157,919 was signed without obtaining Solicitor

General's approval contrary to Regulation 86 (2) (c) of the Local Governments (PPDA) Regulations, 2006.

#### **Implication**

The Entity may not get legal support from the same office in case of litigation.

#### **Management response**

*We note the concern of the audit about clearance from Solicitor General. We wrote to the office but received no response. We were running out of time. The project continued and was completed. We apologize for the decision we made but in the interest of service delivery.*

#### **Recommendation**

The Accounting Officer should desist from signing contracts that require Solicitor General approval before obtaining it in accordance with Regulation 86 (2) (c) of the Local Governments (PPDA) Regulations, 2006.

#### **2.2.4 Signing contracts with unauthorized bidder representatives**

The audit revealed that Kiruhura District Local Government signed two contracts worth UGX 70,214,750 with providers' representatives who had no Powers of Attorney as indicated in Table 8 below:

**Table 8: Contracts signed by Unauthorized Personnel**

No	Subject	Provider	Amount (UGX)	Contract signatory	Power of Attorney
1.	Supply of three (3) Motorcycles	Simba Automotive Limited	40,500,000	Mr. Kisembo Moses	Mr. Chitwa Dogra.
2.	supply of 205 three-seater desks	Walakira Furniture and General Workshop Limited	29,714,750	Only the signature was indicated	The Power of Attorney Mr. Walakira Francis signed as a witness.
<b>Total</b>			<b>70,214,750</b>		

#### **Implication**

Signing contracts with representatives of the provider who have no power of attorney is irregular and makes the resultant contract voidable.

#### **Management response**

*We take note of the query and the Auditor's recommendation to be keen and have contracts signed by authorized personnel.*

### Recommendation

The Accounting Officer should desist from signing contracts with unauthorized personnel in accordance with Regulation 88 of the Local Governments (PPDA) Regulations, 2006.

### 2.2.5 Delayed procurement processes

The Authority observed that the estimated timelines in the procurement plan were exceeded during implementation as shown in Table 9 below:

**Table 9: Procurements whose planned timelines were exceeded during implementation**

No	Subject of procurement	Amount (UGX)	Planned procurement duration	Actual Procurement Duration	Procurement time overrun
1.	Construction of 2 staff houses, placenta pit, and fencing of Rweshande Health Centre II	477,157,919	36 days	160 days	124 days
2.	Completion of a Veterinary Laboratory	27,295,760	28 days	158 days	126 days
3.	Construction of a classroom block at Butembererwa Primary School in the south division	108,891,462	36 days	91 days	55 days
4.	Fencing of Nyakashashara Sub-county Head Quarters	12,590,000	28 days	100 days	72 days
5.	Supply on 205 desks	29,714,750	28 days	89 days	61 days
6.	Construction of a 2-stance VIP latrine and shutting of a community hall at Sanga Sub-County	17,233,438	27 days	105 days	78 days
7.	Construction of VIP Latrines at Kashongi, Bijubwe, and Rwengiri Primary Schools	28,638,718	27 days	100 days	73 days
8.	Supply of 2 laptops and 2 desktop computers	14,700,000	28 days	38 days	10 days

No	Subject of procurement	Amount (UGX)	Planned procurement duration	Actual Procurement Duration	Procurement time overrun
9.	Design and documentation of solar-pumped water system	58,933,920	28 days	81 days	53 days
10.	Upgrade of Nshwere HC II phase II	199,991,203	36 days	110 days	74 days
11.	Renovation of Kashongi Community Hall and completion of a classroom block at Rushengyere Primary School	36,146,179	28 days	166 days	138 days

### Implication

The entity's planned procurement timelines were unrealistic and could result in poor service delivery to the community served.

### Management response

*We take note of the query and however, the procurement process was delayed by the delayed explanation of the President's directive to have projects executed by the UPDF Engineering brigade which was later clarified.*

### Recommendations

The Procurement and Disposal Unit should efficiently implement all procurement processes in accordance with Section 48 of the PPDA Act, 2003.

## 2.3 Level of efficiency and effectiveness during contract implementation

The audit revealed the following exceptions;

### 2.3.1 Delayed completion of contracts

The audit revealed that there was delayed completion of works and delivery of goods in four (04) procurement transactions worth UGX 580,506,589 contrary to Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006. These cases are indicated in table 10 below.;

**Table 10: Procurements with Delayed Completion**

No	Subject of Procurement	Amount (UGX)	Findings
1.	Construction of 2 staff houses, placenta pit, and	477,157,919	According to the only progress report on file dated 15 <sup>th</sup> June 2022, works were incomplete with the gate not yet constructed, placenta pit,

No	Subject of Procurement	Amount (UGX)	Findings
	fencing of Rweshande Health Centre II		and septic pits having pending works. The contract was due to expire on 30 <sup>th</sup> June 2022.
2.	Supply on 205 desks	29,714,750	The contract signed on 25 <sup>th</sup> November 2021 required the desks to be supplied within 30 working days which elapsed on 5 <sup>th</sup> January 2022. According to the goods received note Ref No. 5410 on file, the desks were received on 22 <sup>nd</sup> June 2022. (150 days after contract signing)
3.	Supply of 2 laptops and 2 desktop computers	14,700,000	The contract signed on 2 <sup>nd</sup> May 2022 required the computers to be supplied within 14 working days which elapsed on 20 <sup>th</sup> May 2022. According to the goods received note Ref No. 950 on file, the computers were received on 22 <sup>nd</sup> June 2022. (38 working days after contract signing)
4.	Design and documentation of solar-pumped water system	58,933,920	On 6 <sup>th</sup> April 2022, Mr, Owaruhanga Gad wrote to the Accounting Officer to extend the contract duration to 30 <sup>th</sup> June 2022, yet the contract duration had already elapsed on the same day. Designs were incomplete.
<b>Total</b>		<b>580,506,589</b>	

#### **Implication**

There is a risk that more resources were committed to the project than had been anticipated in terms of staff and time by the Entity to projects that ought to have been completed.

#### **Management response**

*We take note of the query and the Auditor's recommendation to ensure that contract supervisors perform their duty.*

#### **Recommendation**

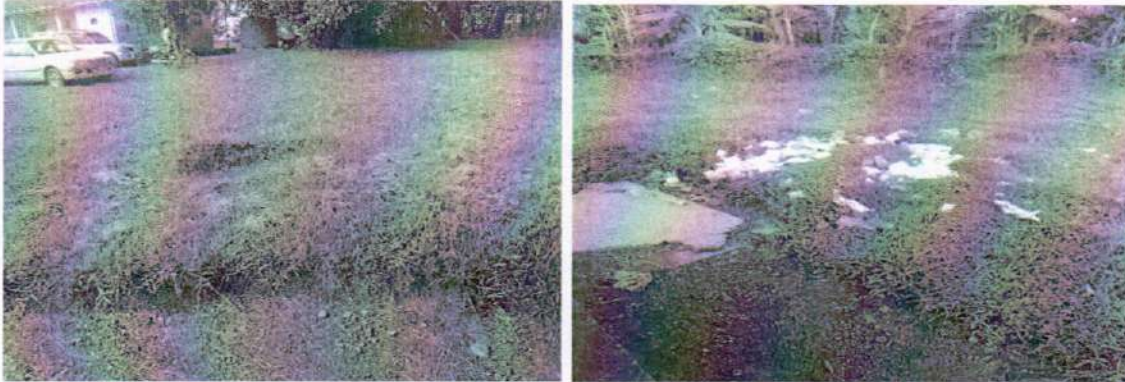
Contract supervisors should supervise providers to perform their contractual obligations following the terms and conditions specified in the contract following Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006.

#### **2.3.2 Implementation of Environmental, Social, and Health Safety requirements**

The audit revealed the following exceptions;

**a) Waste disposal management at Kiruhura District Local Government Headquarters**

The auditors observed that waste disposal at the Kiruhura District Local Government headquarters was poor with the compound dirty with slashed grass all over. The Entity also carried out open burning of waste paper and did not sort the plastics as shown in the pictures below.



**Implication**

This portrays a poor image of the Government as an enforcer of proper waste management and environmental protection within the district.

**Management response**

*We take note of the query and the Auditor's recommendation for proper waste management to be incorporated in the next budget.*

**Recommendation**

Kiruhura District Local Government should adopt proper waste management to act as a benchmark for the surrounding community.

### CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section graphically presents the scores per area assessed under the different audit questions

#### 3.1 Overall Audit Conclusion

The performance of Kiruhura District Local Government for the Financial Year 2021/22 was **Satisfactory** with an overall weighted average risk rating of **21%**. The risk rating is as follows;

**Table 11: Risk Rating**

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

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

**Table 12: Summary of performance of Kiruhura District Local Government**

Risk category	No.	No. %	Value	Value %	Weights	Total Average weighted	
						By No.	By Value
High	0	0	0	0	0.6	0	0
Medium	5	25	621,006,589	35	0.3	7.5	10.5
Low	8	40	467,686,260	26	0.1	4	2.6
Satisfactory	7	35	685,214,978	39	0	0	0
<b>Total</b>	<b>20</b>	<b>100</b>	<b>1,773,907,827</b>	<b>100</b>	<b>1</b>	<b>11.5</b>	<b>13.1</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{11.5}{60} \times 100 = 19\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{13.1}{60} \times 100 = 22\%$$

$$\text{Combined Weighted Average} = \frac{19 + 22}{2} = 21\%$$

Figure 3: Risk Rating by Number

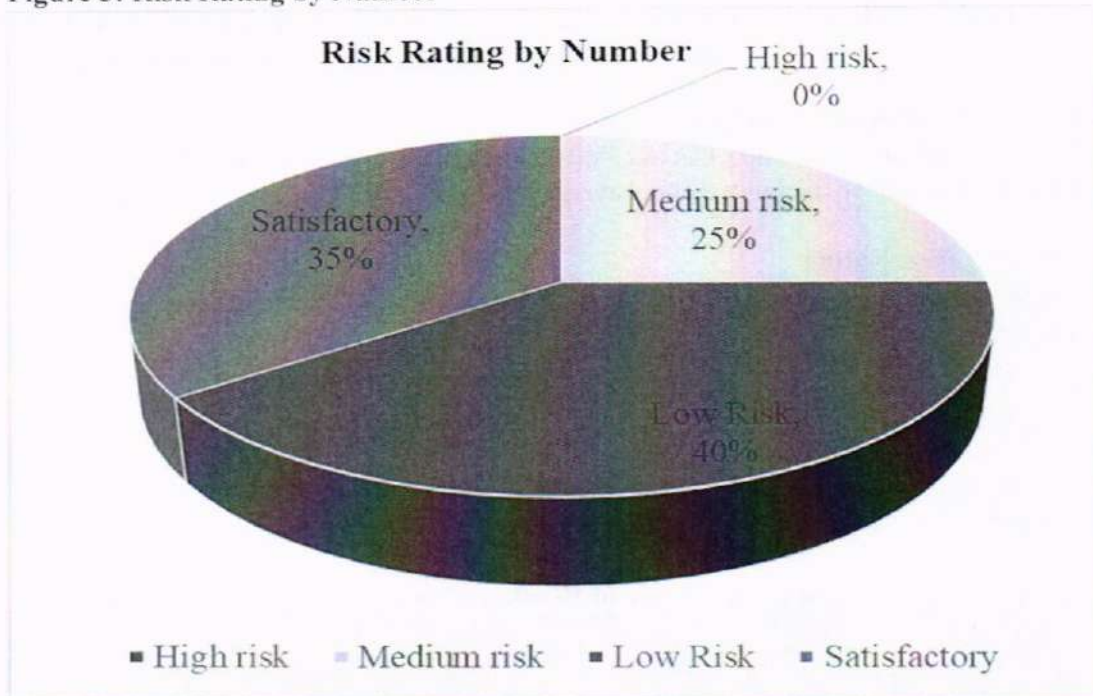
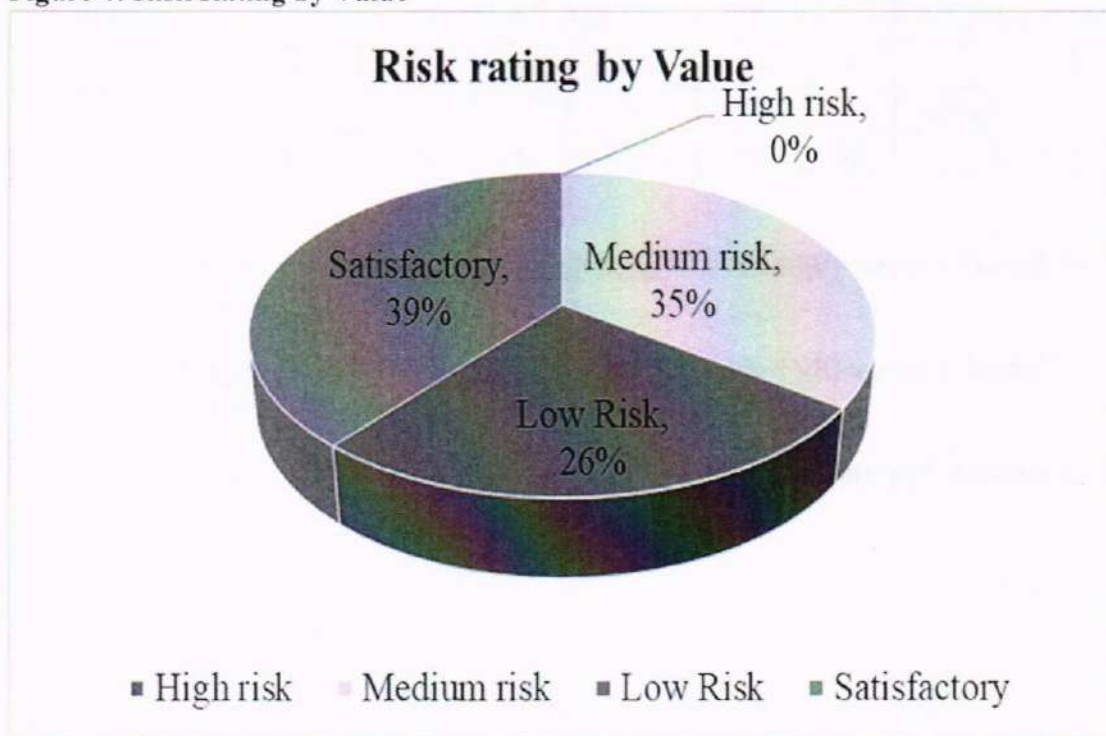


Figure 4: Risk Rating by Value



### 3.2 Recommended Action Plan

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

**Table 13: Recommended Action Plan**

No.	Recommendation	Action Party	Action Date
1.	The Accounting Officer should ensure that all recommendations by the Authority are shared with all Departments of the Entity and institute a mechanism to ensure full implementation.	Accounting Officer	August 2023
2.	The Accounting Officer should engrave all District assets and also process land titles for all untitled Council land.		
3.	The Accounting Officer should conduct disposal of all the obsolete items identified by the Board of Survey.		
4.	The Accounting Officer should desist from signing contracts with unauthorized bidder representatives and before obtaining Solicitor General approval when necessary.		
5.	The Accounting Officer should ensure all persons utilizing the Council's land are properly documented through leases and recover the encroached land.		
6.	The Accounting Officer should always recommend firms that submit falsified documentation to the Authority for blacklisting.		
7.	Contract supervisors should supervise providers to perform their contractual obligations following the terms and conditions specified in the contract following Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006.	User departments	Immediately
8.	Kiruhura District Local Government headquarters should adopt proper waste management to act as a benchmark for the surrounding community.	All	August 2023

**Annex A: Medium-risk rated individual contracts reviewed**

No	Subject of Procurement	Reasons for the Medium -risk rating
1.	Construction of 2 staff houses, placenta pit, and fencing of Rweshande HC II	The contract was signed without the Solicitor General's approval
2.	Supply of 3 motorcycles	Signing a contract with unauthorized representatives
3.	Supply on 205 desks	Signing a contract with unauthorized representatives Delayed delivery of goods
4.	Design and documentation of solar-pumped water system	Delayed completion of designs
5.	Supply of 2 laptops and 2 desktop computers	Delayed delivery of goods

**Annex B: Transaction list and rating per case**



No	Subject of Procurement	Method of Procurement	Provider	Amount	Risk rating
1.	Construction of a classroom block at Butembererwa Primary School	Open Domestic Bidding	Trek Legacy Company	108,891,462	Low Risk
2.	Construction of 2 staff houses, placenta pit, and fencing of Rweshande HC II	Open Domestic Bidding	Byabeki Technical Services Limited	477,157,919	Medium Risk
3.	Supply of a water quality testing kit	Open Domestic Bidding	Wagtech Environmental (Uganda) Ltd	34,399,999	Satisfactory
4.	Construction of a solar-pumped water system at Rwabarata Phase II	Open Domestic Bidding	Ferest Investments Limited	53,105,609	Satisfactory
5.	Construction of a lined VIP Latrine at Kidega RGC	Open Domestic Bidding	Bamer Construction Company Limited	20,883,991	Satisfactory
6.	Construction of 2 rainwater harvesting tanks	Open Domestic Bidding	Jahe Building Contractors Ltd	31,000,000	Satisfactory
7.	Supply of 3 motorcycles	Open Domestic Bidding	Simba Automotive Limited	40,500,000	Medium Risk
8.	Supply on 205 desks	Open Domestic Bidding	Walakira Furniture and General Workshop Limited	29,714,750	Medium Risk
9.	Design and documentation of solar-pumped water system	Open Domestic Bidding	Week field Ltd	58,933,920	Medium Risk
10.	Fencing of Nyakashashara Sub-county Head Quarters	Selective Bidding	Bamer Construction Company Limited	12,590,000	Low Risk
11.	Completion of a Veterinary Laboratory	Selective Bidding	Bamer Construction Company Limited	27,295,760	Low Risk
12.	Construction of 2 staff houses at Kitura HC II & Rweshande HC II	Open Domestic Bidding	Skylight General Services Limited	299,935,634	Satisfactory

No	Subject of Procurement	Method of Procurement	Provider	Amount	Risk rating
13.	Upgrade of Nshwere HC II phase II	Open Domestic Bidding	Mket Technical Services Limited	199,991,203	Low Risk
14.	Renovation of Kashongi Community Hall and completion of a classroom block at Rushengyere Primary School	Selective Bidding	Jahe Building Contractors Ltd	36,146,179	Low Risk
15.	Construction of VIP Latrines at Kashongi, Bijubwe, and Rwengiri Primary Schools	Selective Bidding	Hillar Technical and Engineering Services Limited	28,638,718	Low Risk
16.	Construction of a 2-stance VIP latrine and shutting of a community hall at Sanga Sub-County	Selective Bidding	Bamer Construction Company Limited	17,233,438	Low Risk
17.	Periodic maintenance of the first section of the Sanga-Kibega road	Force Account	District Engineer	36,899,500	Low Risk
18.	Construction of three (3) 50cm <sup>3</sup> rainwater harvesting tanks Lot 1	Direct Procurement	Mket Technical Services Limited	132,360,671	Satisfactory
19.	Construction of three (3) 40cm <sup>3</sup> and one (1) 20cm <sup>3</sup> rainwater harvesting tanks Lot 2	Direct Procurement	Jahe Building Contractors Ltd	113,529,074	Satisfactory
20.	Supply of 2 laptops and 2 desktop computers	Selective Bidding	Jafrote Investment Ltd	14,700,000	Medium Risk
<b>Total</b>				<b>1,773,907,827</b>	

**Annex C: Risk Rating Criteria**

<b>RISK</b>	<b>DESCRIPTION</b>
<b>HIGH</b>	Such procurements are considered to have serious weaknesses, which could cause material financial loss or carry the risk for the regulatory system or the Entity's reputation. Such cases warrant immediate attention by Senior Management. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".
<b>MEDIUM</b>	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls are put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands-on management control and oversight" at an appropriate level of seniority.
<b>LOW</b>	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practices. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.
<b>SATISFACTORY</b>	Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.

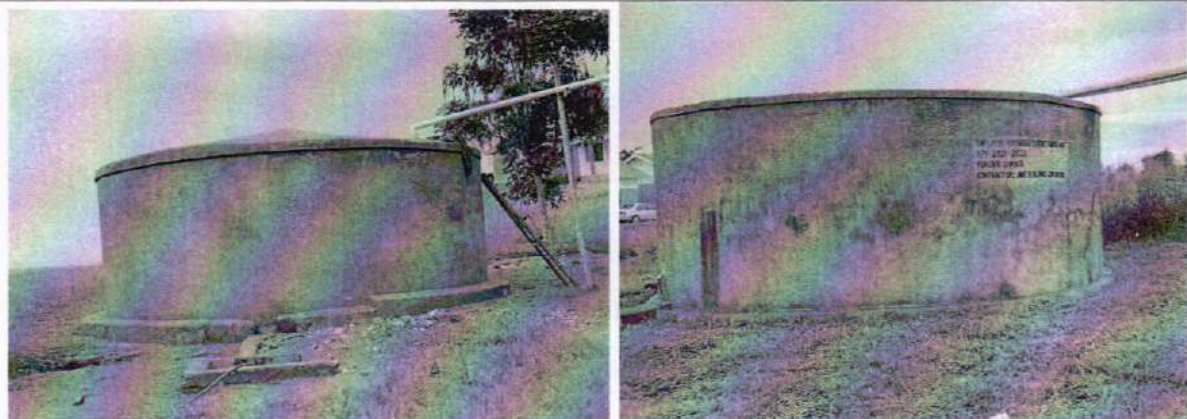
**Annex D: Physical Verification**

<b>Case 18</b>	<b>Contract value (UGX): 132,360,671</b>
<b>Contract:</b> Construction of three (3) 50cm <sup>3</sup> rainwater harvesting tanks Lot 1	
<b>Provider:</b> Mket Technical Services Limited	
<b>Status of Works:</b> The works were completed.	
	
<b>Case 13</b>	<b>Contract value (UGX): 199,991,203</b>
<b>Contract:</b> Upgrade of Nshwere HC II phase II	
<b>Provider:</b> Mket Technical Services Limited	
<b>Status of Works:</b> The works were completed.	
	

<b>Case 11</b>	<b>UGX: 299,935,634</b>
<b>Contract:</b> Construction of 2 staff houses at Kitura HC II & Rweshande HC II	
<b>Provider:</b> Skylight General Services Limited	
<b>Status of Works:</b> The works were completed.	



<b>Case 6</b>	<b>UGX: 31,000,000</b>
<b>Contract:</b> Construction of 2 rainwater harvesting tanks	
<b>Provider:</b> Jahe Building Contractors Ltd	
<b>Status of Works:</b> The works were completed.	

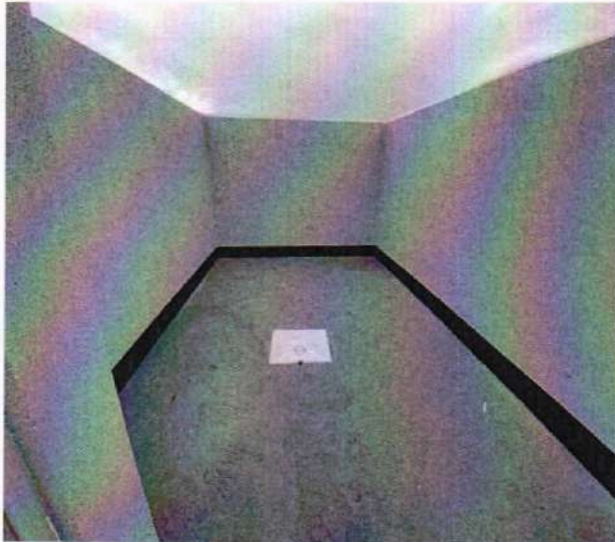


<b>Case 2</b>	<b>UGX: 477,157,919</b>
---------------	-------------------------

**Contract:** Construction of 2 staff houses, placenta pit, and fencing of Rweshande HC II

**Provider:** Byabeki Technical Services Limited

**Status of Works:** The works were completed.



**Case 11**

**UGX:** 27,295,760

**Contract:** Completion of a Veterinary Laboratory

**Provider:** Bamer Construction Company Limited

**Status of Works:** The works were completed.



**Case 1**

**UGX:** 108,891,462

**Contract:** Construction of a classroom block at Butembererwa Primary School

**Provider:** Trek Legacy Company

**Status of Works:** The works were completed.



<b>Case 8</b>	<b>UGX: 29,714,750</b>
<b>Contract:</b> Supply on 205 desks	
<b>Provider:</b> Walakira Furniture and General Workshop Limited	
<b>Status of Works:</b> The works were completed.	



<b>Case 2</b>	<b>UGX: 12,590,000</b>
<b>Contract:</b> Fencing of Nyakashashara Sub-county Head Quarters	
<b>Provider:</b> Bamer Construction Company Limited	
<b>Status of Works:</b> The works were completed.	

