



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

**KOBOKO DISTRICT LOCAL GOVERNMENT**

**SEPTEMBER 2023**

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## ACRONYMS

EC	Evaluation Committee
FY	Financial Year
BEB	Best Evaluated Bidder
CAO	Chief Administrative Officer
PPDA	Public Procurement and Disposal of Public Assets Authority

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Koboko District Local Government that covered a representative sample of 18 procurement transactions under Financial Year 2021/2022.

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Koboko 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 Koboko District Local Government for the Financial Year 2021/22 was **unsatisfactory** with overall weighted average risk rating of **71.8%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

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

1. Performing functions of the Accounting Officer without delegated Authority. Mr. Alonga Simon Loyuma the Principal Assistant Secretary (PAS) confirmed availability of funding on behalf of the Accounting Officer in three procurements worth UGX 674,659,716 without formal delegated authority from the Accounting Officer contrary to Section 39 of the PPDA Act, 2003;
2. Failure to fully implement the previous audit recommendations for the Financial Year 2019/2020. Out of 20 recommendations made, 11 recommendations representing 55% were not implemented, two representing 10% were partially implemented and seven representing 35% were implemented. This affects performance of the procurement function and is an indicator of a weak implementation mechanism by the Entity;
3. Signing of framework contracts directly with prequalified providers contrary to Guideline No.10/2014 on use of framework contracts for procurement of supplies works and non-consultancy services. This exposes the Entity to risk of fraudulent payments that cause financial loss to the Government of Uganda since there are no pre-established unit rates submitted by the suppliers;
4. Failure to dispose obsolete assets. The Authority reviewed the board of survey report for FY 2020/2021 and found that a number of obsolete assets such as motorcycles, generators, metallic pipes and solar inverters were recommended for disposal, however, the Entity did not take any steps to dispose the assets. This inhibits achievement of value for money as funds are held up in assets which are not in use and also lost through depreciation of these assets;
5. Anomalies at initiation such as failure to attach statement of requirements and drawings at initiation, submission of unsigned requisition forms and failure to fill the Vote Number and balance remaining part of the fund's availability section in ten procurements worth UGX 1,230,896,358. Failure to recommend statement of requirements by the User Departments may lead to procurement outcomes that do not meet the end Users' requirements;
6. Unjustified use of the direct procurement method in three procurements worth UGX 350,539,579. This denied the Entity the benefits of competition which potentially led to costly procurements thus affecting achievement of value for money;
7. Issuance of bidding documents with inadequate statements of requirements, evaluation criteria and instructions to the bidders in 11 sampled procurements worth UGX 4,380,888,147. This leaves doubt and assumptions to the bidder on the requirements of

the Entity and exposes the Entity to the risk of potential disagreements and conflict during the implementation of the contracts;

8. Irregularities during bidding such as delay to open bids and failure to conduct pre-bid meetings in ten procurements worth UGX 1,525,389,148. Such irregularities potentially discourage competition and lead to award of contracts to non-responsive bidders;
9. Irregularities at evaluation such as passing non-compliant bidders, failure to correct arithmetic errors and introduction of new evaluation criteria in ten procurement transactions worth UGX 4,789,501,745 which was contrary to Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006. This exposes the Entity to the risk of award of contracts to non-compliant bidders and failure to attain value for money;
10. Anomalies at contracting such as signing contracts based on expired bids, change of contract terms at contract signing and incomplete contract documents in 11 procurements worth UGX 4,642,190,023. This exposes the Entity to the risk of contract disputes between the Entity and the contractors;
11. Failure to maintain procurement action files with complete documents. There were ten procurement transactions with missing records, contrary to Regulation 46 of the Local Governments (PPDA) Regulations, 2006; and
12. Anomalies in contract management. The Authority found anomalies in contract management such as failure to prepare progress reports, failure to monitor ESHS safeguard measures, failure to hold site meetings, and delayed delivery in eight procurements worth UGX 1,191,446,358 This casts doubt on the effectiveness of the Entity in supervision of contracts and contravenes Regulation 119 of the Local Governments (PPDA) Regulations, 2006.

In summary, the Authority notes that irregularities at evaluation, quality of the bidding document and anomalies at contracting largely contributed to the unsatisfactory performance of the Entity.

In light of the above, the Authority recommends the following:

1. The Accounting Officer should task Mr. Alonga Simon Loyuma the Principal Assistant Secretary (PAS) to explain why he usurped the powers of the Accounting Officer and confirmed availability of funding without the delegated authority;
2. The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations;
3. The Head Procurement and Disposal Unit should read and understand the provisions of PPDA Guideline No. 10/2014 before undertaking any further procurements under framework arrangement and seek clarification from the Authority on any unclear provisions;
4. The Accounting Officer should dispose all obsolete assets of the council in accordance with Regulation 122 of the Local Governments (PPDA) Regulations, 2006;
5. The user departments should recommend a statement of requirements at initiation in accordance with Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006;
6. The Head Procurement and Disposal Unit should always use direct procurement method justifiably in the instances where exceptional circumstances prevent the use of competitive methods in accordance with Regulation 40 of the Local Governments (PPDA) Regulations, 2006;

7. The Head Procurement and Disposal Unit should state exact dates of expiry of bid validity periods when preparing solicitation documents as provided in the PPDA Circular No.1/2013. The Contracts Committee should also critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies which could lead to misunderstandings between the Entity and the bidders;
8. The Accounting Officer should task the Procurement and Disposal Unit to always conduct pre-bid meetings where required and maintain the minutes and record of attendance;
9. The Head, Procurement and Disposal Unit should guide the Evaluation Committee members to strictly adhere to the criteria set out in the solicitation document as provided for under Regulation 72 and 74 of the Local Governments (PPDA) Regulations, 2006;
10. The The Contracts Committee should award the contract to the Next Best Evaluated Bidder from among the remaining bidders where the successful bidder fails to provide the performance security with in the specified time in accordance with Regulation 89 of the Local Governments (PPDA) Regulations, 2006;
11. The Head Procurement and Disposal Unit should ensure that the Procurement and Disposal Unit procurement action files are complete with all documents in accordance with Section 31 (o) of the PPDA Act, 2003; and
12. The Accounting Officer should prevail over contract supervisors to prepare and submit all contract management records such as progress reports and completion certificates in accordance with Regulation 119 (10) of the Local Governments (PPDA) Regulations, 2006.

Koboko District Local Government should implement the recommended action plan on **pages 53-55**.

## CHAPTER 1: INTRODUCTION

### 1.1 Structure of the Entity

Section 26 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 Accounting Officer of Koboko District Local Government during the Financial Year under review was Mr. Akera John Bosco. The Contracts Committee and composition of the Procurement and Disposal Unit are detailed in Annex D.

### 1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Koboko District Local Government that covered a sample of 18 procurement transactions under Financial Year 2021/22 (including review of implementation of UGIFT projects). The audit 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 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 Koboko DLG 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 PDE with the general provisions of the PPDA Act and Regulations;
- ii. Establish the level of compliance with the PPDA Act, 2003 in the conduct of procurement and disposal activities; 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 sample basis. The audit covered a sample of 18 procurement transactions under Financial Year 2021/22. The list of sampled transactions is contained in **Annex B**.

The distribution of the transaction population and sample is in Table 1 below:

**Table 1: Analysis of Population and Sample Selected for audit of FY 2021/2022**

Procurement Method	Population Value (UGX)	Population Number	Sample Count	Sample Value (UGX)	% Value
Open Domestic Bidding	4,615,072,199	18	10	4,231,547,021	92
Selective Bidding	979,144,781	14	5	620,775,605	63
Direct	450,539,582	6	3	350,539,582	78
Micro	62,112,955			-	-

<b>Total</b>	<b>6,106,869,517</b>	<b>39</b>	<b>18</b>	<b>5,202,862,208</b>	<b>85</b>
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### **1.5 Audit Methodology**

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

During the audit, the auditors met with the staff from the Procurement and Disposal Unit (PDU), Contracts Committee, Internal Audit, and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

A debrief meeting to discuss preliminary findings that arose during the audit was held with the Entity management and staff on **22<sup>nd</sup> February 2023** before the auditors could embark on preparation of the management letter. The management letter was issued to the Entity on **2<sup>nd</sup> May 2023** with a requirement to submit a management response by **10<sup>th</sup> May 2023**, which was submitted on the same day of the exit meeting which was held on **26<sup>th</sup> May 2023** at PPDA Head Office, PPDA-URF Tower, Nakasero Road, Kampala. During the exit meeting, the Entity requested to resubmit the updated responses in one week but they were later submitted on **16<sup>th</sup> June 2023**.

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

## CHAPTER 2: AUDIT FINDINGS, IMPLICATIONS AND RECOMMENDATIONS

### 2.1 COMPLIANCE WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003 REGULATIONS, 2006 AND GUIDELINES

#### 2.1.1 Performing functions of the Accounting Officer without delegated Authority

Mr. Alonga Simon Loyuma the Principal Assistant Secretary (PAS) confirmed availability of funding on behalf of the Accounting Officer in three procurements worth UGX 674,659,716 listed in the Table 2 below without formal delegated authority from the Accounting Officer contrary to Section 39 of the PPDA Act, 2003.

**Table 2: Market price confirmed by Mr. Alonga Simon Loyuma without formal delegation from the Accounting Officer**

No.	Subject of Procurement	Contract Value (UGX)	Date of confirmation of funding
1.	Construction of one block of three units of rental apartment at Lipa Cell by H. T Alli & Sons Construction & Engineering Co. Ltd	29,000,000	3 <sup>rd</sup> July 2021
2.	Fencing of Gborokolongo and Dranya Health Centre IIIs	40,274,645	
3.	Partial Casting of the ground floor of Koboko District General Hospital at Ginyako	05,385,071	22 <sup>nd</sup> September 2021.
<b>Total</b>		<b>674,659,716</b>	

#### **Implication**

The Entity was exposed to the risk of committing to less vital priorities and detrimental market prices without the knowledge of the Accounting Officer.

#### **Recommendations**

The Accounting Officer should task Mr. Alonga Simon Loyuma the Principal Assistant Secretary (PAS) to explain why he usurped the powers of the Accounting Officer and confirmed availability of funding without the delegated authority.

#### **Management Response**

*It is true the Principal Assistant Secretary (PAS) signs for Accounting Officer to enable the procurement process proceed, however management has taken note of the advice for compliance.*

#### 2.1.2 Failure to implement the previous audit recommendations

The previous audit recommendations for Financial Year 2019/20 were not fully implemented. Out of 20 recommendations made, 11 recommendations representing 55% were not implemented, 2 representing 10% were partially implemented and seven representing 35% were implemented as detailed in the Table 3 below:

**Table 3: Implementation of Previous Audit Recommendations**

Origin	Recommended Action	Status
Accounting Officer	<ul style="list-style-type: none"> <li>• The Accounting Officer should always share the Authority’s report with the Internal Auditor for effective follow up and to guide risk assessment when conducting internal audits.</li>   <li>• The Accounting Officer should send the notice of Best Evaluated Bidder to the registered postal or electronic addresses for all participating bidders and display the notice for a minimum of ten (10) working days in accordance with Regulations 85 (4&amp;5) of the Local Governments (PPDA) Regulations, 2006.</li>   <li>• The Accounting Officer should direct that the District Environment Officer, the Community Development Officer, and Labor Officer are involved during the planning phase of the projects to conduct screening and provide a relevant input on the Gender, Environment, Social, and Safety concerns raised by the projects to be undertaken and these should be considered while developing the statements of requirements. The works done on these requirements together with pictures should be included in the contract management reports.</li> </ul>	<p>Not implemented</p> <p>Not implemented</p> <p>Not implemented</p>
Contracts Committee	<ul style="list-style-type: none"> <li>• The Chair Persons of the bid opening sessions should sign and stamp on the key pages of the opened bids that are unique to the bids and those that contain financial information in accordance with Regulation 71(10) of the Local Governments (PPDA) Regulations, 2006.</li>   <li>• The Contracts Committee should confirm that the User Departments are adequately represented on evaluation committees prior to granting approval.</li> </ul>	<p>Not implemented</p> <p>Partially implemented</p>
Evaluation Committee	<ul style="list-style-type: none"> <li>• The Chairpersons of the Evaluation Committees should communicate the correction of arithmetic errors to the bidders and obtain their response within a specified time in accordance with Regulation 74 of the Local Governments (PPDA) Regulations, 2006. This can be through electronic communication.</li>   <li>• The Evaluation Committees should verify submitted information that shows inconsistencies to establish its authenticity and validity before passing or failing a bid.</li> </ul>	<p>Not implemented</p> <p>Not implemented</p>

Origin	Recommended Action	Status
Procurement and Disposal Unit	<ul style="list-style-type: none"> <li>The Procurement and Disposal Unit should prepare a bidding document for each procurement with specific and appropriate bidding terms and criteria tailored to the procurement subject.</li> </ul>	Not implemented
User Department	<ul style="list-style-type: none"> <li>The User Departments should submit procurement records relating to contract management to the Procurement and Disposal Unit for purposes of creating a central repository of all procurement proceedings in accordance with Regulation 46 of the Local Governments (PPDA) Regulations, 2006.</li> </ul>	Not implemented
	<ul style="list-style-type: none"> <li>The Sub County Chiefs in charge of monitoring the revenue centers should prepare and submit monthly reports on the performance of revenue collections for the respective revenue centers to the Accounting Officer and Procurement and Disposal Unit.</li> </ul>	Not implemented
	<ul style="list-style-type: none"> <li>The District Water Officer and the District Commercial Officer should operationalize and build the capacity of the District Hand Pump Mechanics Association to be able to take on the operation and maintenance activities of the district water supply facilities.</li> </ul>	Not implemented
	<ul style="list-style-type: none"> <li>The water department should procure the spare parts for the repairs through a formal competitive procurement process since the reservation was only for services. The parts procured should be based on a needs assessment undertaken and approved by top management of the District.</li> </ul>	Implemented
	<ul style="list-style-type: none"> <li>The User Departments should prepare contract terms that clearly stipulate the stages for requesting interim payments. In case the requests for payments from the contractors are rejected, this should be documented by the contract supervisors and included in the monthly progress reports.</li> </ul>	Partially implemented
Internal Audit	The Internal Auditor should conduct audit of the Entity's procurement processes to determine their compliance with the PPDA Act, 2003 and Regulations as required under Regulation 28 of the Local Governments (PPDA) Regulations 2006.	Not implemented

**Implication**

Implementation of audit recommendations strengthens internal controls within the Entity and where recommendations are not implemented, it implies that there is a continued risk of dysfunctional internal controls.

### **Recommendation**

The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's audit recommendations.

### **Management Response**

*Management has been able to do follow up and implement the previous recommendations with dedicated team in place.*

### **2.1.3 Procurement Implementation Rate**

Table 4 below summarizes information about the procurement plan, approved budget, and utilization of funds. The procurement plan implementation rate by value was at 18% with a budget variance of UGX 13,212,325,619 as demonstrated below:

**Table 4: Procurement plan implementation rate**

Total procurement plan value (UGX)	16,081,125,136
Actual procurement spend (UGX)	2,868,799,517
Variance (UGX)	13,212,325,619
Percentage implementation rate (%)	18%

The variance of UGX 13,212,325,619 noted in the table above resulted from unrealized funding gap from DRDIP and UNHCR, however, the procurement plan was not updated to harmonize it with the circumstances that existed at the time:

### **Implication**

Failure to review and update the procurement plan affected the Entity's performance in implementation of its procurement plan for FY 2021/22.

### **Recommendation**

To address variances, the Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.

### **Management Response**

*The recommendation is noted; however, this was largely donor funds.*

### **2.1.4 Failure to prepare the procurement plan in a standard format provided by the Authority**

The Authority found that there was over aggregation of procurement requirements in the plan which hindered accountability and tracking of procurement plan performance. In addition to this, the Entity also aggregated procurements that were not similar into one block estimate of UGX 15,181,738,000. It was difficult to determine the estimated cost of each procurement as indicated in Table 5 below:

**Table 5: Procurements that were over aggregated in the procurement plan**

No.	Subject of Procurement	Estimates (UGX)
1.	Classroom, staff house and health facilities, road rehabilitation under DRDIP, Construction of three classroom block at Mundrugoro P/S, Renovations at Kochi, Longira and Kuluba P/S, staff house at Chakulia HCIII, Rental units at Lipa Cell, fencing of Dranya and Gborokolongo HCIII, Continuation of District Hospital OPD construction works, latrines and classroom constructions at Oraba Town Council, Nyakalso Seed Secondary School, Four and two stances VIP latrine at Indiga P/S , Chakulia and Dubai market Ludara Sub County, Wterborne toilet at Pamodo Trading Centre, 4-stance VIP latrines at Dricile, Leko, Ginyako, Kumari and Kagoropa P/S, Four stance, two stance VIP latrine at Kuluba Sub County, latrine renovation at District Headquarters and septic tank construction at the hospital, fencing of Ojipaku at market and cattle crush at Ijaa, Chainlink fencing of Demscorner market, Lobule Sub County, culvert supply, installation and rehabilitation works of 900 mm at Yibongo.	15,181,738,000

#### **Implication**

Aggregation of procurements that are not of the same nature may potentially mislead users of the procurement plan and expose the Entity to the risk of creating domestic arrears.

#### **Recommendations**

In the event that the Entity needs to aggregate some procurements, the Head Procurement and Disposal Unit should aggregate them in accordance with Regulation 63 (2) of the Local Governments (PPDA) Regulations, 2006.

#### **Management Response**

*Management has taken note of the recommendation.*

#### **2.1.5 Abuse of framework contract**

The Authority found out that the Entity directly signed framework contracts with prequalified providers contrary to Guideline No.10/2014 on use of framework contracts for procurement of supplies works and non-consultancy services

#### **Implication**

- This inhibits competition and achievement of value for money.
- This exposes the Entity to risk of fraudulent payments that cause financial loss to the Government of Uganda since there are no pre-established unit rates submitted by the suppliers.

#### **Recommendations**

The Head Procurement and Disposal Unit should read and understand the provisions of PPDA Guideline No. 10/2014 before undertaking any further procurements under framework arrangement and seek clarification from the Authority on any unclear provisions.

### Management response

The adverts clearly indicate procurements under framework arrangement and we don't just pick from list of prequalified providers and this is all done using open domestic bidding method as provided by law

**Authority's comment:** The Authority appreciates the Entity's response however found that the evidence submitted for verification was not satisfactory since the advert dated 11<sup>th</sup> June 2020 was for pre-qualification of providers. More so, the Entity did not prepare or issue a bidding document for contracts under framework arrangement and no unit rates were submitted by bidders.


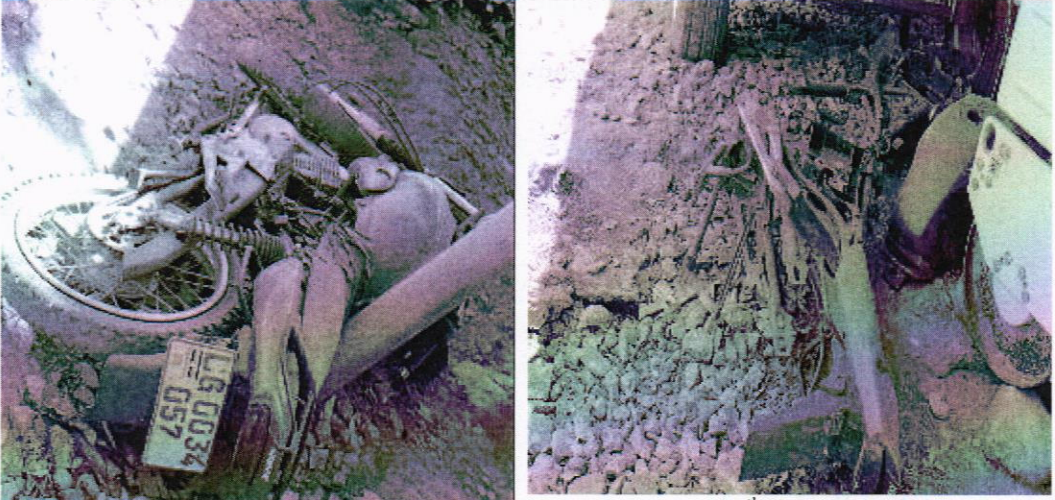
### **2.1.6 Failure to dispose obsolete assets**

The Authority reviewed the board of survey report for FY 2020/2021 and found that a number of obsolete assets were recommended for disposal, however, the Entity did not take any steps to dispose the assets as indicated in Table 6 below. There was also no disposal plan prepared.

**Table 6: List of assets not disposed**

No.	Registration No.	Make	Type	YOM	Engine No.	Chassis No.
1.		Yamaha	Motorcycle	-	Dilapidated	LBPKE1352B0004520
2	LG0020-66	Yamaha	Motorcycle	2008	E3D7E-014454	LBPKE-1296A0032315
3.	LG0024-66	Yamaha	Motorcycle	2009	E3D7-026707	LBPKE-1296A0046949
4.	LG0004-057	Jincheng	Motorcycle	2012	JC156FMIXTMCSF00206	LJCJCJL1250090771
5.	LG0027-66	Yamaha	Motorcycle	2009	E3D7E-026705	LBPKE-1298A
6.	UDV718L	Yamaha	Motorcycle	-	3HA-184282	3HA-184053
No.	Items	Quantity	Quality	-	Physical Location	
7	Type writer	1	Poor	-	Gborokolongo H/C	
8.	Olympus Microscope	1	Poor		Gborokolongo H/C	
9.	Weighing scale	1	Poor	-	Ayipe H/C	
10.	Blood pressure machine	1	Poor		Ayipe H/C	
11.	Solar batteries	8	Poor	-	Works Department	
12.	Solar panels	4	Poor	-	Works Department	
13.	Solar Inverter	1	Poor	-	Works Department	
14.	Metallic	4	Fair	-	Works Department	

	Pipes					
15.	Generator	1	Obsolete	-	Power house	

No.	Assets
1.	 <p>Photo taken on 20<sup>th</sup> February 2023</p>
2.	 <p>Photo taken on 20<sup>th</sup> February 2023</p> <p>Photo taken on 20<sup>th</sup> February 2023</p>

No.	Assets
3.	 <p data-bbox="323 723 751 757">Photo taken on 20<sup>th</sup> February 2023</p>
4.	 <p data-bbox="323 1261 751 1294">Photo taken on 20<sup>th</sup> February 2023</p>

**Figure 1:** Photographs showing items due for disposal at the Koboko District Local Government Yard

**Implication**

Failure to dispose of assets whose use ceased inhibits achievement of value for money as funds are held up in assets which are not in use and also lost through depreciation of these assets.

**Recommendation**

The Accounting Officer should ensure that all obsolete assets listed in the board of survey report for FY 2020/2021 are disposed of in accordance with Regulation 122 of the Local Governments (PPDA) Regulations, 2006.

**Management Response**

*The processes for disposal of these assets are underway and management is doing everything within the next financial year to conclude this having concluded the previous during last financial year.*

## 2.1.7 Force Account Mechanism

### i. Failure to implement Force Account in accordance with Circular No. 3 of 2012 issued by the Authority

The Authority found that the Uganda Road Fund released a total of UGX 172,598,595 to Koboko District Local Government for implementation of routine mechanized maintenance of district roads under Force Account mechanism in the FY 2021/22. The quarterly releases by URF are indicated in Table 7 below:

**Table 7: Releases by URF in FY 2021/2022**

No.	Activity	IPF (UGX)	Quarterly Release (UGX)
1.	IPF	327,064,728	
2.	Quarter 1		51,105,307
3.	Quarter 2		38,878,594
4.	Quarter 3		34,425,754
5.	Quarter 4		27,625,411
6.	Quarter 4 (Additional Release)		20,563,529
<b>Total</b>		<b>327,064,728</b>	<b>172,598,595</b>

The Authority found a number of irregularities in regards to the routine mechanized maintenance of district roads using the Force Account mechanism as detailed below;

### ii. There was no evidence to prove that Contracts Committee adjudicated over submissions on works undertaken under Force Account Mechanism.

The Authority found that there was no evidence to prove that the Contracts Committee adjudicated over submissions on works undertaken using Force Account Mechanism which is an indication that the Contracts Committee did not play an oversight role in monitoring the activities conducted under Force Account Mechanism.

#### **Implications**

Ignoring procurement structures and not following the Force Account guidelines implies that the Entity did not attain value for money and there was a likelihood of financial loss.

#### **Recommendations**

The Accounting Officer should instruct the District Engineer to adhere to Circular No. 3 of 2012 to Local Governments on the application of the use of force account mechanism to ensure value for money.

#### **Management Response**

*Management noted this and this financial year going forward force Account mechanism has now been approved by the District Contracts Committee before implementation.*

### iii. Failure to report activities conducted under Force Account Mechanism to the Authority

Inputs under Force Account mechanism were not procured through the Procurement and Disposal Unit and subsequently were not reported to the Authority. With exception of the release from Uganda Road Fund, the Authority could not ascertain the total amount spent on procured inputs under Force Account Mechanism.

### **Implication**

Failure to report procurements reflects lack of transparency, accountability and fairness in the activities conducted by the Entity.

### **Recommendation**

The Accounting Officer should take responsibility for the lack of transparency in reporting and should prevail over the Head, Procurement and Disposal Unit to ensure full and accurate reporting of all procurement and disposal transactions in accordance with Section 31 (r) of the PPDA Act, 2003.

### **Management Response**

*Implementation activities are ongoing and the progress reports are now on file.*

**Authority's comment:** No documentary evidence was submitted for verification. All Force Account inputs should be procured through Procurement and Disposal Unit so that the procurement file is created and kept with relevant documents

## **2.2 COMPLIANCE WITH THE PPDA ACT 2003 AND REGULATIONS 2006 IN THE CONDUCT OF PROCUREMENT AND DISPOSAL ACTIVITIES**

### **2.2.1 Irregularities during initiation**

The Authority found irregularities during initiation of ten procurements worth UGX 1,230,896,358 as indicated in Table 8 below:

**Table 8: Procurement transactions with irregularities during initiation**

<b>No</b>	<b>Subject of Procurement</b>	<b>Contract Value (UGX)</b>	<b>PPDA Findings</b>
1.	Construction of one block of three units of rental apartment at Lipa Cell by H. T Alli & Sons Construction & Engineering Co. Ltd	229,000,000	<ul style="list-style-type: none"><li>• Vote/Head Number and balance remaining part of the Funds availability section was not filled.</li><li>• Use of LG PP Form 20 instead of LG PP Form 1</li><li>• Statement of requirements i.e. BoQs and drawings were not attached at initiation</li><li>• Head PDU did not make a submission for approval of procurement method, bidding document and bid notice. LG PP Form 5 was not used</li></ul> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
2.	Construction of staff house at Chakulia HC III by Abbak International Limited	148,755,333	<ul style="list-style-type: none"><li>• Vote Number programme, sub-programme, item and balance remaining in the fund's availability section of the Form 1 was left blank.</li><li>• No record of LG PP form 2 for</li></ul>

No	Subject of Procurement	Contract Value (UGX)	PPDA Findings
			<p>request for approval of procurement method and LG Form 5 for request for approval of bidding document and bid notice/shortlist in all procurements that were sampled.</p> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
3.	Renovation of four classroom block with office at Kochi Secondary School.	115,539,582	<ul style="list-style-type: none"> <li>• Vote Number programme, sub-programme, item and balance remaining in the funds availability section of the Form 1 were left blank.</li> <li>• BoQs and drawings were not recommended at initiation.</li> </ul> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
4.	Renovation of four classroom block with office at Kaluba Primary School.	147,311,722	<ul style="list-style-type: none"> <li>• BoQs and drawings were not recommended at initiation.</li> <li>• Vote Number programme, sub-programme, item and balance remaining in the funds availability section of the Form 1 were left blank</li> </ul> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
5.	Renovation of four classroom block with office at Longira Primary School.	87,688,275	<ul style="list-style-type: none"> <li>• Failure by the District Engineer to carry out infrastructure assessments.</li> <li>• BoQs and drawings were not recommended at initiation.</li> <li>• Vote Number programme, sub-programme, item and balance remaining in the funds availability section of the Form 1 were left blank.</li> </ul> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
6.	Fencing of Gborokolongo and	140,274,645	<ul style="list-style-type: none"> <li>• Vote/Head Number and balance remaining part of the Funds</li> </ul>

No	Subject of Procurement	Contract Value (UGX)	PPDA Findings
	Dranya Health Centre IIIIs		<p>availability section was not filled.</p> <ul style="list-style-type: none"> <li>• Use of LG PP Form 20 instead of LG PP Form 1</li> <li>• Statement of requirements i.e. BoQs and drawings were not recommended at initiation.</li> <li>• Head PDU did not make a submission for approval of procurement method, bidding document and bid notice. LG PP Form 5 was not used</li> </ul> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
7.	Construction of three stance drainable latrine at Oraba Town Council	17,491,730	<ul style="list-style-type: none"> <li>• Vote/Head Number and balance remaining part of the Funds availability section was not filled.</li> <li>• Use of LG PP Form 20 instead of LG PP Form 1</li> <li>• Statement of requirements were not recommended at initiation</li> <li>• Unsigned requisition form. The sections for confirmation of need (originating officer), approval to procure (authorizing officer) and confirmation of funding (Accounting Officer) were left blank i.e. they were not signed by the respective officers.</li> <li>• Head PDU did not make a submission for approval of procurement method, bidding document and bid notice. LG PP Form 5 was not used.</li> </ul> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
8.	Partial Casting of the ground floor of Koboko District General Hospital at Ginyako	305,385,071	<ul style="list-style-type: none"> <li>• Vote/Head Number and balance remaining part of the Funds availability section was not filled.</li> <li>• Use of LG PP Form 20 instead of LG PP Form 1</li> <li>• Statement of requirements were not recommended at initiation</li> <li>• Head PDU did not make a</li> </ul>

No	Subject of Procurement	Contract Value (UGX)	PPDA Findings
			<p>submission for approval of procurement method, bidding document and bid notice. LG PP Form 5 was not used.</p> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
9.	Supply of fuel, oils and lubricants	22,000,000	<ul style="list-style-type: none"> <li>• Item was not in the procurement plan</li> <li>• Initiation was not done. There was no PP Form 1</li> <li>• There was no confirmation of funding by the Accounting Officer</li> <li>• Statement of requirements were not recommended at initiation</li> <li>• Head PDU did not make a submission for approval of procurement method, bidding document and bid notice. LG PP Form 5 was not used.</li> </ul> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
10.	Supply of stationery	17,450,000	<ul style="list-style-type: none"> <li>• Item was not in the procurement plan</li> <li>• Initiation was not done. There was no PP Form 1</li> <li>• There was no confirmation of funding by the Accounting Officer</li> <li>• Statement of requirements were not recommended at initiation</li> <li>• Head PDU did not make a submission for approval of procurement method, bidding document and bid notice. LG PP Form 5 was not used.</li> </ul> <p><b><u>Management Response</u></b> <i>We have noted the errors and corrected them.</i></p>
	<b>Total</b>	<b>1,230,896,358</b>	

#### Implications

- Failure to recommend statement of requirements by the User Departments may lead to procurement outcomes that do not meet the end Users' requirements.

- Procuring without requisition or initiation by the User Department exposes the Entity to the risk of procurement of items that are neither required by the Entity nor meet the end users' requirements.
- Failure to confirm availability of funds exposes the Entity to a risk of conducting a procurement transaction for which funds are not available hence increasing the risk of domestic arrears and may further affect the Entity's ability to prioritize in the event of insufficient funds.

### **Recommendation**

1. The user departments should recommend a statement of requirements at initiation according to Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006.
2. The Head Procurement and Disposal Unit should desist from handling procurement transactions where the initiation form is not duly filled and signed off in accordance with Regulation 65 (4) of the Local Governments (PPDA) Regulations, 2006.
3. User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.

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

In three procurements worth UGX 350,539,579, the Entity procured directly from the providers without adequate justification as indicated in Table 9 below. This is contrary to Section 85 (1) of the PPDA Act, 2003 which provides that direct procurement is a sole source procurement method for procurement requirements where exceptional circumstances prevent the use of competition.

**Table 9: List of procurements where the Entity used direct procurement**

<b>No.</b>	<b>Subject of Procurement</b>	<b>Provider</b>	<b>Contract Value (UGX)</b>
1.	Renovation of four classroom block with office at Kochi Secondary School.	Loftus Construction and Engineering Company Limited	115,539,582
2.	Renovation of four classroom block with office at Kaluba Primary School.	Kumia Group Association Ltd Limited	147,311,722
3.	Renovation of four classroom block with office at Longira Primary School.	Haraka Investment Co. Limited (BEB)	87,688,275
	<b>Total</b>		<b>350,539,579</b>

### **Implication**

Unjustified use of the direct procurement method denies the Entity the benefits of competition which may lead to costly procurements thus affecting achievement of value for money.

### **Recommendation**

The Head Procurement and Disposal Unit should always use direct procurement method justifiably in the instances where exceptional circumstances prevent the use of competitive methods in accordance with Regulation 40 of the Local Governments (PPDA) Regulations, 2006

### Management Response

The time was not adequate for Open Domestic Procurement Method since funds were received in December 2021. These were emergency funds initially capitation grants for schools, however due to Covid19, these funds were not utilised and hence re voted for renovation works at schools as directed by Ministry of Education and Sports.

### **2.2.3 Inconsistencies in the solicitation documents**

In 11 procurements worth UGX 4,380,888,147 the solicitation documents issued to bidders had inconsistencies contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006 as detailed in Table 10 below:

**Table 10: Bidding documents with inconsistencies**

No	Subject of Procurement	Contract value (UGX)	Findings
1.	Construction of staff house at Chakulia HC III Contractor: Abbak International Limited	148,755,333	<ul style="list-style-type: none"><li>• Quality of the bills of quantities; the Authority found that the Entity provided for 2% for environment and social management plan which the contractor quoted for UGX 2,532,880. There was no breakdown of the activities that were to be undertaken by the contractor.</li><li>• No requirement for valid National Identification of the directors.</li><li>• Failure to state the minimum academic qualifications for the required personnel. The bidding document required a Project Manager with 6 years' work experience, Site Engineer with 6 years' work experience, Foreman with 6 years' work experience, Environmental Officer with 6 years and 2 years General work experience, Social Development Officer with 6 years' work experience, however the minimum academic qualifications for these personnel were not stated.</li></ul> <p><b><u>Management Response</u></b> <i>Management has noted issue of minimum academic qualification and Valid National Identification of directors as a requirement and has now provided it for the current procurements</i> <i>The breakdown of the 2% provided for ESMP is now available.</i></p>
2.	Construction of Nyakaliso SEED Secondary School	3,238,070.000	<ul style="list-style-type: none"><li>• Failure to provide for a margin of preference. ITB 38.1 stated that a margin of preference shall not apply.</li><li>• ITB 9.3 stated that the site visit shall be a mandatory requirement, however the date</li></ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>and time was not indicated in the bidding document.</p> <ul style="list-style-type: none"> <li>• BOQ was inadequate. Failure to provide for contingency in the BOQ.</li> </ul> <p><b><u>Management Response</u></b>  <i>This was a hybrid procurement where the preparation of bidding documents and bills of quantities, drawing and designs plus requirements were developed by Ministry of Education and Sports for our implementation, however we shall present these findings for future improvements.</i></p>
3.	Deep boreholes siting and drilling supervision	26,042,000	<ul style="list-style-type: none"> <li>• The date of expiry of bid validity was not stated in the bidding document. ITB 3.1 only stated that bids must be valid until after 90 days from bid closing date.</li> <li>• Failure to state the minimum academic qualifications for the required personnel.</li> <li>• Unclear requirement; ITB 2.2 in the bidding document stated that each bidder shall complete the Certificate of Site Inspection whether he visits the sites or not.</li> </ul> <p><b><u>Management Response</u></b>  <i>Management has noted this, however these have now been provided for in the current bidding document for this year.</i></p>
4.	Drilling of 9 units of deep boreholes.	208,714,860	<ul style="list-style-type: none"> <li>• The date of expiry of bid validity was not stated in the bidding document. ITB 3.1 only stated that bids must be valid until after 90 days from bid closing date.</li> <li>• Failure to state the minimum academic qualifications for the required personnel. ITB 6.1 (d) stated that bidders must submit qualifications and experience of key site management and technical personnel proposed for the contract.</li> <li>• Failure to specify the amount of bid security required. ITB 18.1 stated that the Bidder shall furnish as part of his Bid, a Bid Security in the amount equivalent to 1-2 % of the Bidder's contract price.</li> </ul> <p><b><u>Management Response</u></b>  <i>Management has noted this, however these have now been provided for in the current bidding</i></p>

No	Subject of Procurement	Contract value (UGX)	Findings
			<i>document for this year.</i>
5.	Construction of one block of three units of rental apartment at Lipa Cell	229,000,000	<ul style="list-style-type: none"> <li>• Failure to maintain approved copy of the bidding document in the procurement file.</li> <li>• There was no bills of quantities and drawings</li> <li>• The requirement of income tax clearance certificate was not stated in the bidding document as part of the evaluation criteria</li> <li>• Failure to state the required academic qualification of the personnel in the bidding document. The bidding document only stated the required personnel such as Contract Manager, Site Engineer, Foreman (masonry), Quantity Surveyor, Environment Officer etc. without stating the minimum academic qualification.</li> <li>• The bidding document required an Accountant as an evaluation criterion under personnel. The requirement of an Accountant was not necessary given the nature of the requirement.</li> <li>• Failure to state the percentage of the advance payment. GCC 60.1 in the bidding document provided for advance payment however did not indicate the percentage of the advance payment.</li> <li>• Failure to separate the performance security and ES performance security. GCC 61.1 in the bidding document stated that the performance security and ES performance security shall be 10% of the contract price. This was irregular given that these are two separate types of securities which should cumulatively not exceed 10% of the contract price.</li> </ul> <p><b><u>Management Response</u></b>  <i>Management has noted this; however, these have now been provided for in the current bidding document for this year.</i></p>
6.	Fencing of Gborokolongo and Dranya Health Centre IIIs	140,274,645	<ul style="list-style-type: none"> <li>• There was no bills of quantities and drawings.</li> <li>• The requirement of income tax clearance certificate was not stated in the bidding document as part of the evaluation criteria.</li> <li>• Failure to state the required academic qualification of the personnel in the bidding</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>document. The bidding document only stated the required personnel such as Contract Manager, Site Engineer, Foreman (masonry), Quantity Surveyor, Environment Officer etc. without stating the minimum academic qualification</p> <ul style="list-style-type: none"> <li>• The bidding document required an Accountant as an evaluation criterion under personnel. The requirement of an Accountant was not necessary given that it was a works project</li> <li>• Failure to state the percentage of the advance payment. GCC 60.1 in the bidding document provided for advance payment however did not indicate the percentage of the advance payment</li> <li>• Failure to separate the performance security and ES performance security. GCC 61.1 in the bidding document stated that the performance security and ES performance security shall be 10% of the contract price. This was irregular given that these are two separate types of securities which should cumulatively not exceed 10% of the contract price.</li> </ul> <p><b><u>Management Response</u></b>  <i>Management has noted this, however these have now been provided for in the current bidding document for this year.</i></p>
7.	Construction of three stance drainable latrine at Oraba Town Council	17,491,730	<ul style="list-style-type: none"> <li>• The procurement was conducted without a bidding document.</li> <li>• There was no bills of quantities and drawings.</li> </ul> <p><b><u>Management Response</u></b>  <i>This was an addendum issued to a previous contract thus no need to conduct a fresh procurement process.</i></p>

No	Subject of Procurement	Contract value (UGX)	Findings
8.	Renovation of four classroom block with office at Kaluba Primary School.	147,311,722	<p>Quality of the bills of quantities. The Authority has noted that the Entity provided 2% of the contract sum for environment and social management plan which the contractor quoted at UGX 2,888,466. There was no breakdown of the activities that were to be undertaken by the contractor.</p> <p><b><u>Management Response</u></b>  <i>The breakdown for the 2% for ESHS was provided and on file.</i></p>
9.	Renovation of four classroom block with office at Longira Primary School.	87,688,275	<p>Quality of the bills of quantities. The Authority has noted that the Entity provided 2% of the contract sum for environment and social management plan which the contractor quoted at UGX 1,719,378. There was no breakdown of the activities that were to be undertaken by the contractor.</p> <p><b><u>Management Response</u></b>  <i>The breakdown for the 2% for ESHS was provided and on file.</i></p>
10.	Supply of fuel, oils and lubricants	22,000,000	<ul style="list-style-type: none"> <li>• The procurement was conducted without a bidding document.</li> <li>• There was no specifications and list of requirements</li> </ul> <p><b><u>Management Response</u></b>  <i>No management response</i></p>
11.	Renovation of four classroom block with office at Kochi Secondary School.	115,539,582	<p>Quality of the bills of quantities. The Authority has noted that the Entity provided 2% of the contract sum for environment and social management plan which the contractor quoted at UGX 2,265,482. There was no breakdown of the activities that was to be undertaken by the contractor.</p> <p><b><u>Management Response</u></b>  <i>The breakdown for the 2% for ESHS was provided and on file.</i></p>
	<b>Total</b>	<b>4,380,888,147</b>	

### Implications

- The inconsistencies and ambiguity may lead to disagreements which create unnecessary delays in the procurement process.
- Failure to state exact dates may lead to conflict between the Entity and the bidders on the start and end date of the bid validity periods.

- Failure to breakdown activities to be undertaken under ESHS leaves room for ambiguity during contract execution which can be a source of conflict.

### Recommendations

1. The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies which could lead to misunderstandings between the Entity and the bidders.
2. The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
3. The Procurement and Disposal Unit should state exact dates of expiry of bid validity periods when preparing solicitation documents as provided in the PPDA Circular No.1/2013.

### 2.2.4 Irregularities in bidding processes

The Authority found irregularities in the bidding process in seven procurements worth UGX 1,180, 544, 077 as indicated in Table 11 below:

**Table 11: Procurements with irregularities in the bidding process**

No	Subject of Procurement	Contract value (UGX)	Findings
1.	Construction of two units of two classrooms two units of five stance VIP latrines and supply of classroom furniture at Millennium College	443,248,120	<ul style="list-style-type: none"> <li>• Irregularities at bidding. Whereas the required bid security as per advert was UGX 4,000,000, all bidders submitted a bid security of UGX 2,000,000.</li> <li>• Delay to open bids; the bid closing date was 26<sup>th</sup> March 2021; however, the bids were opened on 29<sup>th</sup> March 2021.</li> </ul> <p><b>Management response</b>  <i>Bid Security of 4,000,000 was stated in the advert, however the bidding document provided for 2,000,000 since these two documents were prepared by both the Ministry of Education and District Local Government. We regret the anomaly.</i></p> <p><i>Management has noted this error and henceforth acted on this and has now been improved in the current procurements.</i></p>
2.	Construction of one block of three units of rental apartment at Lipa Cell	229,000,000	<ul style="list-style-type: none"> <li>• The record of bid receipt was signed by Lematia Sunday the Senior Procurement Officer (SPO) and the Chairperson Contracts Committee however it was left blank i.e., the</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>bids received were not populated into the form.</p> <ul style="list-style-type: none"> <li>• Pre-bid meeting date was 15<sup>th</sup> July 2021 however there was no evidence that it was conducted.</li> <li>• The chairperson of the bid opening session did not sign key pages of the submitted bids contrary to Regulation 71 (9) and (10) of the Local Governments (PPDA) Regulations, 2006 which requires the chairperson of the bid opening session to stamp and initial key pages of the bids, including the bid submission sheet and all pages containing financial information such as bills of quantities.</li> </ul> <p><b><u>Management response</u></b>  <i>Bidders did not turn up for the Pre-Bid meeting thus there were no minutes</i></p> <p><i>Management has noted this error and henceforth taken action on this and has now been improved in the current procurements.</i></p>
3.	Fencing of Gborokolongo and Dranya Health Centre IIIs	140,274,645	<ul style="list-style-type: none"> <li>• Pre-bid meeting date was 15<sup>th</sup> July 2021 however there was no evidence that it was conducted.</li> <li>• The chairperson of the bid opening session did not sign key pages of the submitted bids contrary to Regulation 71 (9) and (10) of the Local Governments (PPDA) Regulations, 2006 which requires the chairperson of the bid opening session to stamp and initial key pages of the bids, including the bid submission sheet and all pages containing financial information such as bills of quantities.</li> </ul> <p><b><u>Management response</u></b>  <i>Bidders did not turn up for the Pre-Bid meeting thus there were no minutes</i></p>

No	Subject of Procurement	Contract value (UGX)	Findings
			<i>Management has noted this error and henceforth taken action on this and has now been improved in the current procurements.</i>
4.	Construction of three stance drainable latrine at Oraba Town Council	17,491,730	<ul style="list-style-type: none"> <li>• The record of issue of bidding document was on file and signed by Lematia Sunday however there was no bidding document prepared and issued to Loftus Construction and Engineering Company Limited.</li> <li>• The record of bid receipt and bid opening were in the file and signed by Lematia Sunday and Dhata Edward the CC Chairperson however there was no bid submitted by Loftus Construction and Engineering Company Limited.</li> </ul> <p><b><u>Management response</u></b></p> <p><i>This was an addendum issued to a previous contract thus no need to conduct a fresh procurement process.</i></p> <p><b>Authority's comment:</b> The first contract was for renovation of four classroom block with office at Kochi Secondary School, Midia Sub County, therefore it was inappropriate to issue an addendum for construction of three stance drainable latrine at Oraba Town Council to the same contractor since these were two different procurements to be implemented at the different sites with different BoQs and drawings.</p>
5.	Renovation of four classroom block with office at Kochi Secondary School.	115,539,582	<ul style="list-style-type: none"> <li>• Irregular use of direct procurement method; whereas the Contracts Committee approved the use of direct procurement, PDU did not prepare the bidding document. The only document that was issued to the bidder was the BOQ.</li> </ul>
6.	Renovation of four classroom block with office at Kaluba Primary School.	147,311,722	<ul style="list-style-type: none"> <li>• There was no record of issue or invitation to the firm that was to be procured directly.</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
7.	Renovation of four classroom block with office at Longira PS, Ludara Sub County, Primary School.	87,688,278	<ul style="list-style-type: none"> <li data-bbox="890 253 1399 1523">• Suspected collusion. The District Education Officer (DEO) wrote to CAO requesting to initiate the procurement on 7<sup>th</sup> January 2022 and PAS cleared the request on behalf of CAO without the delegated authority on 10<sup>th</sup> January 2022 with an instruction to PDU to handle the procurement process as per the PPDA laws, however the Entity had already sent the BOQs to bidders and there was no bidding document prepared by the Entity. The procurement process was initiated on 11<sup>th</sup> January 2022; however, the Entity had already sent the BOQs to Loftus Construction and Engineering Company Limited, Kumia Group Association Ltd Limited and Haraka Investment Co. Limited on 4<sup>th</sup> January 2022 and the same companies submitted their filled BOQs on 5<sup>th</sup> January 2022 before the procurement was initiated. Furthermore, on 10<sup>th</sup> January 2022, PAS Mr. Alonga S. Loyuma instructed the Procurement and Disposal Unit to handle the procurement process without the delegated authority from the Accounting Officer, however the Contracts Committee had already awarded the contract on 10<sup>th</sup> January 2022.</li> </ul> <p data-bbox="890 1563 1182 1597"><b><u>Management response</u></b></p> <p data-bbox="890 1597 1399 1906"><i>This was an emergency procurement from Ministry of Education &amp; Sports by use of Capitation Grants for schools, however due to COVID19, funds were not utilised and Ministry directed Local Governments to use the funds for renovation of schools before the start of first term and yet these funds were received in December 2021. The Local</i></p>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p><i>Governments were directed to speed up the procurement and implementation of these projects and that was the reason for use of direct procurement.</i></p> <p><b>Authority's comment:</b> The Ministry of Education &amp; Sports communication on Capitation Grant was purposely to inform the Accounting Officers on availability of funds. Koboko DLG Contracts Committee approved the use of Direct Procurement, however PDU did not follow the steps for Direct Procurement method and this was evidenced by retrospective approval processes.</p>
	<b>Total</b>	<b>1,180,544,077</b>	

#### **Implications**

- Lack of transparency in the procurement process is a red flag for potential collusion and fraudulent behaviours that could cause financial loss to the Entity.
- Irregularities such as delay to open bids and failure to maintain record of issue and receipt in the bidding process are indicators of lack of efficiency, transparency, fairness and competition in the procurement process.
- Issuing and receipt of the bids before obtaining approval from the Contracts Committee undermines checks and balances in the system and further promotes fraudulent and corrupt practices.

#### **Recommendations**

1. The Accounting Officer should investigate and establish circumstances under which such retrospective procurement approvals occurred.
2. The Accounting Officer should also task Mr. Alonga Simon Loyuma the Principal Assistant Secretary (PAS) to explain why he usurped the powers of the Accounting Officer and instructed PDU to expedite the procurement process without the delegated authority.
3. The Accounting Officer should task the Procurement and Disposal Unit to always conduct pre-bid meetings where required and maintain the minutes and record of attendance.

#### **2.2.5 Irregularities during evaluation of bids**

The Authority found irregularities in the evaluation of ten procurement transactions worth UGX 4,466,624,944 as indicated in Table 12 below:

**Table 12: Procurement transactions with irregularities in their evaluation process**

No	Subject of Procurement	Contract value (UGX)	Findings
1.	Construction of two units of two classrooms two units of five stance VIP latrines and supply of classroom furniture at Millennium College	443,248,120	<p>Ms. Rita Harriet and Mr. Lematia Sunday participated in evaluation yet they were not on the approved Evaluation Committee.</p> <p><b><u>Management Response</u></b></p> <p><i>Rita Harriet replaced Asiki Mike Micheal who was taken up by an official duty outside the district.</i></p> <p><i>Lematia Sunday Arua also replaced Babibirye Sebbi who fell sick and couldn't participate.</i></p> <p><i>All this was done to save time and ensure procurement process and timely implementation.</i></p>
2.	Deep boreholes siting and drilling supervision	26,042,600	<p>The best evaluated bidder Rok Technical Services Ltd did not submit a bid security of 2% of the bidder's contract price. This was contrary to ITB 4.1 which stated that "<i>The Bidder shall furnish as part of his Bid, a Bid Security of 2% of the bidder's contract price. Any Bid not accompanied by an acceptable Bid Security will be rejected</i>".</p> <p><b><u>Management Response</u></b></p> <p><i>Rok Technical Services submitted the required bid security, however it was returned after the bid evaluation.</i></p> <p><b>Authority's comment:</b> No documentary evidence was submitted for verification. The Entity should maintain copies of bid securities and return the original copies to the bidders after evaluation.</p>
3.	Renovation of four classroom block with office at Kochi Secondary School.	115,539,582	<ul style="list-style-type: none"> <li>• Loftus Construction and Engineering Company Limited (BEB) with TIN 1001260273 charged VAT yet it was not VAT registered, hence a potential financial loss of UGX 17,279,100.</li> <li>• Recommending for an award of contract to a firm with inflated costs. The contractor quoted UGX 4,320,000 for lightening arrestor. This cost was way much higher than in other renovations for example in the procurement of renovation of four classroom block with office at Kaluba Primary School where the contractor</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>Kumia Group Association Ltd Limited quoted UGX 1,200,000 for lightening arrestor/protection.</p> <ul style="list-style-type: none"> <li>The BOQs submitted had no bid validity. The Authority found that the bidder submitted only a filled BOQ without any attachment, therefore the company's offer had no validity period which could be a risk on the side of the Entity in the event that the bidder changes his prices.</li> </ul> <p><b>Management Response</b></p> <ul style="list-style-type: none"> <li>All Government funded contracts have component of VAT except for donor projects and the VAT are paid directly to the URA by Entity without being transferred to the contractor.</li> <li>There was no requirement for bid validity period as this was direct procurement.</li> </ul> <p><b>Authority's comment:</b> No payment records were submitted for verification. More so, it is not the role of the Entity to remit VAT to URA on behalf of the contractor.</p> <p>Bid validity period is not for a particular procurement method, bid validity is purposely to safeguard the Entity from bidders who may wish to change the bid prices before signing the contracts.</p>
4.	Renovation of four classroom block with office at Kaluba Primary School.	147,311,722	<ul style="list-style-type: none"> <li>The BOQs that were submitted by Kumia Group Association Ltd Limited (BEB) were not signed, or stamped. The Authority could not ascertain whether the bid was submitted by Kumia Group Association Ltd.</li> <li>Kumia Group Association Ltd Limited (BEB) with TIN 1010461037 charged VAT yet it was not VAT registered, hence a potential financial loss of UGX 22,030,666.</li> <li>The BOQs submitted had no validity period. The Authority found that the bidder submitted only a filled BOQ without any attachment, therefore the company's offer had no validity period which could be a risk on the side of the Entity in the event that</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>the bidder changes his prices.</p> <p><b>Management Response</b>  <i>All Government funded contracts have component of VAT except for donor projects and the VAT are paid directly to the URA by Entity without been transferred to the contractor.</i>  <i>There was no requirement for bid validity period as this was direct procurement.</i></p> <p><b>Authority's comment:</b> No payment documentary evidence was submitted for verification. It is not the role of the Entity to remit VAT to URA on behalf of the contractor.</p> <p>Bid validity period is not for a particular procurement method, bid validity is purposely to safeguard the Entity from bidders who may wish to change the bid prices before signing the contracts.</p>
5.	Renovation of four classroom block with office at Longira Primary School.	87,688,275	<p>The BOQs submitted had no validity period. The Authority found that the bidder submitted only a filled BOQ without any attachment; therefore, the company's offer had no validity period which could be a risk on the side of the Entity in the event that the bidder changes his prices.</p> <p><b>Management Response</b>  <i>There was no requirement for bid validity period as this was direct procurement.</i></p> <p><b>Authority's comment:</b>  Bid validity period is not for a particular procurement method, bid validity is purposely to safeguard the Entity from bidders who may wish to change the bid prices before signing the contracts.</p>
6.	Construction of Nyakaliso SEED Secondary School	3,238,070,000	<p>Suspected collusion between the Entity and Desert Breeze Hotel Ltd. The procurement was advertised on 3<sup>rd</sup> December 2021 with the closing date of 3<sup>rd</sup> January 2022 as per advert in the New Vision of 3<sup>rd</sup> December 2021, the Authority found that Desert Breeze Hotel Ltd submitted a bid security from Centenary Bank</p>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>dated 17<sup>th</sup> June 2021 with a different reference number MOES/UGIFT/WRKS/20-21/00004 with the expiry date of 28<sup>th</sup> October 2021. This was before the procurement was advertised. Furthermore, the bidder renewed the validity of its bid security on 23<sup>rd</sup> December 2021 when the first one had expired. The Authority also noted that the procurement reference number for this procurement was MOES/UGIFT/WRKS/21-22/00001 and the bid security validity period was 6<sup>th</sup> May 2022.</p> <p><b><u>Management Response</u></b>  <i>Two separate procurement advertisements were published for the same procurement, however the first was cancelled and second one of 3<sup>rd</sup> December remained and the bid security was still valid because it was extended and later confirmed by the bank during due diligence and letters are available for verification.</i></p> <p><b>Authority's comment:</b> The Entity did not provide the copy of the first advert that was cancelled for consideration.</p> <p>The bank also confirmed and extended the bid security period for a procurement reference number MOES/UGIFT/WRKS/20-21/00004 but not MOES/UGIFT/WRKS/21-22/00001 that was required. A procurement reference number is an identifier of every procurement; therefore, one procurement cannot have different reference numbers.</p>
7.	Construction of one block of three units of rental apartment at Lipa Cell	229,000,000	<ul style="list-style-type: none"> <li>• The bidding document contained a requirement of a bank statement for seven months effective 1st January to 31<sup>st</sup> July 2021 however this criterion was not evaluated</li> <li>• The bidding document contained a requirement for personnel but did not state the required minimum academic qualifications however the EC introduced minimum academic qualifications at evaluation stage.</li> <li>• Mahmud Tairi B. was appointed the Power of Attorney for H.T. Alli and Sons Construction and Engineering Company</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>Ltd however the Bid Submission Sheet was signed by Bakole Muhamudu.</p> <ul style="list-style-type: none"> <li>• Irregularities in the certificate of Incorporation and Memorandum and Articles of Association submitted by H. T. Alli and Sons Construction and Engineering Co. Ltd. The company name on the certificate of Incorporation was H.T. Alli and Sons Construction and Engineering Company Limited however the company name on the Memorandum and Articles of Association was H.T. Alli &amp; Sons Construction and Engineering Company (HTASCO) Limited.</li> <li>• Irregular evaluation. The bid price for H. T Alli &amp; Sons Construction and Engineering Co. Ltd was UGX 265,097,714 however the evaluation committee recommended contract award at UGX 229,000,000.</li> <li>• Post qualification was not conducted yet it was a requirement in the bidding document. There was no evidence to show that due diligence was conducted on the bidder's performance on previous private and public contracts, due diligence to verify and ascertain the bidder's financial contracting capacity and bank commitment to provide credit line to the bidder, bidders equipment, and bidders personnel.</li> </ul> <p><b><u>Management Response</u></b></p> <ul style="list-style-type: none"> <li>• <i>The requirement for bank statement was substituted by provision of Audited books of accounts since this gives a clear picture of the financial position of the company and management has taken note of this and shall now use audited books than bank statement.</i></li> <li>• <i>Bakole Mahammud and Bakole Tair Mahumudu is the same individual as per other legal documents.</i></li> </ul> <p><b>Authority's comment:</b> Mahmud Tairi B. was appointed the Power of Attorney not Bakole Muhamudu. These are legally two separate names/individuals.</p> <ul style="list-style-type: none"> <li>• The contract was awarded at Entity</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p><i>available budget despite the bidder quoting higher and this was subject to her acceptance without negotiation.</i></p> <ul style="list-style-type: none"> <li>• <i>There was no due diligence due to inadequate funds.</i></li> </ul>
8.	Fencing of Gborokolongo and Dranya Health Centre IIIs	140,274,645	<p>There was no evaluation report and score sheets provided to the team. The team could not ascertain whether evaluation had been conducted.</p> <p><b><u>Management Response</u></b>  <i>It is true the detailed score sheets were not availed to the team.</i>  <i>The score sheet got misplaced during the numerous audit exercise by other agencies and could not be traced.</i></p>
9.	Supply of fuel, oils and lubricants	22,000,000	<ul style="list-style-type: none"> <li>• There were no bids submitted by the providers that were awarded the contracts.</li> <li>• As a result of lack of bid, information such as the bid submission sheet, power of attorney, trading license, tax clearance certificate, Memorandum and Articles of Association, personnel, equipment, financial capacity, audited accounts, experience were not verified.</li> </ul>
10.	Supply of stationery	17,450,000	<ul style="list-style-type: none"> <li>• There was no appointment of an evaluation committee.</li> <li>• There was no evaluation process conducted.</li> <li>• Subsequently, there was no evaluation report</li> </ul> <p><b><u>Management Response</u></b>  <i>These were supplies framework contract arrangement.</i></p> <p><b>Authority's comment:</b> The Authority appreciates the Entity's response and recommends that the Entity implements framework contracts in accordance with PPDA Guideline No.10/2014 on use of framework contracts for procurement of supplies works and non-consultancy services</p>
	<b>Total</b>	<b>4,466,624,944</b>	

### Implications

- Unfairness during evaluation leads to contract award to non-compliant bids and compromises on benefits of maximum competition while exposing to the Entity to the risk of collusion and fraud.
- Failure to conduct post qualification may result into award of contracts to firms which lack the capacity to execute Government of Uganda contracts.

### Recommendations

1. The Head, Procurement and Disposal Unit should guide the Evaluation Committee members to strictly adhere to the criteria set out in the solicitation document as provided under Regulation 72 and 74 of the Local Governments (PPDA) Regulations, 2006.
2. The Accounting Officer should always conduct due diligence on all the information submitted by bidders before signing contracts in accordance with the PS/ST circular Ref: FAD154/308/01 issued on 7<sup>th</sup> August 2014.

### 2.2.6 Irregularities during contracting

The Authority found irregularities during contracting in eleven procurement transactions worth UGX 4,642,190,023 indicated in Table 13 below:

**Table 13: Procurements with irregularities during contracting**

No	Subject of Procurement	Contract value (UGX)	Findings
1.	Construction of Nyakaliso SEED Secondary School	3,238,070,000	The contract was signed on 8 <sup>th</sup> August 2022 after bids had expired on 8 <sup>th</sup> April 2022.
2.	Construction of two units of two classrooms two units of five stance VIP latrines and supply of classroom furniture at Millennium College	443,248,120	H.T Alli and Sons Construction & Engineering Ltd did not submit the performance security of 10% of the contact price as was required.
3.	Deep boreholes siting and drilling supervision	26,042,600	Rok Technical Services LTD did not submit a performance security. GCC 10.1 The successful Bidder shall, within fourteen (14) working days of receipt of the Notification of Award from the Client, furnish to the Client a Performance Security in the form of a bank guarantee Furthermore GCC 10.3 sated that <i>“the total amount of Performance Security required under the Contract shall be 25 % of the Contract sum in case it is an Insurance Company providing the security and 10% if it is a Bank Guarantee</i>
4.	Renovation of four classroom block with office at Kochi Secondary School.	115,539,582	<ul style="list-style-type: none"><li>• Awarding the contract before the procurement was initiated. Whereas the procurement was initiated on 11<sup>th</sup> January 2022, the Contracts Committee had already awarded the contract to Loftus Engineering &amp; Construction Co.</li></ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>Ltd on its 4<sup>th</sup> meeting on 10<sup>th</sup> January 2022 under Min.No. 4 CC/004/2021/2022. Furthermore, the Entity sent a letter of bid acceptance to the bidder on 10<sup>th</sup> January 2022 to which the bidder accepted and signed the contract on 11<sup>th</sup> January 2022.</p> <ul style="list-style-type: none"> <li>The contract was signed with Mansur Salim Kapepe a representative of Loftus Engineering &amp; Construction Co. Ltd who had no Powers of Attorney.</li> </ul>
5.	Renovation of four classroom block with office at Longira Primary School.	87,688,275	<ul style="list-style-type: none"> <li>Awarding the contract before the contract was initiated; whereas the procurement was initiated on 11<sup>th</sup> January 2022, the Contracts Committee had already awarded the contract its 4<sup>th</sup> meeting on 10<sup>th</sup> January 2022 under Min .No. 4 CC/004/2021/2022. Further to note, the Entity sent a letter of bid acceptance to bidder on 10<sup>th</sup> January 22 to which the bidder accepted and signed the contract on 11<sup>th</sup> January 2022.</li> <li>Signing the contract with Innocent Yahaya who had no Powers of Attorney for. Haraka Investment Co. Limited (BEB).</li> </ul>
6.	Construction of one block of three units of rental apartment at Lipa Cell	229,000,000	<ul style="list-style-type: none"> <li>The Special Conditions of Contract were not attached to the signed contract.</li> <li>Contradiction between the signed contract and the bidding document. The GCC 61.1 in the bidding document stated that the performance security and ES performance security shall be 10% of the contract price however in the special conditions of the signed contract, stated that the successful bidder shall not provide a performance security for the contract in form of a bank guarantee 10% of the contract price.</li> <li>The Notice of BEB was not in the file.</li> <li>The signed contract stated that the documents constituting the contract shall be: site inspection form, signed form of bid, signed Power of Attorney, General and Special Conditions of Contract, technical specifications, standard drawings and designs, priced</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			bills of quantity and copies of bonds however these documents were not prepared.
7.	Fencing of Gborokolongo and Dranya Health Centre IIIs	140,274,645	<ul style="list-style-type: none"> <li>• Contradiction between the bidding document and signed contract. GCC 57.1 in the bidding document stated that the proportion of payment retained is 5% of the contract price however the signed contract stated that the retention money shall be 10% of the contract price.</li> <li>• The bidding document stated that the liquidated damages for the whole of the Works are _____ per day. The maximum amount of liquidated damages for the whole of the Works is _____ Percent of the Final Contract Price whereas the signed contract stated that the liquidated damages shall be 0.1% of the price of the works not completed per day of delay. The maximum liquidated damages shall be 10% of the contract price.</li> <li>• The Notice of BEB was not in the file and there was no evidence that it was sent to all bidder.</li> <li>• The signed contract stated that the documents constituting the contract shall be; site inspection form, signed form of bid, signed Power of Attorney, General and Special Conditions of Contract, technical specifications, standard drawings and designs and priced bills of quantity however these documents were not prepared.</li> </ul>
8.	Construction of three stance drainable latrine at Oraba Town Council	17,491,730	<ul style="list-style-type: none"> <li>• Irregular award of contract without following the procurement process. The Contracts Committee on 9th November 2021 awarded the contract to Loftus Construction and Engineering Co. Ltd at UGX 17,491,730 and the basis used to award the contract was the company did similar works for construction of latrines in Kuluba and Dranya Sub County.</li> <li>• The signed contract stated that the documents constituting the contract</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			shall be; site inspection form, signed form of bid, signed Power of Attorney, GCC, technical specifications, standard drawings and designs and priced bills of quantity, however these documents were not prepared.
9.	Partial Casting of the ground floor of Koboko District General Hospital at Ginyako	305,385,071	<ul style="list-style-type: none"> <li>• Mr. Alonga Loyuma the PAS signed the NoBEB without delegation by the Accounting Officer.</li> <li>• The signed contract stated that the documents constituting the contract shall be; site inspection form, signed form of bid, signed Power of Attorney, GCC, technical specifications, standard drawings and designs, priced bills of quantity, however these documents were not prepared</li> <li>• No evidence that the Entity wrote to the Solicitor General for clearance of the contract</li> </ul>
10.	Supply of fuel, oils and lubricants	22,000,000	<ul style="list-style-type: none"> <li>• Usurping powers of the Accounting Officer. Alonga Simon Loyuma the PAS on 19<sup>th</sup> July 2021 communicated notice of contract award to Hass Petroleum (U) Ltd without official delegated authority.</li> <li>• No evidence of award of contract by the Contracts Committee.</li> <li>• Irregular application of framework contract. The Entity directly sourced Hass Petroleum Uganda Ltd from the prequalification list and signed a framework contract with the company.</li> <li>• The list of requirements was not attached to the contract and therefore it was difficult to know items and their various rates.</li> <li>• The subject of the procurement was not indicated in the contract.</li> <li>• The contract was not signed by a staff from the Entity as a witness.</li> <li>• There was no contract duration stated in the contract i.e. start date and completion date.</li> <li>• The contract was signed on 20<sup>th</sup> July 2021 by Alonga Simon Loyuma the PAS without delegation from the</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Findings
			<p>Accounting Officer.</p> <ul style="list-style-type: none"> <li>Documents such as signed bid submission sheet, signed Power of Attorney, Special Conditions of the Contract and quotations were not attached to the contract.</li> </ul>
11.	Supply of stationery	17,450,000	<ul style="list-style-type: none"> <li>Usurping powers of the Accounting Officer. Alonga Simon Loyuma on 19<sup>th</sup> July 2021 communicated notice of contract award to Bethany Pearls without official delegation from the Accounting Officer.</li> <li>No evidence of award of contract by the Contracts Committee</li> <li>Irregular application of framework contract. The Entity directly sourced Bethany Pearls from the prequalification list and signed a framework contract with the company.</li> <li>The list of requirements was not attached to the contract and therefore it was difficult to know items and their various rates</li> <li>The subject of the procurement was not indicated in the contract</li> <li>The signed contract had no procurement reference number</li> <li>There was no contract duration stated in the contract i.e. start date and completion date</li> <li>The contract was signed on 20<sup>th</sup> July 2021 by Alonga Simon Loyuma the PAS without delegation from the Accounting Officer</li> <li>Documents such as signed bid submission sheet, signed power of attorney, Special Conditions of the Contract and quotations were not attached to the contract.</li> </ul>
	<b>Total</b>	<b>4,642,190,023</b>	

#### Implication

- Failure to send NoBEBs undermines the principle of transparency as bidders are denied the opportunity to raise concerns or information on how to better prepare future bids.
- The above irregularities cast doubt on the integrity of the respective procurement processes.

- Irregularities in the signed contracts expose the Entity to the risk of contract disputes between the Entity and the contractors and ineffective execution.

### **Recommendations**

1. The Contracts Committee should award the contract to the Next Best Evaluated Bidder from among the remaining bidders where the successful bidder fails to provide the performance security with in the specified time in accordance with Regulation 89 of the Local Governments (PPDA) Regulations, 2006.
2. The Head Procurement Disposal Unit should ensure that the best evaluated bidder notice is displayed on the Entity's notice board and sent to all bidders in accordance with Regulation 85(5) of the Local Governments (PPDA) Regulations, 2006.
3. The Accounting Officer should sign the contract before expiry of the bid and where necessary, a bidder should be requested in writing, before the expiry of validity of their bid to extend the bid validity for a minimum period to complete the process outlined in sub regulation 49 (3) as guided in Regulation 49 (5) of the Local Governments (PPDA) Regulations, 2006.
4. Where the contract value is greater than UGX 200,000,000, the Accounting Officer should seek approval of the draft contract from the Solicitor General before signing the contract as guided in Regulation 86 (2) (f) of the Local Governments (PPDA) Regulations, 2006.

### **Management Response**

*Performance securities were obtained for all the contracts except were returned to the contractors after completion of the projects.*

*Late contract signature for two procurements were beyond the Entity level since these were hybrid procurements where letters of no objection were first issued after contract signature.*

**Authority's comment:** No documentary evidence was submitted for verification however the Entity should maintain certified copies of bid securities and return the original copies to the bidders after evaluation.

### **2.2.7 Missing records**

The Authority found that key procurement records were not maintained on their respective files in the following ten procurements worth UGX 1,558,362,359

**Table 14: Procurements missing records**

No	Subject of Procurement	Contract value (UGX)	Missing records
1.	Construction of staff house at Chakulia HC III	148,755,333	<ul style="list-style-type: none"> <li>• No monthly reports.</li> <li>• No completion certificate.</li> <li>• No payment records</li> </ul>
2.	Construction of two units of two classrooms two units of five stance VIP latrines and supply of classroom furniture at Millennium College	443,248,120	<ul style="list-style-type: none"> <li>• No contract implementation plan.</li> <li>• No progress reports.</li> <li>• No completion certificate.</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Missing records
3.	Deep boreholes siting and drilling supervision	26,042,600	<ul style="list-style-type: none"> <li>• No inception report and final report</li> <li>• No monthly progress reports</li> </ul>
4.	Drilling of 9 units of deep boreholes	208,714,860	<ul style="list-style-type: none"> <li>• No record of issue and receipt of bids.</li> <li>• No CC approval of the Evaluation Committee.</li> <li>• No monthly progress reports</li> <li>• No completion certificate.</li> </ul>
5.	Construction of one block of three units of rental apartment at Lipa Cell	229,000,000	<ul style="list-style-type: none"> <li>• No notices of best evaluated bidder</li> <li>• Appointment letter of Contract Supervisor.</li> <li>• Contract completion certificate</li> </ul>
6.	Fencing of Gborokolongo and Dranya Health Centre IIIs	140,274,645	<ul style="list-style-type: none"> <li>• Evaluation report and evaluation score sheets</li> <li>• No notices of best evaluated bidder</li> <li>• Appointment letter of Contract Supervisor i.e. technical officer such as Engineer</li> <li>• Contract completion report</li> <li>• Contract completion certificate</li> </ul>
7.	Construction of three stance drainable latrine at Oraba Town Council	17,491,730	<ul style="list-style-type: none"> <li>• Bid invitation notice</li> <li>• Bidding document</li> <li>• Bills of quantity, drawings and designs</li> <li>• No notices of best evaluated bidder</li> <li>• Appointment letter of Contract Supervisor i.e. technical officer such as Engineer</li> <li>• Contract completion certificate</li> </ul>
8.	Partial Casting of the ground floor of Koboko District General Hospital at Ginyako	305,385,071	<ul style="list-style-type: none"> <li>• Bid document</li> <li>• Bidding document</li> <li>• Contract completion certificate</li> </ul>
9.	Supply of fuel, oils and lubricants	22,000,000	<ul style="list-style-type: none"> <li>• Appointment letter of Contract Supervisor</li> <li>• Contract implementation plan</li> <li>• Contract completion certificate</li> </ul>
10.	Supply of stationery	17,450,000	<ul style="list-style-type: none"> <li>• Statement of requirements</li> <li>• Appointment letter of Contract Supervisor</li> </ul>

No	Subject of Procurement	Contract value (UGX)	Missing records
			<ul style="list-style-type: none"> <li>• Contract implementation plan</li> <li>• Contract completion certificate</li> </ul>
	<b>TOTAL</b>	<b>1,558,362,359</b>	

### **Implication**

The lack of complete records disrupts the audit trail and is an indicator of weak internal controls within the Entities systems.

### **Recommendation**

1. User Departments should ensure that they provide to the Procurement and Disposal Unit all contract management documents relating to all procurement transactions in accordance with Section 31 (o) of the PPDA Act, 2003.
2. The Head Procurement and Disposal Unit should ensure that the Procurement and Disposal Unit procurement action files are complete with all documents in accordance with Section 31 (o) of the PPDA Act, 2003.

### **Management Response**

*Some completion certificates, bid invitation notices, and LG PP Forms, appointment letters of contract managers and supervisors and contract implementation plans are available on files.*

**Authority's comment:** No documentary evidence was submitted for verification.

## **2.3 OVERVIEW OF THE LEVEL OF EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION**

### **2.3.1 Delays in the procurement process**

An analysis of the sampled procurement activities within the Entity revealed that three procurement transactions worth UGX 432,227,857 were executed inefficiently with various delays observed contrary to Section 48 of the PPDA Act, 2003 as detailed in Table 15 below. These cases were:

**Table 15: Unnecessary delays within the procurement processes**

No	Subject of procurement	Contract value (UGX)	Findings	Management Response
1.	Renovation of four classroom block with office at Kochi Secondary School.	115,539,582	Whereas the contractual completion date was 30 <sup>th</sup> March 2022, the actual completion was 15 <sup>th</sup> June 2022 hence creating a delay of 77 day	<i>Need to ensure quality works which requires certain stages of works to be given time to set such as concrete floor and plastering before painting.</i>

No	Subject of procurement	Contract value (UGX)	Findings	Management Response
2.	Renovation of four classroom block with office at Longira Primary School.	87,688,275	Whereas the contractual completion date was 30 <sup>th</sup> March 2022, the actual completion was 22 <sup>nd</sup> June 2022, hence creating a delay of 84 days.	<i>Need to ensure quality works which requires certain stages of works to be given time to set such as concrete floor and plastering before painting.</i>
3.	Construction of one block of three units of rental apartment at Lipa Cell	229,000,000	Whereas the contract provided for a contract completion date of 31 <sup>st</sup> March 2022, the contract was not yet complete by 1 <sup>st</sup> April 2022. The payment requests dated 1 <sup>st</sup> April 2022 submitted by the contractor indicated that the works was at the painting stage	<i>Need to ensure quality works caused delays</i>
<b>Total</b>		<b>432,227,857</b>		

### Implication

Delays at contract implementation lead to delayed service delivery

### Recommendations

Contract supervisors should strictly supervise contracted firms to ensure that contracts are implemented within the contractual period in order to achieve timely service delivery.

**Authority's comment:** The Entity should plan and provide adequate contract periods/durations to cater for the quality of the contract implementation.

### 2.3.2 Irregularities during contract management

The Authority found irregularities in contract management for eight procurements worth UGX 1,191,446,358 as indicated in Table 16 below;

**Table 16: Transactions with irregularities at contract management**

No.	Subject of procurement	Contract Value (UGX)	Findings
1.	Partial Casting of the ground floor of Koboko District General Hospital at Ginyako	305,385,071	<ul style="list-style-type: none"> <li>Inadequate contract implementation plan; the contract implementation plan details did not match with the details in the contract i.e. no contract signing date and contract completion date in the plan. Failure to prepare progress reports for December, January and February.</li> </ul>

No.	Subject of procurement	Contract Value (UGX)	Findings
			<p>Though the contract start date was 1st December 2021, there were only two progress reports on file dated 4<sup>th</sup> March 2022 and 5<sup>th</sup> April 2022.</p> <ul style="list-style-type: none"> <li>• Inadequate progress report. The progress reports of 4<sup>th</sup> March 2022 and 5<sup>th</sup> April 2022 prepared by Wani Nelson the District Engineer were not detailed i.e. no detail on the scope of works, % physical progress, financial progress, time progress, materials at the site, personnel, equipment, ESHS safeguards issues, challenges etc.</li> <li>• The progress reports were not shared with the Accounting Officer and PDU during contract implementation.</li> <li>• The contract required monthly site meetings however there were no minutes to show that site meetings were held.</li> <li>• No evidence of implementation of environmental mitigation measures such as creating proper drainage &amp; planting of trees and grass.</li> <li>• Though the contractor completed the works, the Entity did not prepare a completion certificate.</li> <li>• No evidence of full payment of the contract sum. Out of UGX 305,385,071, the Entity provided a payment voucher worth UGX 143,743,994 dated 30th March 2022.</li> <li>• No evidence of implementation of Environment and Social Management Plan that was provided in the bills of quantities at UGX 5,074,528.</li> </ul>
2.	Construction of three stance drainable latrine at Oraba Town Council	17,491,730	<ul style="list-style-type: none"> <li>• Inadequate progress report. The progress reports dated 20<sup>th</sup> December 2021 and 18<sup>th</sup> January 2022 prepared by Data Aldo Buga the Engineering Assistant were not sufficiently detailed i.e. no detail on the % physical progress of the scope of works, financial progress, time progress, materials at the site, personnel, equipment, ESHS safeguards issues, challenges etc.</li> <li>• The progress reports were not shared with the Accounting Officer and PDU</li> </ul>

No.	Subject of procurement	Contract Value (UGX)	Findings
			<p>during contract implementation.</p> <ul style="list-style-type: none"> <li>• The contract required monthly site meetings however there were no minutes to prove that site meetings were held.</li> <li>• No evidence of implementation of environmental mitigation measures such as planting of trees and grass.</li> <li>• Though the contractor completed the works, the Entity did not prepare a completion certificate.</li> </ul>
3.	Fencing of Gborokolongo and Dranya Health Centre IIIs	140,274,645	<ul style="list-style-type: none"> <li>• Failure to appoint the technical person as the Contract Supervisor. It was observed that the Chief Administrative Officer on 10<sup>th</sup> September 2021 appointed Apangu Ismail the Senior Assistant Secretary, Dranya Sub County as the Contract Supervisor despite lacking technical expertise to supervise works projects.</li> <li>• The contract implementation plan on file was inadequate i.e., details of contract amount, contract signing date, contractor's name, defects liability period were not indicated in the plan. The contract completion date was indicated as 10<sup>th</sup> December 2021 instead of 31<sup>st</sup> March 2022 as provided for in the contract.</li> <li>• The progress reports were not submitted to PDU during contract implementation.</li> <li>• The progress reports dated 22<sup>nd</sup> November 2021 and 2<sup>nd</sup> December 2021 prepared by Data Aldo Buga the Engineering Assistant were not sufficiently detailed i.e., no detail on the % physical progress, financial progress, time progress, materials at the site, personnel, equipment, ESHS safeguards issues, challenges etc.</li> <li>• The contract required monthly site meetings however there were no minutes to show that site meetings were held.</li> <li>• UGX 1,200,000 was provided for project sign post/ bill board at Dranya Health Centre III however there was no sign post erected.</li> <li>• UGX 2,330,918 was provided for Environmental and Social Management</li> </ul>

No.	Subject of procurement	Contract Value (UGX)	Findings
			<p>implementation however there was no evidence of what was implemented using the funds.</p> <ul style="list-style-type: none"> <li>• The contract completion date was 30<sup>th</sup> January 2022 however there was no evidence of contract completion.</li> <li>• Failure to extend the validity period of the contract. The contract expired on 30<sup>th</sup> January 2022 however the validity period was not extended yet the construction works was still ongoing.</li> <li>• There were no payment records on file i.e. records such as payment vouchers, payment certificates, request for payments were not on file.</li> <li>• The progress reports were not shared with the Accounting Officer and PDU during contract implementation.</li> <li>• Failure to hold site meetings. The contract required monthly site meetings however there were no minutes to prove that site meetings were held.</li> <li>• No evidence of implementation of environmental mitigation measures such as planting of trees and grass.</li> <li>• Though the contractor completed the works, the Entity did not prepare a completion certificate.</li> <li>• No evidence to show the completed project was commissioned and handed over.</li> </ul>
4.	Construction of one block of three units of rental apartment at Lipa Cell	229,000,000	<ul style="list-style-type: none"> <li>• Failure to appoint the technical staff as the Contract Supervisor i.e. it was observed that the Chief Administration Officer on 10<sup>th</sup> September 2021 appointed Ratib Ismail the Senior Commercial Officer as the Contract Manager for the works projects without appropriate technical skills and experience in the field of construction.</li> <li>• The contract implementation plan on file was inadequate i.e. details of contract amount, contract signing date, contractor's name, defects liability period were not indicated in the plan. The contract completion date was indicated as 10<sup>th</sup> December 2021 which was wrong</li> </ul>

No.	Subject of procurement	Contract Value (UGX)	Findings
			<p>given the signed contract indicated a contract completion date of 31<sup>st</sup> March 2022.</p> <ul style="list-style-type: none"> <li>• The progress reports were not submitted to PDU during contract implementation.</li> <li>• The progress reports dated 22<sup>nd</sup> October 2021, 2<sup>nd</sup> November 2021 and 28<sup>th</sup> February 2022 prepared by Buga Mohammad the Assistant Engineering Officer were not sufficiently detailed i.e. no detail on the % physical progress, financial progress, time progress, materials at the site, personnel, equipment, ESHS safeguards issues, challenges etc.</li> <li>• The contract required monthly site meetings however there were no minutes to prove that site meetings were held.</li> <li>• Under preliminaries, UGX 300,000 was provided for the foundation stone and UGX 250,000 was provided for signboard. There was no evidence of installation and erecting the above respectively.</li> <li>• UGX 4,405,080 was provided for Environmental and Social Management implementation however there was no evidence to prove that the requirements were executed.</li> <li>• Alonga Loyuma approved the payment certificates without delegated authority from the Chief Administrative Officer.</li> <li>• Measurement sheets were not attached to the payment certificates</li> <li>• The Entity on 29<sup>th</sup> June 2022 (payment voucher No. 44588060) paid the contractor retention worth UGX 11,450,000 before completion of the DLP. The contract was completed on 16<sup>th</sup> June 2022 and the retention was paid on 29<sup>th</sup> June 2022. The signed contract stated that the DLP shall run for 12 months. The contractor should have been paid on 16<sup>th</sup> June 2023.</li> <li>• The progress reports were not shared with the Accounting Officer and PDU during contract implementation.</li> </ul>

No.	Subject of procurement	Contract Value (UGX)	Findings
			<ul style="list-style-type: none"> <li>The contract required monthly site meetings however there were no minutes to show that site meetings were held.</li> <li>No evidence of implementation environmental mitigation measures such as planting of trees and grass.</li> <li>Though the contractor completed the works, the Entity did not prepare a completion certificate.</li> <li>No evidence to show the completed project was commissioned and handed over.</li> </ul>
5.	Construction of staff house at Chakulia HC III	148,755,333	<ul style="list-style-type: none"> <li>No evidence on file on whether Environmental and Social management activities were conducted.</li> <li>No evidence of commissioning and handover of the project.</li> </ul>
6.	Renovation of four classroom block with office at Kochi Secondary School.	115,539,582	<ul style="list-style-type: none"> <li>Failure to appoint contract supervisor.</li> <li>No evidence of commissioning and handover of the facility.</li> </ul>
7.	Renovation of four classroom block with office at Kaluba Primary School.	147,311,722	<ul style="list-style-type: none"> <li>No evidence of commissioning and handover of the facility.</li> <li>No completion certificates</li> </ul>
8.	Renovation of four classroom block with office at Longira Primary School.	87,688,275	<ul style="list-style-type: none"> <li>Failure to hold site meetings.</li> <li>No evidence of commissioning and handover of the facility.</li> <li>No completion certificates</li> </ul>
	<b>Total</b>	<b>1,191,446,358</b>	

### Implications

- Poor contract management exposes the Entity to the risk of derailing the objectives of undertaking a procurement and ultimately defeating budget objectives and the ability of the Government of Uganda to deliver quality public services.
- There is a potential financial loss due to requirements such as implementation of environmental mitigation measures like planting of trees and grass that were paid for but not executed.

### Recommendations

- The Accounting Officer should task Heads of User Departments to ensure that contract supervisors prepare contract implementation plans in accordance with Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006.
- The Accounting Officer should prevail over contract supervisors to prepare and submit all contract management records such as progress reports and completion certificates in

accordance with Regulation 119 (10) of the Local Governments (PPDA) Regulations, 2006.

3. The Accounting Officer should always ensure that all completed projects are commissioned and handed over to the intended users/beneficiaries.
4. Contract supervisors should strictly supervise contracted firms to fulfil all contractual obligations such as implementation of Environmental and Social management activities specified within the terms and conditions.

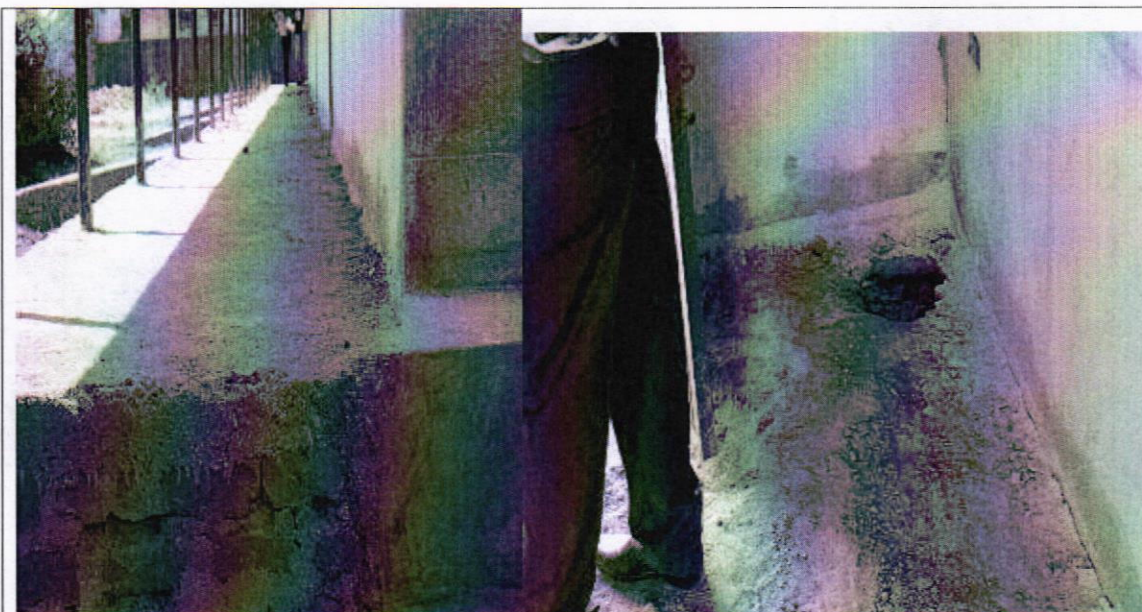
**Management response**

*Management has taken note of your advice.*

**PHYSICAL VERIFICATION OF EXECUTED PROJECTS**

Photographs showing incomplete construction works of Dranya Primary School





*Incomplete veranda at Dranya Primary School*

**Project status**

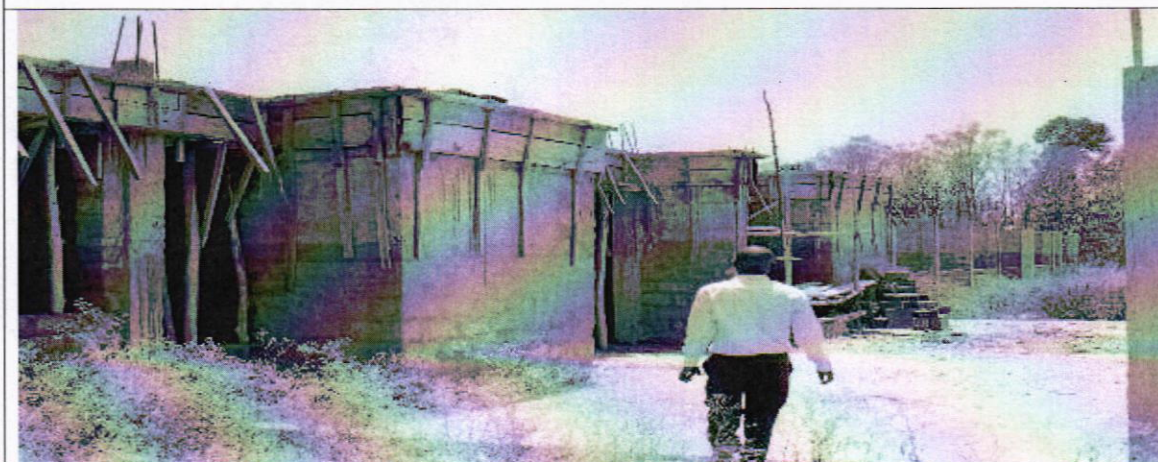
The contractor completed the beam, walling over the beam and roofing

**Exceptions noted:**

- The project was not hoarded off to prevent access by students.
- Incomplete plastering
- Incomplete floor works.
- Windows, door works and painting are incomplete
- Safety signages were not installed at the site

**Management response**

*At the time of the audit, it was true observation, however the project is now completed. This was because the contract was in two phases because of inadequate funds.*





The above picture shows incomplete Koboko General Hospital at Dranya Sub County

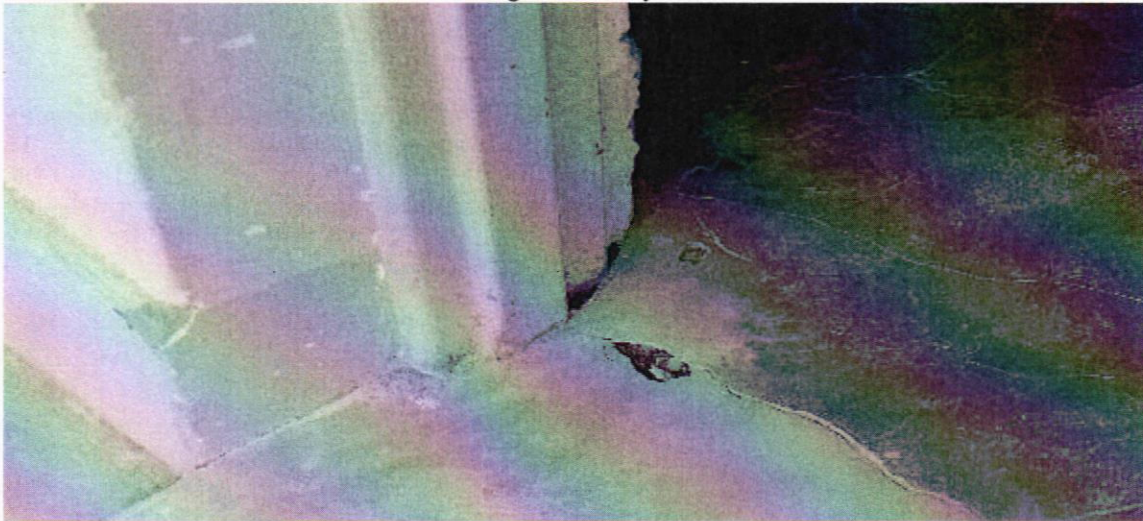
**Exceptions noted:**

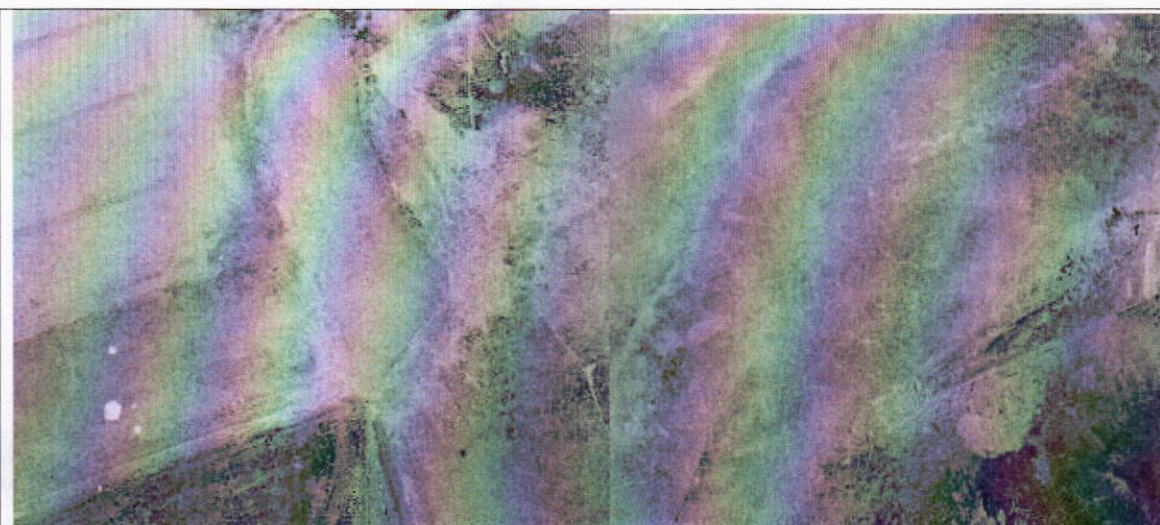
- The project was not hoarded off to prevent access by unauthorised persons.
- No security on the site.
- No contractor on the site.
- The project site was bushy and vegetation had over grown around the facility.
- Safety signages were not installed at the site

**Management response**

*Management noted this and the site has been cleared of the vegetation, however there was no provision for hoarding and site security, however this will be provided in the next phase of the procurement.*

**Renovation of a 4 classroom block at Longira Primary School**





Cracks on the floor of the renovated classroom block

**Project Status:**

The renovation was completed but with a lot of shoddy works

**Exceptions noted:**

- Shoddy works were noted on the floors of the building.
- Cracks on the aprons.
- The entrance on the door of the classrooms were not properly finished.
- Cracks on the veranda.

**Management response**

*Management noted this and contractor was sent to correct the defects and all is now done.*

**Construction of staff house in Chakulia**



*Poorly designed bathroom of small size (83cm by 100cm). Poorly completed. The walls were not fully plastered*

**Project Status:**

The construction works for staff house in Chakulia was not completed

**Exceptions noted:**

- Incomplete works on e kitchen. The upper part of the wall on the kitchen was not plastered.
- No curtain rails in the staff house
- Debris were not removed.
- No trees were planted
- The kitchen was being used as bedrooms

**Management response**

*No management response*



The above photograph shows a rental apartment at Lipa Cell

**Exceptions noted:.**

- No gutters
- There was no record of revenue collected from this rental apartment
- The project was not commissioned and handed over however it was found occupied by tenants

**Management response**

*No management response*

### 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 Koboko District Local Government for the Financial Year 2021/22 was **unsatisfactory** with overall weighted average risk rating of **71.8%**.

**Table 17: The risk rating is as follows:**

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 18: Summary of performance of Koboko DLG**

Risk Rating	NO.	%No	Weights	Weighted score by No.	Value (UGX)	%Value	Weights	Weighted score by value
High	9	56.3	0.6	33.8	1,082,141,025	50.4	0.6	30.24
Medium	4	25	0.3	7.5	826,760,913	38.5	0.3	11.6
Low	3	18.7	0.1	1.9	239,650,000	11.1	0.1	1.1
Satisfactory	0	-	0	0.00	-	-	0	0.00
<b>Total</b>	<b>16</b>	<b>100</b>	<b>1</b>	<b>43.2</b>	<b>2,148,551,938</b>	<b>100</b>	<b>0</b>	<b>42.94</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{43.2 \times 100}{60} = 72\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{42.94 \times 100}{60} = 71.6\%$$

$$\text{Combined Weighted Average} = \frac{72 + 71.6}{2} = 71.8\%$$

Figure 1: Risk Rating by Number

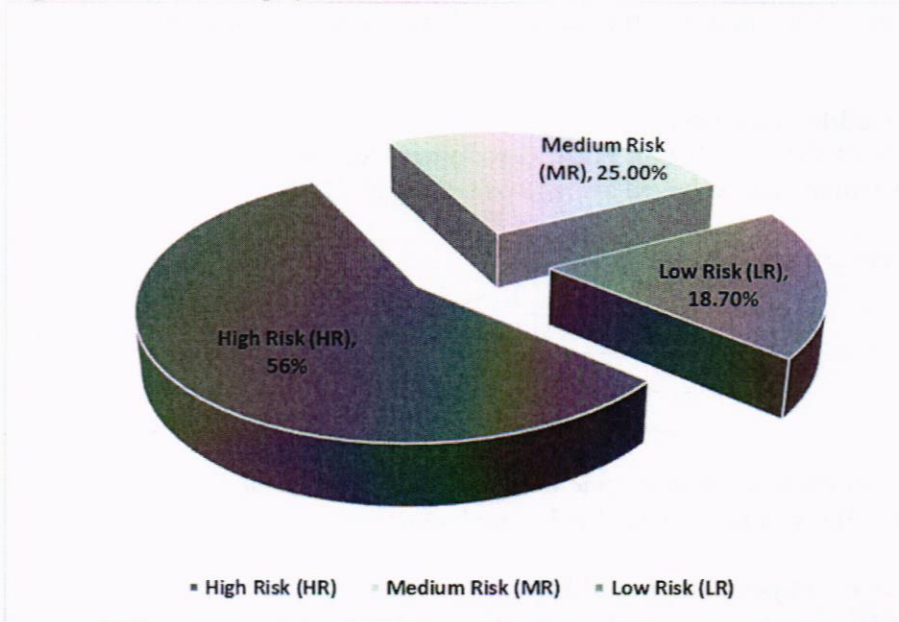
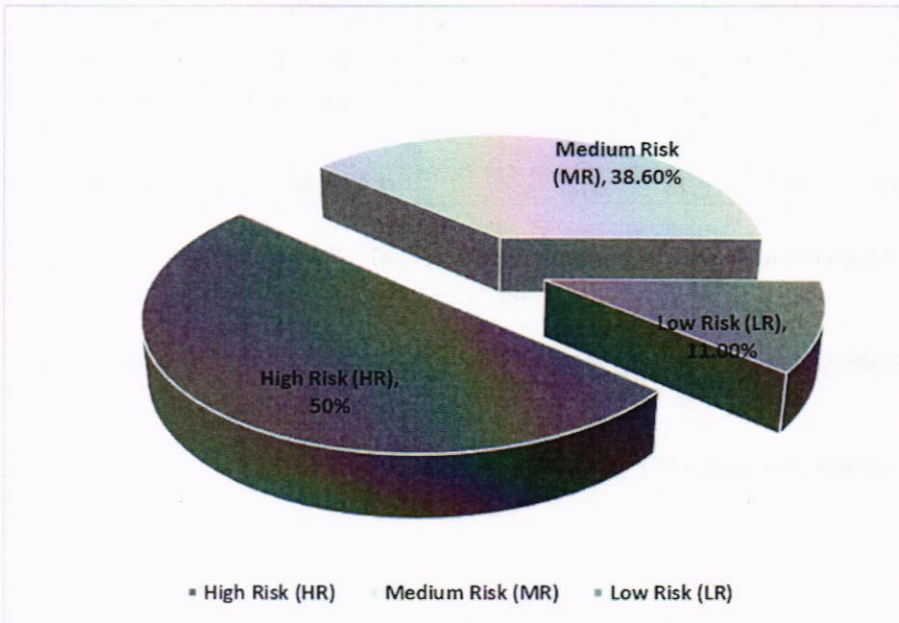


Figure 2: Risk Rating by Value



### 3.2 Recommended Action Plan

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

**Table 19: Recommended Action Plan**

Responsible Party	Recommendation	Action Date
Accounting Officer	<ul style="list-style-type: none"> <li>• The Accounting Officer should task Mr. Alonga Simon Loyuma the Principal Assistant Secretary (PAS) to explain why he usurped the powers of the Accounting Officer and confirmed availability of funding without the delegated authority.</li> <li>• The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations.</li> <li>• To address variances, the Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.</li> <li>• The Accounting Officer should ensure that all obsolete assets listed in the board of survey report for FY 2020/2021 are disposed of in accordance with Regulation 122 of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Accounting Officer should instruct the District Engineer to adhere to Circular No. 3 of 2012 to Local Governments on the application of the use of force account mechanism to ensure value for money.</li> <li>• The Accounting Officer should task the Procurement and Disposal Unit to always conduct pre-bid meetings where required and maintain the minutes and record of attendance.</li> <li>• The Accounting Officer should always conduct due diligence on all the information submitted by bidders before signing contracts in accordance with the PS/ST circular Ref: FAD154/308/01 issued on 7th August 2014.</li> <li>• The Contracts Committee should award the contract to the Next Best Evaluated Bidder from among the remaining bidders where the successful bidder fails to provide the</li> </ul>	Immediately

Responsible Party	Recommendation	Action Date
	<p>performance security with in the specified time in accordance with Regulation 89 of the Local Governments (PPDA) Regulations, 2006.</p>	
<p>Procurement and Disposal Unit</p>	<ul style="list-style-type: none"> <li>• In the event that the Entity needs to aggregate some procurements, the Head Procurement and Disposal Unit should aggregate them in accordance with Regulation 63 (2) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Head Procurement and Disposal Unit should read and understand the provisions of PPDA Guideline No. 10/2014 before undertaking any further procurements under framework arrangement and seek clarification from the Authority on any unclear provisions.</li> <li>• The Head Procurement and Disposal Unit should always use direct procurement method justifiably in the instances where exceptional circumstances prevent the use of competitive methods in accordance with Regulation 40 of the Local Governments (PPDA) Regulations, 2006</li> <li>• The Procurement and Disposal Unit should state exact dates of expiry of bid validity periods when preparing solicitation documents as provided in the PPDA Circular No.1/2013.</li> <li>• The Procurement and Disposal Unit should state exact dates of expiry of bid validity periods when preparing solicitation documents as provided in the PPDA Circular No.1/2013.</li> <li>• The Head, Procurement and Disposal Unit should guide the Evaluation Committee members to strictly adhere to the criteria set out in the solicitation document as provided under Regulation 72 and 74 of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Head Procurement Disposal Unit should ensure that the best evaluated bidder notice is displayed on the Entity's notice board and sent to all bidders in accordance with Regulation 85(5) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Head Procurement and Disposal Unit should ensure that the Procurement and Disposal Unit procurement action files are complete with all documents in accordance with Section 31 (o) of</li> </ul>	<p>Immediately</p>

Responsible Party	Recommendation	Action Date
	<p>the PPDA Act, 2003.</p> <ul style="list-style-type: none"> <li>The Head of the Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 31 (o) of the PPDA Act, 2003 as amended.</li> </ul>	
Contracts Committee	The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies which could lead to misunderstandings between the Entity and the bidders.	Continuous
User Departments	<ul style="list-style-type: none"> <li>The user departments should recommend a statement of requirements at initiation according to Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006.</li> <li>User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.</li> <li>User Departments should ensure that they provide to the Procurement and Disposal Unit all contract management documents relating to all procurement transactions in accordance with Section 31 (o) of the PPDA Act, 2003.</li> </ul> <p>5. Contract supervisors should strictly supervise contracted firms to fulfil all contractual obligations such as implementation of Environmental and Social management activities specified within the terms and conditions.</p>	Immediately

#### Annex A: Findings and rating on the individual contracts reviewed

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Renovation of four classroom block with office at Kochi Secondary School.</p> <p>Direct Procurement. UGX</p>	<ul style="list-style-type: none"> <li>Unjustified use of direct procurement method.</li> <li>BoQs and drawings were not attached at initiation</li> <li>Start date/initiation date not indicated in the procurement plan</li> <li>Irregular use of direct procurement method.</li> <li>Irregularities at bidding. .</li> <li>Suspected collusion.</li> <li>Awarding the contract before the contract was initiated.</li> <li>Failure to correct arithmetic errors.</li> <li>Awarding contract to a firm with inflated costs</li> <li>Signing the contract with someone who had no powers of attorney.</li> </ul>

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	115,539,582	<ul style="list-style-type: none"> <li>• The BOQs submitted had no bid validity.</li> <li>• Delay to complete.</li> </ul>
2.	Renovation of four classroom block with office at Kaluba Primary School.  Direct Procurement. UGX 147,311,722	<ul style="list-style-type: none"> <li>• Unjustified use of direct procurement method.</li> <li>• BoQs and drawings were not attached at initiation.</li> <li>• Irregular use of direct procurement method.</li> <li>• Irregularities at bidding.</li> <li>• No record of receipt.</li> <li>• Suspected fraud.</li> <li>• The BOQs that were submitted by Kumia Group Association Ltd Limited (BEB) were not signed, not on the company headed paper or stamped.</li> <li>• Failure to correct arithmetic errors.</li> <li>• Failure to conduct evaluation.</li> <li>• Signing the contract with someone who had no powers of attorney.</li> <li>• The BOQs submitted had no bid validity.</li> <li>• Delay to complete.</li> </ul>
3.	Renovation of four classroom block with office at Longira Primary School.  Direct Procurement  UGX: 87,688,275	<ul style="list-style-type: none"> <li>• Unjustified use of direct procurement method.</li> <li>• BoQs and drawings were not attached at initiation</li> <li>• Irregular use of direct procurement method.</li> <li>• Irregularities at bidding.</li> <li>• Quality of the bills of quantities.</li> <li>• No record of receipt.</li> <li>• Suspected collusion.</li> <li>• Awarding the contract before the contract was initiated.</li> <li>• Failure to conduct evaluation.</li> <li>• Signing the contract with someone who had no powers of attorney.</li> <li>• The BOQs submitted had no bid validity.</li> <li>• Delay to complete</li> <li>• No evidence on file on whether Environmental and Social post construction activities were done by the Contractor.</li> </ul>
4.	Construction of one block of three units of rental apartment at Lipa Cell  KOB563/WRKS/2021-2022/00006  H. T Alli & Sons Construction & Engineering Co. Ltd  Contract Amount: UGX	<ul style="list-style-type: none"> <li>• The timelines in the plan start from bid invitation date.</li> <li>• The confirmation of funding was done by Alonga Simon Loyuma.</li> <li>• Statement of requirements were not attached at initiation</li> <li>• Irregularities in the bidding document:</li> <li>• There was no bills of quantities and drawings</li> <li>• The requirement of income tax clearance certificate was not stated in the bidding document as part of the evaluation criteria</li> <li>• Failure to state the required academic qualification of the personnel in the bidding document.</li> <li>• Failure to nominate and appoint the evaluation committee</li> <li>• Change of evaluation criteria.</li> <li>• Irregular evaluation.</li> <li>• Post qualification was not conducted . .</li> <li>• Failure to require a performance security.</li> <li>• Contradiction between the signed contract and the bidding</li> </ul>

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	229,000,000	<p>document.</p> <ul style="list-style-type: none"> <li>• Usurping powers of the Accounting Officer.</li> <li>• Delayed completion of the works.</li> <li>• Failure to extend the validity period of the contract.</li> <li>• Payment of retention before completion of DLP.</li> </ul>
5.	Revenue collection of Busia Market	<ul style="list-style-type: none"> <li>• Failure by PDU to manage bid opening.</li> <li>• The record of bid opening form is not dated.</li> <li>• Bid receipt was managed by only one person Dhata Edward</li> <li>• Quality of the SBD.</li> <li>• Failure by Krnyi Desmond to participate in the evaluation process..</li> <li>• Unfair evaluation..</li> <li>• No evidence of remittance of UGX 12,360,000 for 3 months advance payment as it was required.</li> <li>• The contract had no end period.</li> <li>• No evidence of remittance of revenue from 2nd August 2020 to 31st December 2021.</li> <li>• Failure to appoint contract manager</li> <li>• No bid for Ajio Mixed Farm (BEB).</li> <li>• No record of bid security of UGX 1,000,000 as it was required.</li> </ul>
6.	<p>Fencing of Gborokolongo and Dranya Health Centre IIIs</p> <p>KOB563/WRKS/2021-2022/00011</p> <p>Provider: Big G. General Stores</p> <p>Contract Amount: 140,274,645</p>	<ul style="list-style-type: none"> <li>• The confirmation of funding was done by Alonga Simon without delegated authority by the CAO</li> <li>• Statement of requirements were not attached at initiation</li> <li>• There was no bills of quantities and drawings</li> <li>• The requirement of income tax clearance certificate was not stated in the bidding document as part of the evaluation criteria</li> <li>• Failure to state the required academic qualification of the personnel</li> <li>• Failure to state the percentage of the advance payment.</li> <li>• There was no evaluation report</li> <li>• Contradiction between the bidding document and signed contract.</li> <li>• There was no evidence that the performance security was obtained.</li> <li>• Failure to require ES performance security</li> <li>• Usurping powers of the Accounting Officer</li> <li>• Failure to extend the validity period of the contract.</li> <li>• There were no payment records</li> </ul>
7.	<p>Construction of three stance drainable latrine at Oraba Town Council</p> <p>KOB563/WRKS/2021-2022/00023</p> <p>UGX 17,491,730</p>	<ul style="list-style-type: none"> <li>• Unsigned requisition form.</li> <li>• Statement of requirements were not attached at initiation</li> <li>• The bidding document was not prepared.</li> <li>• There was no bills of quantities and drawings</li> <li>• The record of bid receipt and bid opening were on file.</li> <li>• There was no evaluation committee appointed</li> <li>• There was no evaluation process conducted.</li> <li>• No evaluation report</li> <li>• Irregular award of contract. .</li> <li>• No evidence of payment records.</li> <li>• Bidding document</li> </ul>

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
8.	<p>Partial Casting of the ground floor of Koboko District General Hospital at Ginyako</p> <p>KOB563/WRKS/2021-2022/00032</p> <p>UGX 305,385,071</p> <p>Whimsy (U) Ltd</p>	<ul style="list-style-type: none"> <li>• The confirmation of funding was done by Alonga Simon Loyuma without delegation by the CAO</li> <li>• Statement of requirements were not attached at initiation</li> <li>• There was no bills of quantities and drawings</li> <li>• There was no record of issue of bidding document on file</li> <li>• There was no records of bid receipt and bid opening in the file</li> <li>• There was no bid document submitted by the contractor.</li> <li>• There was no evaluation process conducted.</li> <li>• No evaluation report and minutes.</li> <li>• Irregular award of contract</li> <li>• Failure to require a performance security.</li> <li>• No evidence of implementation of Environment and Social Management Plan that was provided in the bills of quantities at UGX 5,074,528</li> <li>• No evidence of implementation of preliminaries that was provided for in the BoQs worth UGX 26,700,000</li> </ul>
9.	<p>Supply of fuel, oils and lubricants</p> <p>No reference number</p> <p>Hass Petroleum Uganda Ltd</p>	<ul style="list-style-type: none"> <li>• Item was not in the procurement plan</li> <li>• Initiation was not done. There was no PP Form 1</li> <li>• There was no confirmation of funding by the Accounting Officer</li> <li>• Statement of requirements were not attached at initiation</li> <li>• The bidding document was not prepared.</li> <li>• There was no specifications and list of requirements</li> <li>• There was no bid invitation notice on file</li> <li>• There was no record of issue of bidding document on file</li> <li>• There was no records of bid receipt and bid opening in the file</li> <li>• Low bidder participation.</li> <li>• There was no bidding process conducted</li> <li>• There was no bid document submitted by the contractor.</li> <li>• There was no evaluation committee approved and appointed</li> <li>• No evaluation report and minutes.</li> <li>• Usurping powers of the Accounting Officer.</li> <li>• There was no contract duration stated in the contract.</li> </ul>
10.	<p>Supply of stationery</p> <p>No reference number</p> <p>Bethany Pearls</p>	<ul style="list-style-type: none"> <li>• Item was not in the procurement plan</li> <li>• Initiation was not done. There was no PP Form 1</li> <li>• There was no confirmation of funding by the Accounting Officer</li> <li>• Statement of requirements were not attached at initiation</li> <li>• Head PDU did not make a submission for approval of procurement method, bidding document and bid notice.</li> <li>• The bidding document was not prepared.</li> <li>• There was no specifications and list of requirements</li> <li>• There was no bid invitation notice on file</li> <li>• There was no record of issue of bidding document on file</li> <li>• There was no records of bid receipt and bid opening in the file.</li> <li>• There was no bidding process conducted</li> <li>• There was no evidence to show that Bethany Pearls was a</li> </ul>

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<p>registered company. No company details in the file</p> <ul style="list-style-type: none"> <li>• There was no evaluation committee approved and appointed</li> <li>• There was no evaluation process conducted.</li> <li>• Usurping powers of the Accounting Officer.</li> <li>• There was no contract duration stated in the contract.</li> </ul>

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	<p>KOB563/WRKS/2021-222/00005 Construction of staff house at Chakulia HC III Contractor: Abbak International Limited UGX 148,755,333</p>	<ul style="list-style-type: none"> <li>• Quality of the bills of quantities.</li> <li>• Failure to separate performance security and environment security..</li> <li>• Failure to state the minimum academic qualifications for the required personnel.</li> <li>• Quality of the contract.</li> <li>• No evidence on file on whether Environmental and Social management activities were conducted.</li> <li>• No evidence of commissioning and handover of the project.</li> <li>• No completion certificate on file</li> </ul>
2.	<p>Construction of two units of two classrooms two units of five stance VIP latrines and supply of classroom furniture at Millennium College ODB UGX 443,248,120</p>	<ul style="list-style-type: none"> <li>• No initiation form.</li> <li>• Irregularities at bidding</li> <li>• Delay to open bids.</li> <li>• Participation of Rita Harriet and Lematia Sunday in evaluation yet they were not on the approved Evaluation Committee.</li> <li>• Delay to award the contract.</li> <li>• Failure to prepare/display NOBEB.</li> <li>• Delay to sign the contract.</li> <li>• Failure by the contractor to submit the performance</li> <li>• No completion certificate</li> </ul>
3.	<p>Deep boreholes siting and drilling supervision  ODB UGX 26,042,600  Rok Technical Services Ltd</p>	<ul style="list-style-type: none"> <li>• The date of expiry of bid validity was not stated in the bidding document..</li> <li>• Failure to state the minimum academic qualifications for the required personnel.</li> <li>• Unclear evaluation criteria.</li> <li>• Low bidder participation. .</li> <li>• Failure to conduct detailed evaluation of bids.</li> <li>• Failure by the best evaluated bidder to submit performance security yet it was required under ITB 10.1</li> <li>• No inception report and final report</li> <li>• No payment records.</li> </ul>
4.	<p>Drilling of 9 units of deep boreholes.  ODB UGX 208,714,860</p>	<ul style="list-style-type: none"> <li>• The date of expiry of bid validity was not stated in the bidding document.</li> <li>• Failure to state the minimum academic qualifications for the required personnel.</li> <li>• Failure to specify the amount of bid security required. ITB 18.</li> </ul>

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	Icon Projects Ltd	<ul style="list-style-type: none"> <li>• No record of issue and receipt.</li> <li>• No CC approval of the Evaluation Committee.</li> <li>• No payment records.</li> </ul>

No.	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	Construction of a one in three rental apartment at Lipa Cell, Koboko District.  UGX 229,000,000	<ul style="list-style-type: none"> <li>• Vote No., programme, sub-programme, item and balance remaining in the funds availability section of the Form 1 were left blank.</li> <li>• Confirmation of funding by PAS without delegated authority.</li> <li>• Specifications were not attached at initiation</li> <li>• No bidding document.</li> </ul>
2.	Revenue collection of Keri market	<ul style="list-style-type: none"> <li>• The record of bid opening form is not dated and therefore it cannot be tracked when it was signed.</li> <li>• Bid receipt was managed by only one</li> <li>• The contract had no end period.</li> </ul>

**Annex B: Audit Sample List for the audit of Koboko District Local Government for FY 2021/2022**

No	Reference No	Subject of Procurement	Procurement method	Provider	Contract Value (UGX)	
1.	Kob563/Wrks/202122/00001	Partial casting of ground floor for Koboko General Hospital at Dranya Sub County, Koboko District	Selective Bidding	Whimsy (U) Ltd	305,385,071	High
2.	Kob563/WRKS/202122/00027	Construction of staff house at Chakulia HC III Contractor	Open Domestic Bidding	Abbak International Limired	148,755,333	Medium
3.	Kob563/Wrks/202122/00002	Construction of three stance drainable latrine at Oraba Town Council, Koboko District	Addendum	Loftus Engineering and Construction Co. Ltd	17,491,730	High
4.	Kob563/Wrks/202122/00020	Renovation of four classroom block with office at Kuluba Primary School, Kuluba Sub County, Koboko District	Direct Procurement	Kumia Group Association Ltd	147,311,722	High
5.	Kob563/Wrks/202122/00022	Renovation of four classroom block with office at Longira Primary School, Ludara Sub County, Koboko District	Direct Procurement	Haraka Investments Co. Ltd	87,688,278	High
6.	Kob563/Wrks/202122/00021	Renovation of four classroom block with office at Kochi Secondary School, Midia Sub County, Koboko District	Direct Procurement	Loftus Engineering and Construction Co. Ltd	115,539,582	High
7.	Kob563/Supls/202122/00002	Supply of fuel, oil and lubricants	Framework	Hass Petroleum (U) Ltd Anika Investments Fuel	22,000,000	High

						Station		
8.	Kob563/Supls/202122/00011	Repair and service of vehicles		Framework		Toyota (U) Ltd	7,440,267	High
9.	Kob563/Supls/202122/00013	Supply of stationery		Framework		Bethany Pearls	17,450,000	High
10.	MOES/UGIFT/WRKS/21-22/00001	Construction of Nyakaliso SEED Secondary School		Open Domestic Bidding		Desert Breeze Hotel Ltd	3,238,070,000	-
11.	Kob563/Wrks/202122/00006	Construction of one block of three units of rental apartment at Lipa Cell		Open Domestic Bidding		H. T Alli & Sons Construction & Engineering Co. Ltd	229,000,000	Low
12.	Kob563/Srvcs/202122/00027	Management of Keri market, Keri Town Council		Open Domestic Bidding		Ajio Mixed Farm	5,355,000	Low
13.	Kob563/Srvcs/202122/00025	Management of Busia market, Kuluba Town Council		Open Domestic Bidding		Koboko Busia	5,295,000	Low
14.	KOB563/WRKS/2021-2022/00011	Fencing of Gborokolongo and Dranya Health Centre IIIs		Open Domestic Bidding		Big G. General Stores	140,274,645	High
15.	Kob563/Srvcs/202122/00015	Drilling of 9 units of deep boreholes.		Open Domestic Bidding		Icon Projects Ltd	208,714,860	Medium
16.	Kob563/Srvcs/202122/00014	Deep boreholes siting and drilling supervision		Open Domestic Bidding		Rok Technical Services Ltd	26,042,600	Medium
17.	Kob563/WRKS/202122/00021	Construction of two units of two classrooms two units of five stance VIP latrines and supply of		Open Domestic Bidding		H.T Alli and Sons Construction & Engineering Ltd	443,248,120	Medium

	classroom furniture at Millennium College				
<b>Contracts for follow up and review of current status</b>					
18.	Review of implementation of UgIFT Projects	-	-	-	

**Annex C: Risk Rating Criteria**

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

RISK	DESCRIPTION	AREA	IMPLICATION
	timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded “medium” provided that there is sufficient evidence of “hands on management control and oversight” at an appropriate level of seniority.	standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-qualified firms and splitting procurement requirements.	
		<b>Procurement Structures:</b> Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		<b>Record Keeping:</b> Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		<b>Contract and Contract Management:</b> Failure to appoint Contract Supervisors, failure to seek the Solicitor General’s approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.  Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	

RISK	DESCRIPTION	AREA	IMPLICATION
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	<b>Planning:</b> Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		<b>Bidding Process:</b> Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

### SATISFACTORY

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

### Annex D: Contracts Committee and Procurement and Disposal Unit Composition

#### Contracts Committee Composition

No.	Name	Committee Position	Substantive Position
1.	Dhata Edward	Chairperson	Senior Planner
2.	Wayi Dragamuli	Member	District Education Officer
3.	Eminia Stella	Member	Senior Nursing Officer
4.	Kenya Desmond Scande	Member	Senior Environment Officer
5.	Engabua Simon	Member	Senior Development Officer

#### Procurement and Disposal Unit Composition

No.	Name	Title
1.	Lematia Sunday	Senior Procurement Officer/ Secretary Contracts Committee
2.	Babirye Sebbi	Procurement Officer