



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

BUDAKA DISTRICT LOCAL GOVERNMENT

JANUARY 2024

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ACRONYMS

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

EXECUTIVE SUMMARY

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

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

From the findings of the procurement audit exercise, the performance of Budaka District Local Government for the Financial Year 2022/23 was **Moderately Satisfactory** with overall weighted average risk rating of **35.5%** as detailed in chapter 3 of the report.

Despite the moderate performance the following issues were noted:

1. The Entity did not invite a sufficient number of bidders to ensure effective and fair competition in the procurement for surveying of land at Kadimukoli H/C II contrary to Regulation 38 (3) of the Local Governments PPDA Regulations, 2006. The Entity invited only one bidder, Bamwise Stationers and General Suppliers Limited which resulted into the use of direct procurement without justification thus affecting competition and the achievement of value for money;
2. There was an average delay of 89 days in seven procurements valued at UGX 338,676,867, occurring between the planned initiation date and the actual initiation date. These procurements were initiated after the timelines indicated in the procurement plan had elapsed leading to delayed issuance and publication of invitations to bid contrary to Section 48 of the PPDA Act, 2003;
3. The Internal Audit Department did not conduct comprehensive audit on the procurement and disposal processes of the Entity. The reports generated by the Internal Audit Department lacked the necessary depth to encompass the entire procurement process which risks the procurement and disposal procedures and system of the Entity going unchecked for compliance and improvements;
4. Five procurement transactions worth UGX. 117,651,461 under selective bidding received less than three bids (averagely 1.2 bids per procurement) in response to invitations to bid, an indicator of lack of confidence by bidders in the Entity's procurement processes. This was contrary to Section 46 of the PPDA Act, 2003 which provides that all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money;
5. The Entity did not implement 71.4% of the previous audit recommendations. Out of seven recommendations made in the procurement audit report for the Financial Year 2021/2022, only two recommendations representing 28.6% of the total recommendations were implemented, four representing 57.1% were partially implemented and the remaining one recommendation representing 14.3% was not implemented at all;
6. The Entity did not implement 6.2% of the procurement plan thus denying services worth UGX. 126,803,599 to the intended beneficiaries;
7. In nine procurements worth UGX 908,497,613, the Contracts Committee approved poor quality solicitation documents contrary to Regulation 48 of the Local Governments (PPDA) Regulations 2006. The approved document lacked specific and clear detailed technical and commercial evaluation criteria necessary for the performance of the intended contract and in other instances included irregular provisions regarding bid securities. Inadequate solicitation documents mislead providers which results in to submission of non-responsive bids, cause

challenges during evaluation and contract implementation, deter competition and may also lead to contracting of incompetent providers;

8. Irregularities at evaluation were noted in five procurement transactions worth UGX 101,988,575 which was contrary to Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006 that provides that detailed evaluation shall be conducted to compare the details of the received bids with the terms, conditions and criteria stated in the bidding documents and that the detailed evaluation shall not be based on any terms, conditions or criteria that was not included in the bidding documents. This may lead to award of contracts to non-compliant bidders which could result in to failure to attain value for money.

Key Recommendations made:

1. The Accounting Officer should:
 - a. Task the Heads of User Departments to ensure timely initiation of procurement requirements and monitoring of their work plans;
 - b. Task the Head of the Procurement and Disposal Unit to always report on procurements conducted on a quarterly basis to the Internal Audit Department and likewise, task the Internal Audit Department to conduct comprehensive audits of the procurement function on a sample basis; and
 - c. Address procurement irregularities such as unfairness at evaluation, poor quality bidding documents, delayed payment of contractors among others that could be responsible for the low bidder participation leading to reduced competition in the Entity, thus affecting value for money.
2. The Head Procurement and Disposal Unit should:
 - a. Consider increasing the number of shortlisted bidders invited to bid under selective bidding method from the minimum of three to probably ten in order to boost competition and curb low bidder participation in the Entity in accordance with Regulation 38 (3) of the LG (PPDA) Regulations, 2006; and
 - b. Ensure that the solicitation documents prepared, define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity and have the most appropriate evaluation methodology and criteria in accordance with Regulations 48(2) & 48(4) of the Local Governments (PPDA) Regulations 2006.
3. The Contracts Committee should:
 - a. Ensure that the bidding documents are scrutinized for quality before approval; and
 - b. Ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, 2003 before approving the evaluation reports.
4. The Accounting Officer with support from Internal Audit should come up with a strong mechanism and task force that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others.
5. The Accounting Officer along with Management should regularly carry out a review and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 as amended to ensure improved performance.
6. Evaluation Committees should ensure that evaluations are conducted according to the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003.

Budaka District Local Government should implement the recommended action plan on pages **29 and 30**

CHAPTER ONE: INTRODUCTION

1.1 Background

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

1.2 Overall Objective

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

The specific objectives were:

1. To establish the level of compliance by the Entity with the general provisions of the PPDA Act, 2003 and Local Governments (PPDA) Regulations 2006 with regard to the performance of the procurement structures and the conduct of the procurement process.
2. To assess the degree of compliance of the Entity's disposal process with the provisions of the PPDA Act, 2003 and the Local Governments (PPDA) Regulations 2006.
3. To assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

1.3 Audit Scope

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

Table 1: Distribution of the Transaction Population and Sample

Procurement method	Popn Value(UGX)	Sample Value(UGX)	% Value	Popn no	Sample no	% no
Open National bidding	1,289,309,555	1,289,309,555	100.0	9	9	100.0
Selective National bidding	469,624,305	294,531,249	62.7	14	10	71.4
Direct	159,481,890	159,481,890	100.0	1	1	100.0
Total	1,918,415,750	1,743,322,694	90.9	24	20	83.3

1.4 Methodology

The auditors examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive audit conclusions. This involved

a review of the Entity's procurement and disposal planning, initiation, bidding, evaluation, contract placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fit for purpose.

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **1th September 2023** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **28th November 2023** with a request to submit a management response by **13th December, 2023** which were submitted on **13th December 2023**. The exit meeting was held on **14th December 2023** at PPDA Eastern Regional Offices.

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

CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

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

2.1.1 The Entity's procurement structures

The key players in the procurement structure at Budaka District Local Government include the Chief Administrative Officer as Accounting Officer, the Contracts Committee, the Procurement and Disposal Unit, adhoc Evaluation Committees and the User Departments. The Authority found that the Entity's procurement structures were fully functional at the time of the audit and the PDU and the Contracts Committee were fully staffed. The details about the Entity's procurement structure are provided below:

i. The Accounting Officer

The Entity's substantive Accounting Officer during the Financial Year was the Chief Administrative Officer, Mr. Elly Piwang.

ii. Composition of the Procurement and Disposal Unit

The Procurement and Disposal Unit was manned by the staff listed in Table 2 below during the audit period:

Table 2: Composition of the procurement and Disposal unit

No	Name	Job Title	Qualifications	Date of Appointment
1.	Mr. Noah Kutta	Senior Procurement Officer	Bachelor of procurement and Logistics Management, Diploma in Transport Management	28 th November 2007
2.	Mr. Sam Kuchana	Procurement Officer	Bachelor of Procurement	11 th February 2017

iii. Composition of the Contracts Committee

Table 3 below shows the composition of the Contracts Committee during the audit period:

Table 3: Members of the Contracts Committee

No	Name	Committee Position	Date of Appointment
1	Mr. Shaban Mande Kabise	Chairperson	10 th May 2022
2	Mr. Paul Higenyi	Member	2 nd March 2023
3	Mr. Charles Mugerweri	Member	10 th May 2022
4	Mrs. Florence Ariokot	Member	10 th May 2022
5.	Mr. Patrick Wiber Okki	Member	10 th May 2022

2.1.2 Invitation of insufficient number of bidders and not suitable for the services

The Authority noted that in the procurement for surveying of land at Kadimukoli H/C II, the Entity did not invite a sufficient number of bidders to ensure effective and fair competition contrary to Regulation 38 (3) of the Local Governments PPDA Regulations, 2006. The Entity invited only one bidder, Bamwise Stationers and General Suppliers Limited which tantamount to direct procurement without justification and the firm its self was not registered with Uganda Registration Services Bureau for surveying services.

Implication

This compromised the principle of fair competition and value for money.

Management Response

It was true that the Entity invited only one provider since it was the only prequalified provider for the service for the FY 2022/2023. However, we take note of the advice of the Authority.

Recommendations

- The Head, Procurement and Disposal Unit should ensure that at least three bidders are invited under selective bidding in accordance with Regulation 38 (3) of the LG (PPDA) Regulations, 2006; and
- Where the Entity is unable to raise a sufficient number of bidders from its own list of prequalified bidders, consideration should be given to other sources such as PPDA's register of providers and another Entity's list of prequalified bidders in accordance with Regulation 38 (4) of the Local Governments PPDA Regulations, 2006.

2.1.3 Delayed initiation of procurement requirements

The Authority observed an average delay of 89 days in seven procurements valued at UGX 338,676,867, occurring between the planned initiation date and the actual initiation date. These procurements were initiated after the timelines indicated in the procurement plan had elapsed leading to delayed issuance and publication of invitations to bid. This was contrary to Section 48 of the PPDA Act, 2003 that requires all procurement and disposal activities to be conducted in a manner which promotes economy, efficiency and value for money. These procurements are indicated in the Table 4 below:

Table 4: Procurements where initiation was delayed

No	Subject of Procurement	Contract Amount (UGX)	Planned date of initiation	Actual date of initiation	Delay period (In days)
1.	Construction of chain link at Namusita HC III	23,815,704	1 st November 2022	21 st November 2022	20
2.	Construction of 4 stances lined pit latrine at Budaka	18,955,585	1 st November 2022	21 st November 2022	20
3.	Supply and construction of micro scale irrigation system at Datic Demo site Boyi John demo site	83,302,028	1 st November 2022	18 th April 2023	167

No	Subject of Procurement	Contract Amount (UGX)	Planned date of initiation	Actual date of initiation	Delay period (In days)
4.	Construction of 4 stances lined pit latrine at Namusita H/C III	19,221,846	1 st November 2022	21 st November 2022	20
5.	Supply and installation of an Elevated steel tank at Lyama – Tademeru solar piped water system	159,481,890	1 st November 2022	24 th May 2023	203
6.	Surveying of land (Kadimukoli H/C II and Bubu Centre)	13,900,000	1 st November 2022	16 th December 2022	45
7.	Construction of a 4 stance pit latrine at Karekerene	19,999,814	1 st November 2022	28 th March 2023.	146
Total/Average		338,676,867			89

Implication

This may lead to delayed implementation of projects and service delivery.

Management Response

There was a delay by the Ministry of Agriculture to issue implementation Guidelines for the microscale irrigation activities.

Recommendation

The Accounting Officer should task the Heads of User Departments to ensure timely initiation of procurement requirements and monitoring of their work plans.

2.1.4 Failure by Internal Audit to audit the entire procurement function in the Financial Year under review

The Authority observed that as much as the Internal Audit Unit had prepared audit reports for the four quarters, these were not comprehensive enough to cover the entire procurement process. There was no evidence in the reports to confirm that the Internal Auditor conducted thorough and systematic audits of the Entity's procurement structures, systems and processes.

Implication

The internal mechanism to detect, prevent and propose corrective action is not in-built in the processes of the Entity which hinders improvement.

Management Response

The Procurement and Disposal Unit gives Internal Audit all the procurement activities by giving them a copy of all transactions of procurement activities. However, management is going to ensure that Internal Audit conducts comprehensive audits of the procurement function.

Recommendation

The Accounting Officer should task the Internal Audit Department to conduct comprehensive audits of the procurement function quarterly and on a sample basis.

2.1.5 Low bidder participation

The audit revealed that in five procurement transactions worth UGX 117,651,461, the Entity received less than three bids and on average 1.2 bids per procurement in response to invitations to bid under the selective bidding procurement method, an indicator of lack of confidence by bidders in the Entity's procurement processes. This was contrary to Section 46 of the PPDA Act, 2003 which provides that all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money. The procurements with low bidder participation are indicated in the Table 5 below:

Table 5: Procurements with low bidder participation

No.	Subject of Procurement	Contract Value (UGX)	No of firms invited	Number of bids received
1.	Construction of 4 stance pit latrine at Karekerene	19,999,814	3	1
2.	Construction of 4 stances lined pit latrine at Budaka	18,955,585	3	2
3.	Construction of Tademeri sub county office block	49,553,186	3	1
4.	Protection of 5 springs	19,995,626	3	1
5.	Revenue collection at Iki- Iki Council Market	9,147,250	3	1
Total/Average		117,651,461		1.2 bids

Implications

- Poor competition inhibits achievement of value for money
- This could also be a sign of possible loss of confidence by bidders in the procurement processes of the Entity due to issues in the Entity such as failure by members of the Evaluation Committees to adhere to the set criteria thus failure to obtain competitive offers.

Management Response

Its true there was low bidder participation. But as an Entity, we do advertise and invite the bidders as required. However, we shall take the recommendation of the auditor in order for the number of bidders to increase. The bidders also suffered bidding apathy because of limited number of activities under taken by the Entity.

Recommendations

- The Accounting Officer should address procurement irregularities such as unfairness at evaluation, poor quality bidding documents, delayed payment of contractors among others that could be responsible for the low bidder participation leading to reduced competition in the Entity, thus affecting value for money.

- The Head Procurement and Disposal Unit should consider increasing the number of shortlisted bidders invited to bid under selective bidding method from the minimum of three to probably ten in order to boost competition and curb low bidder participation in the Entity in accordance with Regulation 38 (3) of the LG (PPDA) Regulations, 2006.

2.1.6 Failure to fully implement 71.4% of the previous audit recommendations

The Entity was its previous audit report for the Financial Year 2021/2022 in February 2022. Out of the seven recommendations made, two (28.6%) were implemented, four (57.1%) were partially implemented and the remaining one recommendation (14.3%) was not implemented as detailed in Table 6 below:

Table 6: Showing implementation of previous recommendations

No.	Recommendations	Status
1.	The Head Procurement and Disposal Unit and Contracts Committee should ensure appropriate procurement methods are used to invite bidders to promote competition in accordance with Guideline 1 for threshold for procurement methods of the Local Governments(PPDA) Guidelines 2008.	Partially implemented
2.	The Contracts Committee should carry out its oversight functions and ensure that the solicitation documents are of good quality and prepared in accordance with Regulation 48 of the Local Governments (PPDA) Regulations 2006.	Partially implemented
3.	The Head Procurement and Disposal Unit and User departments should ensure that the evaluation criteria set in solicitation documents is sufficient and comprehensive enough to assess the bidder's technical and financial capabilities to execute the contracts.	Partially implemented
4.	The Evaluation committee members for the (2) procurement transaction (construction of 5 stance pit latrines at Bulumba Primary School worth UGX 39,867,750) and the Head Procurement and Disposal Unit should be cautioned against violating the set evaluation criteria to pass non-compliant bidders and ensure all evaluations are conducted in line with the criteria set in the bidding document in accordance with Regulation 73(1)(2) and (3) of the Local Governments (PPDA) Regulations 2006.	Partially implemented
5.	The Head Procurement and Disposal Unit should ensure that all bidders shortlisted for a particular procurement are formally invited in accordance with Regulation 66(1) for the Local Government (Public Procurement and Disposal of Public Assets) Regulations, 2006 and accordance with Regulation 66(4) of the Local Government (PPDA) Regulations, 2006.	Not implemented

Implication

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

Management Response

The Entity pledged to implement recommendations fully on a continuous basis.

Recommendations

- The Accounting Officer with support from Internal Audit should come up with a strong mechanism and task force that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others.
- The Accounting Officer should always disseminate audit reports and recommendations to the Entity's Top Management Committee for discussion and adoption of strategies on how to implement the recommendations for continuous process improvements.

2.1.7 Failure to implement 6.2% of the procurement plan

The following table summarizes information about the procurement plan, budget, and utilization of funds for the FY 2022/2023. The procurement plan implementation rate was 93.8% while the implementation variance was 6.2% worth UGX. 126,803,599. The details are provided in the Table 7 below:

Table 7: Procurements Implementation Rate

Analysis of procurement spend	
Total procurement plan value inclusive of VAT (UGX)	2,045,219,349
Total procurement spend value inclusive of VAT	1,918,415,750
Procurement plan implementation rate (%)	93.8%
Implementation variance (UGX)	126,803,599

Implication

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

Management Response

The Procurement plan was reviewed on quarterly basis and that is why the entity managed to implement at 93.8%. We thank the Authority for commending us for the performance and we promise to achieve 100% level of performance in subsequent periods.

Recommendation

The Authority noted the Entity's response, however, the Entity failed to account for failure to implement 6.2% of its plan. The Accounting Officer along with Management should regularly carry out a review and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 as amended to ensure improved performance.

2.1.8 Blanket approvals by the Contracts Committee

The Authority noted that the Contracts Committee did not approve specific bidding documents and Evaluation Committees for each procurement, instead one blanket approval of the bidding document and Evaluation Committee was made for all open bidding procurements in the Financial Year contrary to Regulation 17 (2) of the Local Governments (PPDA) Regulations 2006. This resulted into poor quality bidding documents that did not have clear evaluation criteria. These procurements are indicated in the Table 8 below:

Table 8: Showing procurements for which the Contracts Committee made blanket approvals

No.	Subject of Procurement	Contract Amount (UGX)
1.	Completion of pediatric ward at Budaka H/C IV	149,573,445
2.	Construction of council Chambers Phase IV	297,991,189
3.	Construction of piped water(solar) system at Tademer/Lyama S/C Phase	159,939,650
12.	Construction of (7) complete boreholes	139,956,201
13.	Construction of building and part fencing at Datic Iki-Iki	110,053,986
14.	Construction of 2 classroom block at St. Kalori Kodiri S/c	120,548,684
15.	Construction of solar powered piped water system in Lyama/ Tademer	159,939,650
Total		1,138,002,805

Implication

This signifies an absence of checks and balances in the procurement processes in the Entity that could lead to issuance of inadequate solicitation document and irregularities at evaluation.

Management Response

The recommendation was taken and going forward approvals shall be to particular activities.

Recommendation

The Chairman Contracts Committee should ensure that the Contracts Committee approves specific bidding documents and Evaluation Committees and desist from making blanket approvals.

2.1.9 Approval of inadequate solicitation documents by the Contracts Committee

In nine procurements worth UGX 908,497,613, the Contracts Committee approved poor quality solicitation documents contrary to Regulation 48 of the Local Governments (PPDA) Regulations 2006. The approved document lacked specific and clear detailed technical and commercial evaluation criteria necessary for the performance of the intended contract. Furthermore, the documents included irregular provisions regarding bid securities. The details are provided in Table 9 below.

Table 9: Procurements with inadequate financial and technical evaluation criteria

No.	Subject of procurement	Contract Value (UGX)	Observations
1.	Completion of Pediatric ward at Budaka H/C IV	149,573,445	<ul style="list-style-type: none"> ITB 20.2, a bid security of UGX 7,000,000 was required, equivalent to 5% of the estimated amount of UGX 140,000,000, which exceeded the maximum allowable bid security threshold of 2%. Provisional amounts in the BOQs. Bidders were required to allow a provisional sum of UGX 1,000,000 for provision of a signboard which was irregular since that amount

No.	Subject of procurement	Contract Value (UGX)	Observations
			should be determined competitively by the bidders.
2.	Construction of district Council chamber phase IV	297,991,189	<ul style="list-style-type: none"> Poor quality solicitation document: ITB 20.2 provided for a bid security of UGX 13,000,000 which was 5.7% of the estimated amount of UGX 228,000,000 way above the maximum limit of 2% allowable for bid securities.
3.	Construction of piped solar water system	159,939,650	<ul style="list-style-type: none"> Poor quality bidding document. It required a bid security of UGX 8,900,000, which constituted 5.7% of the estimated amount of UGX 160,000,000, significantly exceeding the maximum allowable limit of 2%. Inadequate evaluation criteria. The evaluation criteria did not include specific requirements for bidders' financial capacity and relevant experience.
4.	Construction of 4 stance lined latrine at Izabangoba Village at Budaka DLG	26,588,444	Inadequate evaluation criteria. The evaluation criteria did not include specific requirements for bidders' financial capacity and relevant experience.
5.	Construction of seven complete boreholes	139,956,201	Poor quality solicitation document: ITB 20.2 provided for a bid security of UGX 7,150,000 which was 4.9% of the estimated amount of UGX 143,762,703 above the maximum limit of 2%.
6.	Construction of 2 classroom block at St KaloriKodiri P/S	120,548,684	<ul style="list-style-type: none"> Inadequate solicitation document. ITB 20.2 provided for a bid security of UGX 3,500,000 which was 2.8% of the estimated amount of UGX 125,000,000, above the maximum limit of 2%. The entire special conditions of contract in the solicitation document was not filled.
7.	Surveying of land (Kadimukoli H/C II and Bubu Centre	13,900,000	Inadequate evaluation criteria. It did not provide for qualifications of key personnel required to execute the contract.
Total		908,497,613	

Implication

Inadequate solicitation documents mislead providers which results in to submission of non-responsive bids, cause challenges during evaluation and contract implementation, deter competition and may also lead to contracting of incompetent providers.

Management Response

The Entity pledged to undertake serious scrutiny of bidding documents will be under taken going forward.

Recommendations

- The Head Procurement and Disposal Unit should ensure that the solicitation documents prepared, define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity and have the most appropriate evaluation methodology and criteria in accordance with Regulations 48(2) & 48(4) of the Local Governments (PPDA) Regulations 2006.
- The Contracts Committee should ensure that the bidding documents are scrutinized for quality before approval.

2.1.10 Awarding contracts to non-compliant firms

The Authority noted irregularities in the evaluation of five procurement transactions worth UGX 101,988,575 which was contrary to Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006 that provides that detailed evaluation shall be conducted to compare the details of the received bids with the terms, conditions and criteria stated in the bidding documents and that the detailed evaluation shall not be based on any terms, conditions or criteria that was not included in the bidding documents. The procurement contracts below were awarded to non-compliant bidders as indicated in Table 10 below:

Table 10: Procurements for which irregularities at evaluation were noted

No.	Procurement subject	Contract Value (UGX)	Observations
1.	Construction of 4 stance pit latrine at Karekerene	19,999,814	<ul style="list-style-type: none"> Bidders were required to provide proof of having the following staff members: a contract manager, site engineer, and civil engineer. However, there were no CVs with signatures included; instead, the BEB (Jimmimidin General Enterprise Ltd) Submitted various unrelated academic documents. The BEB Jimdim General enterprise Limited did not meet the requirement of possession of a truck for transport
2.	Construction of chain link at Namusita HC III	23,815,704	<ul style="list-style-type: none"> Nitus Solutions Ltd (BEB) did not provide evidence of possession of relevant tools and equipment including a concrete mixer and porker vibrator.
3.	Construction of 4 stances lined pit latrine at Budaka	18,955,585	<ul style="list-style-type: none"> Maweman Enterprises Ltd (BEB) was not compliant on the requirement of possession of a Social Development Officer, an Environmental Officer and a Health Officer.
4.	Construction of 4 stances lined pit latrine at Namusita HC III	19,221,846	<ul style="list-style-type: none"> FK Agro Consultancy Ltd (BEB) did not attach evidence of a Foreman with Diploma in Civil Engineering, Social Development Officer with a diploma, and an Environmental Officer and a Safety and Health Officer with certificate.
5.	Protection of 5 springs	19,995,626	Mekisher Investments Ltd (BEB) did not attach evidence of a Foreman with a Diploma in Civil Engineering, a Social Development Officer with a diploma and an Environmental Officer with a certificate.
Total		101,988,575	

Implications

- This is an indicator of unethical behavior of the members in the Entity especially evaluation committees that compromised fairness and transparency in the evaluation process.
- This may lead to award of contracts to non-compliant bidders which could result in to failure to attain value for money.

Management Response

The recommendation was seriously taken up and going forward there will be no approving of evaluation reports without due diligence on the firms recommended.

Recommendations

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

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

2.2.1 Failure to dispose obsolete assets

The did not conduct disposal during the period under review contrary to Regulation 122 (1) of the Local Governments PPDA Regulations 2006. The following assets awaiting disposal including two pickups were found grounded and vandalized on the Entity's premises as shown in the figure 1 below.

Figure 1: Pickups due for disposal



Implication

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

Management Response

A board of survey was conducted for the current year and the assets that were recommended shall be disposed of.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should ensure that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006.

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

2.3.1 No provisions for Environmental, Social, Health and Safety including Gender issues in the BOQs

The audit revealed that there was non-adherence to Environmental, Social, Health and Safety (ESHS) requirements such as failure to hoard sites, non-provision of personnel protection equipment, planting of trees, lack of signage, and sensitization on HIV/AIDS & COVID-19 requirements during contract execution in eight procurements worth UGX. 702,432,193 as shown in Table 11 below;

Table 11: Procurements for which the environmental issues were not clearly stipulated

No.	Subject of Procurement	Contract Amount (UGX)
1.	Completion of pediatric ward at Budaka H/C IV	149,573,445
2.	Construction of council Chambers Phase IV	297,991,189
3.	Construction of 4 stances lined pit latrine at Inzibangabo RGDC	26,588,444
4.	Construction of a 4 stances lined pit latrine at Namusita H/C III	19,221,846
5.	Construction of 4 stances lined pit latrine at Budaka H/C IV	18,955,585
6.	Construction of office block at Tademeru S/C Office block phase 1	49,553,186
7.	Construction of 2 classroom block at St. KaloriKodiri S/c	120,548,684
8.	Construction of 4 stances lined pit latrine at Kerekerene H/C III	19,999,814
Total		702,432,193

Implication

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

Management Response

The omission to include Environmental and Social safeguards has been noted and will be addressed subsequently.

Recommendation

The Accounting Officer and the Head Procurement and Disposal Unit should ensure that the District Environmental Officer, District Community Development Officer and the District Labor Officer are involved in the entire procurement process right from planning and initiation, bid document preparation and contract management process so that the ESHS are embedded in the procurements right from the design stage.

2.3.2 Failure to implement projects as per the specifications

The Authority conducted physical verification on 18 projects worth UGX 1,592,015,944 on 30th August 2023. The following three projects worth UGX 308,728,482 had issues that necessitated management’s attention as indicated in Table 12 below:

Table 12: Issues noted during physical verification

Contract name: Construction of 4 stance lined pit latrine at Inzibangabo RGDC

Contract Value: 149,573,445

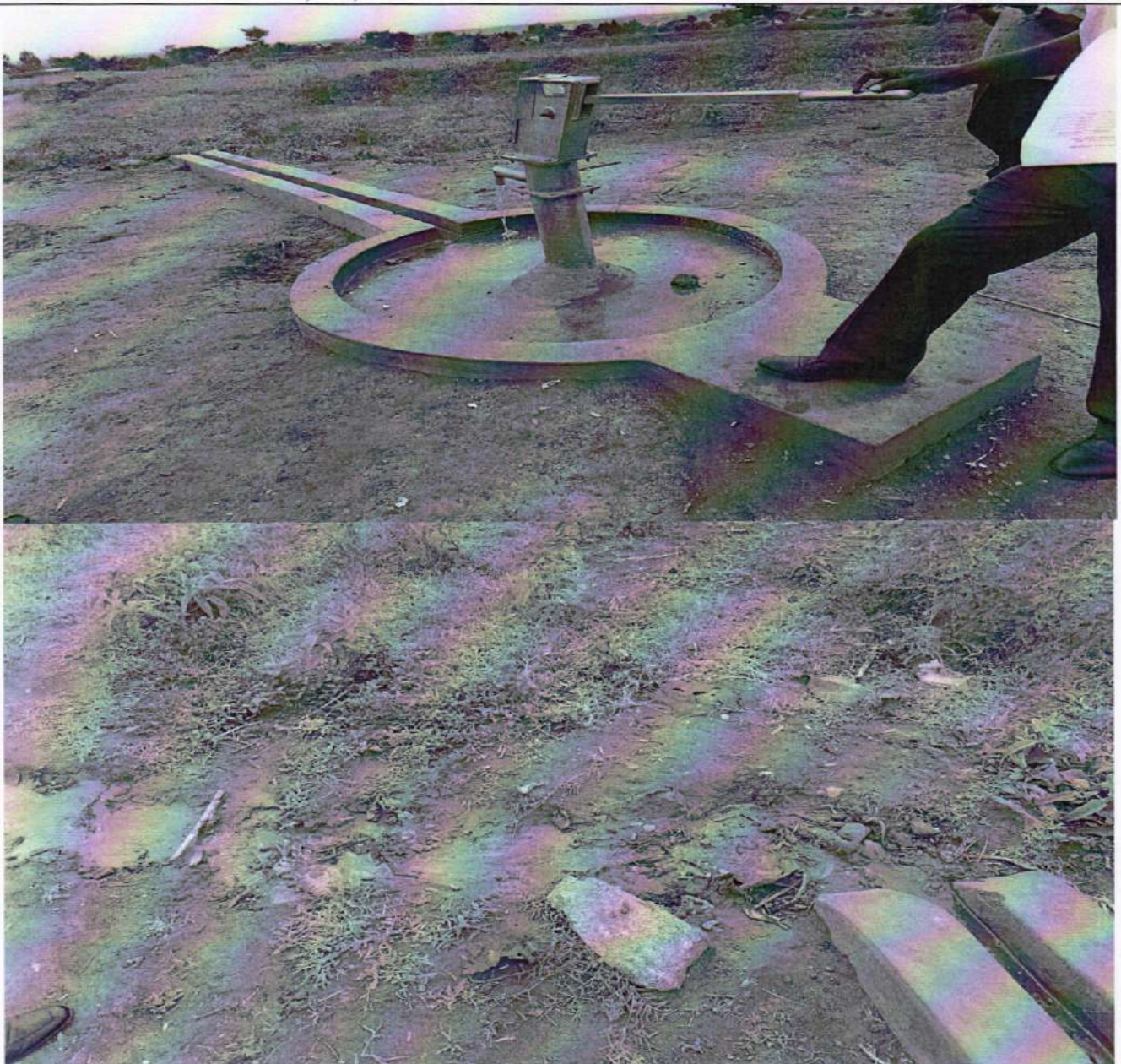
Contractor: Nitus Solutions Ltd

Contractual completion date: 30th June 2023



The works were completed on 30th June 2023, but by 30th August (time of physical verification) the project had not yet been handed over.

Subject: Construction of seven complete boreholes
Procurement method: Open National bidding
Contractor: Mama bore wells Africa Ltd
Contract value: UGX 139,956,201



Captioned above is a picture of one of the boreholes at Nalera. The borehole was in good working condition however, the soakpit was not functional leading the water to overflow in the neighboring gardens.

Subject: Construction of chain link at Nasanga H/C III

Procurement method: Selective bidding

Contractor: M/s Star Vision Ltd

Contract value: UGX 19,198,836



The chain wires at the top had not been stretched properly
Part of the fence had been vandalised

Implication

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

Management Response

All these projects have been completed but under defect liability period and all the errors identified will be rectified.

Recommendation

The Accounting Officer should task the District Engineer to ensure that the above defects are rectified within the defects liability period before retention fees can be paid out and status report on all these projects provided to the Authority within 4 months after receipt of this report.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.1 Overall Audit Conclusion

The performance of Budaka District Local Government for the Financial Year 2022/23 was **Moderately Satisfactory** with overall weighted average risk rating of **35.5%**. The risk rating criteria is outlined in Table 13 below:

Table 13: Showing the risk rating criteria

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

3.2 Entity's Risk Assessment

The table 14 below shows the Entity's performance per risk category based on the sampled procurements:

Table 14: Showing summary of risk assessment of Budaka District Local Government

Risk Category	Number of Sampled Procurements	%Number	Value(UGX)	% Value
High	1	5	159,481,890	9.1
Medium	9	45	696,690,337	40.0
Low	9	45	737,150,467	42.3
Satisfactory	1	5	150,000,000	8.6
Total	20	100	1,743,322,694	100.0

3.3 Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown below in Table 15 below.

Table 15: Showing weighted risk assessment of Budaka District Local Government

Risk category	Rating (By Number)	Weights	Total weighted Average	Rating (By Value)	Weights	Total weighted Average
High	5	0.6	3	9.1	0.6	5.5
Medium	45	0.3	13.5	40.0	0.3	12.0
Low	45	0.1	4.5	42.3	0.1	4.2
Satisfactory	5	0	0	8.6	0	0.0
Total	100	1	21	100.0	1	21.7

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{21 \times 100}{60} = 35\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{21.7 \times 100}{60} = 36\%$$

$$\text{Combined Weighted Average} = \frac{35 + 36}{2} = 35.5\%$$

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

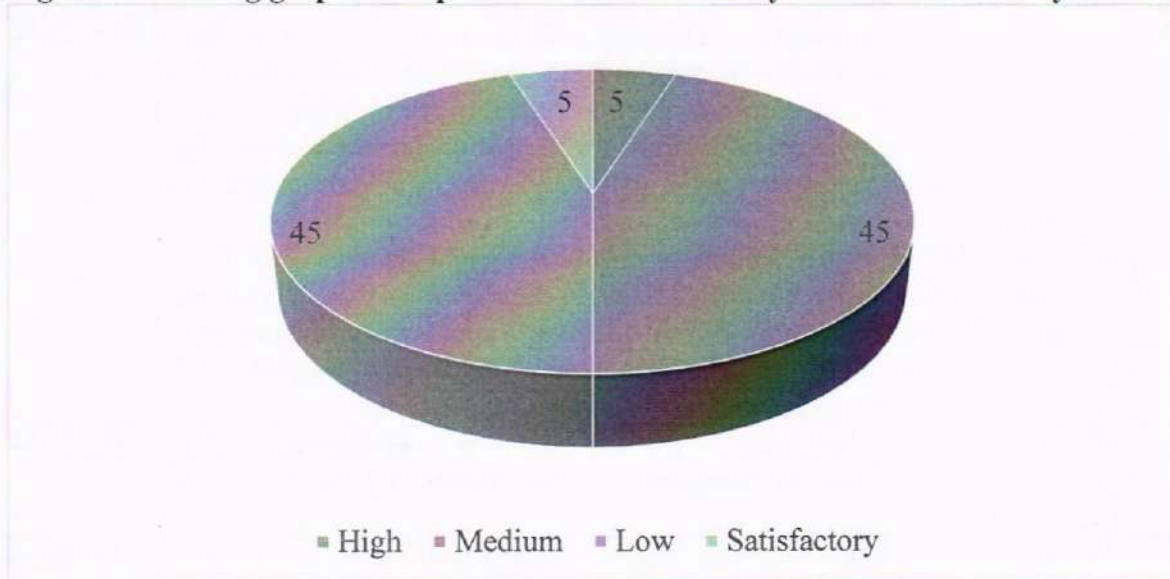
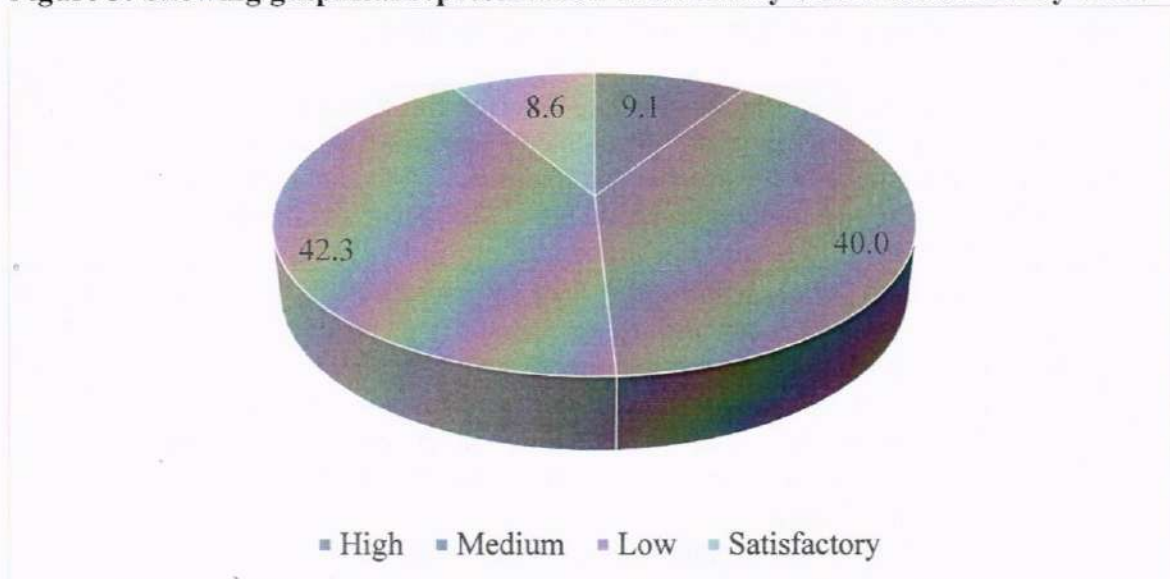


Figure 3: Showing graphical representation of the Entity's risk assessment by value



3.4 Recommended Action Plan

Budaka District Local Government should implement the following recommendations in Table 16 within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 16: Recommended Action plan

No.	Recommendation	Target Date
1.	<ul style="list-style-type: none"> • The Head Procurement and Disposal Unit should consider increasing the number of shortlisted bidders invited to bid under selective bidding method from the minimum of three to probably ten in order to boost competition and curb low bidder participation in the Entity in accordance with Regulation 38 (3) of the LG (PPDA) Regulations, 2006; and • Where the Entity was unable to raise a sufficient number of bidders from its own list of prequalified bidders, consideration should be given to other sources such as PPDA's register of providers and another Entity's list of prequalified bidders in accordance with Regulation 38 (4) of the Local Governments PPDA Regulations, 2006. 	May 2024
2.	The Accounting Officer should task the Heads of User Departments to ensure timely initiation of procurement requirements and monitoring of their work plans.	May 2024
3.	The Accounting Officer should address procurement irregularities such as unfairness at evaluation, poor quality bidding documents, delayed payment of contractors among others that could be responsible for the low bidder participation leading to reduced competition in the Entity, thus affecting value for money.	May 2024
4.	The Accounting Officer should task the Head of the Procurement and Disposal Unit to always report on procurements conducted on a quarterly basis to the Internal Audit Department and likewise, task the Internal Audit Department to conduct comprehensive audits of the procurement function on a sample basis.	May 2024
5.	<ul style="list-style-type: none"> • The Accounting Officer with support from Internal Audit should come up with a strong mechanism and task force that will ensure that all audit recommendations are regularly monitored and implemented so as to improve the Entity's performance. This could include sharing them with Internal Audit, training, including them among the key performance indicators, and discussing them in top management meetings, among others. • The Accounting Officer should always disseminate audit reports and recommendations to the Entity's Top Management Committee for discussion and adoption of strategies on how to implement the recommendations for continuous process improvements. 	May 2024
6.	The Accounting Officer along with Management should regularly carry out a review and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 as amended to ensure improved performance.	May 2024
7.	The Chairman Contracts Committee should ensure that the Contracts Committee approves specific bidding documents and evaluation committees and desist from making blanket approvals.	May 2024
8.	<ul style="list-style-type: none"> • The Head Procurement and Disposal Unit should ensure that the solicitation documents prepared, define the requirements precisely and 	May 2024

No.	Recommendation	Target Date
	<p>in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity and have the most appropriate evaluation methodology and criteria in accordance with Regulations 48(2) & 48(4) of the Local Governments (PPDA) Regulations 2006.</p> <ul style="list-style-type: none"> The Contracts Committee should ensure that the bidding documents are scrutinized for quality before approval. 	
9.	<ul style="list-style-type: none"> The Contracts Committee should ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, 2003 before approving the evaluation reports. 	May 2024
10.	<ul style="list-style-type: none"> Evaluation Committees should ensure that evaluations are conducted according to the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003. 	
11.	<p>The Accounting Officer should ensure that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006.</p>	May 2024
12.	<p>The Accounting Officer and the Head Procurement and Disposal Unit should ensure that the District Environmental Officer, District Community Development Officer and the District Labor Officer are involved in the entire procurement process right from planning and initiation, bid document preparation and contract management process so that the ESHS are embedded in the procurements right from the design stage.</p>	May 2024
13.	<p>The Accounting Officer should task the District Engineer to ensure that the above defects are rectified with in the defects liability period before retention fees can be paid out and status report on all these projects provided to the Authority within 4 months after receipt of this report.</p>	May 2024

ANNEXES

Annex C: Findings and rating on the individual contracts reviewed

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Subject: Supply and installation of an Elevated steel tank at Lyama – Tademeri solar piped water system</p> <p>Reference number: Buda571/Wrks/2022-2023/00008</p> <p>Procurement method: Direct method</p> <p>Contractor: Icon Projects Ltd</p> <p>Contract value: UGX 159,481,890</p>	<ul style="list-style-type: none"> • Unjustified use of direct procurement method. • Delayed initiation as the planned initiation was scheduled on 1st /11/2022 while the actual initiation was done on 24th May/2023 and hence a delay of 6 months. • The evaluation process was not conducted that is both the preliminary examination assessment and technical examination.

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	<p>Subject: Construction of a paediatric ward phase iv</p> <p>Procurement method: Open National Bidding</p> <p>Contractor: Rexco Limited</p> <p>Contract value: UGX 149,573,445</p>	<ul style="list-style-type: none"> • Poor quality solicitation document: ITB 20.2 provided for a bid security of UGX 7,000,000 which was 5% of the estimated amount of UGX 140,000,000. • Provisional amounts in the BOQs. Bidders were required to allow a provisional sum of UGX 1,000,000 for provision of a signboard which was irregular since that amount should be determined competitively by the bidders. • Inadequate bid security period. The required bid security expiration date as per ITB 20.3 was 30th September 2022. However, the bid validity period was 30th January 2023 yet the bid security expiration date is supposed to be at least 28 days after the bid validity date. Consequently, the contract was signed on 24th November 2022.
2.	<p>Subject: Construction of chain link fence at Namusita HC III</p> <p>Reference number: Buda571/WRKS/2022-2023/00011</p> <p>Procurement method: Selective bidding</p> <p>Contractor: NitusSoluttions Ltd</p> <p>Contract value: UGX 23,815,704</p>	<ul style="list-style-type: none"> • Delayed initiation as the planned initiation was scheduled on 1st /11/2022 while the actual initiation was done on 21st /11/2022 and hence a delay of 20 days. • Nitus Solutions Ltd (BEB) did not provide evidence of relevant tools and equipment's, assorted construction tools, concrete mixer and porker vibrator.
3.	<p>Subject: Construction of 4 stances lined pit latrine at Budaka</p> <p>Reference number: Buda571/Wrks/2022-23/000008</p> <p>Procurement method: Selective bidding</p> <p>Contractor: Maweman Enterprises Ltd</p> <p>Contract value: UGX 18,955,585</p>	<p>Planning and Initiation</p> <ul style="list-style-type: none"> • Delayed initiation as the planned initiation was scheduled on 1st November 2022 while the actual initiation was done on 21st November 2022. • Low bidder participation as only two bids were received namely: Jerusalem General Enterprises and Maweman Enterprise Ltd out of the four that were invited.

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
		<ul style="list-style-type: none"> • Award of contract to a non-compliant bidder. Maweman Enterprises Ltd (BEB) did not attach evidence of possession of a Social Development Officer with a diploma, an Environmental Officer and a Health and Safety Officer
4.	<p>Subject: Construction of 4 stance lined latrine at Izibangabo Village in Budaka DLG</p> <p>Procurement method: Selective bidding</p> <p>Contractor: Nitus Solutions(U) Ltd</p> <p>Contract value: UGX 26,588,444</p>	<p>Inadequate evaluation criteria: the evaluation criteria was silent on the financial capacity and the experience required from bidders.</p>
5.	<p>Subject: Construction of 4 stance pit latrine at Karekerene</p> <p>Procurement method: Selective bidding</p> <p>Contractor: Jimmimidin General Enterprise Ltd</p> <p>Contract value: UGX 19,999,814</p>	<ul style="list-style-type: none"> • The requirement for tree planting was inadequate. It did not provide the protection and watering of the trees, additionally the type and quality of trees required were not stated. • Low bidder participation. Only one bidder responded i.e. Jimdim General enterprise Limited. • Delayed initiation. Whereas the planned initiation date was 1st November 2022, the actual was made on 28th March 2023. • Bidders were required to attach the following personnel i.e. contract manager, site engineer, civil engineer. However, there were no signed CVs attached. The bidder simply attached academic documents. • Award of contract to a non-compliant bidder. The BEB Jimdim General enterprise Limited did not meet the requirement of possession of a truck for transport.
6.	<p>Subject: Construction of District Council Chambers Phase IV</p> <p>Procurement method: Open National bidding</p> <p>Contractor: Kate Engineering Company Ltd</p> <p>Contract value: UGX 297,991,189</p>	<ul style="list-style-type: none"> • Poor quality solicitation document: ITB 20.2 provided for a bid security of UGX 13,000,000 which was 5.7% of the estimated amount of UGX 228,000,000 way above the maximum limit of 2%. • Inadequate bid security period. The required bid security expiration date as per ITB 20.3 was 30th September 2022. However, the bid validity period was 30th February 2023 yet the bid security expiration date is supposed to be at least 28 days after the bid validity date. Consequently, the contract was signed on 25th November 2022.
7.	<p>Subject: Construction of 4 stances lined pit latrine at Namusita H/C III</p> <p>Referencenumber: Buda571/Wrks/2022-2023/00009</p> <p>Procurement method: Selective bidding</p>	<p>Planning and Initiation</p> <ul style="list-style-type: none"> • Delayed initiation as the planned initiation was scheduled on 1st/11/2022 while the actual initiation was done on 21st /11/2022 and hence a delay of 20days. <p>Evaluation</p>

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	<p>Contractor: FK Agro Consultancy Ltd</p> <p>Contract value: UGX 19,221,846</p>	<ul style="list-style-type: none"> • Award of contract to a non-compliant bidder. FK Agro Consultancy Ltd (BEB) did not attach evidence of a Foreman with Diploma in Civil Engineering Social Development Officer with a diploma, an Environmental Officer and a Safety and Health Officer with certificate.
8.	<p>Subject: Protection of (5) springs</p> <p>Reference number: Buda571/Wrks/2022-203/00013</p> <p>Procurement method: Selective bidding</p> <p>Contractor: Mekisher Investments Ltd</p> <p>Contract value: UGX 19,995,626</p>	<ul style="list-style-type: none"> • Low bidder participation as only one bid was received from Mwamba Enterprises Ltd and Mekisher Investments Ltd. • Award of contract to a non-compliant bidder. Mekisher Investments Ltd (BEB) did not attach evidence of a Foreman with Diploma in Civil Engineering Social Development Officer with a diploma, an Environmental Officer and a Safety and Health Officer with certificate.
9.	<p>Subject: Construction of a 2 classroom block at St KaloriKodiri P/S</p> <p>Procurement method: Open National bidding</p> <p>Contractor: Shaban and Brothers Ltd</p> <p>Contract value: UGX 120,548,684</p>	<p>Bidding document</p> <ul style="list-style-type: none"> • Poor quality solicitation document: ITB 20.2 provided for a bid security of UGX 3,500,000 which was 2.8% of the estimated amount of UGX 125,000,000 way above the maximum limit of 2%. • Inadequate bid security period. The required bid security expiration date as per ITB 20.3 was 25th September 2022. However, the bid validity period was 30th January 2023 yet the bid security expiration date is supposed to be at least 28 days after the bid validity date. <p>Physical verification</p> <ul style="list-style-type: none"> • Defects noted were corrected

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	<p>Subject: Surveying of land (Kadimukoli H/C II and Bubu Centre</p> <p>Reference number: Buda571/Srvc/2022-2023/00008</p> <p>Procurement method: Open bidding</p> <p>Contractor: Bamwise Stationers and General Supplies Ltd</p> <p>Contract value: UGX 13,900,000</p>	<p>Planning and Initiation</p> <ul style="list-style-type: none"> • Delayed initiation as the planned initiation was scheduled on 1st /11/2022 while the actual initiation was done on 16th /12/2022 and hence a delay of 1 month. • Low bidder participation as only one bid was received from Bamwise Stationers.
2.	<p>Subject: Supply and construction of micro scale irrigation system at Datic Demo site Boyi John demo site</p> <p>Referencenumber: Buda571/Wrks/2022-2023/00007</p>	<p>Planning and Initiation</p> <ul style="list-style-type: none"> • Delayed initiation as the planned initiation was scheduled on 1st /11/2022 while the actual initiation was done on 18th /04/2023 and hence a delay of 4 Month. • Bidding

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
	<p>Procurement method: Selective bidding Contractor: Selective bidding Contractor: Frasa Agro link Ltd Contract value: UGX 83,302,028</p>	<ul style="list-style-type: none"> • Low bid participation as only one bid was received from FrasaAggrolinc Ltd.
3.	<p>Subject: Construction of building and part fencing at DaticIki-Iki Reference number: Buda571/Wrks/2022-2023/00006 Procurement method: Open bidding Contractor: Midorand siblings Investments Ltd Contract value: UGX 110,053,986</p>	<p>Low bidder participation as two bids were received from Rexco Ltd and Midor and Siblings Investments Ltd.</p>
4.	<p>Subject: Construction of chain link at Nasanga H/C III Procurement method: Selective bidding Contractor: M/s Star Vision Ltd Contract value: UGX 19,198,836</p>	<p>Planning and Initiation</p> <ul style="list-style-type: none"> • Delayed initiation as the planned initiation was scheduled on 1st /11/2022 while the actual initiation was done on 21st /11/2022 and hence a delay of 20days <p>Bidding document</p> <ul style="list-style-type: none"> • Inadequate evaluation criteria. The evaluation criteria was silent on the financial capacity whereby it indicated that bidders demonstrate availability of financial resources and other financial resources without indicating the exact amount. <p>Physical verification Defects corrected</p>
5.	<p>Subject: Construction of piped solar water system Procurement method: Open National bidding Contractor: Icon Projects Ltd Contract value: UGX 159,939,650</p>	<ul style="list-style-type: none"> • Low bidder participation: Only two bid received namely: LHM Ground water engineering exploration and geomapping services Limited. • Poor quality solicitation document: ITB 20.2 provided for a bid security of UGX 8,900,000 which was 5.7% of the estimated amount of UGX 160,000,000 way above the maximum limit of 2%.
6.	<p>Subject: Revenue collection at Iki-Iki Council market Referencenumber: Buda571/Wrks/2022-2023/00006 Procurementmethod: Open national bidding Contractor: Masajja Wilson Contract value: UGX 1,306,750 perweek</p>	<ul style="list-style-type: none"> • Low bidder participation as only one bid was received from Masajja Wilson.
7.	<p>Subject: Construction of Tademeri Sub county office block Reference number: Buda571/Wrks/2022-2023/00012</p>	<p>Bidding Low bidder participation as only one bid was received from Midor and Siblings Investment Ltd.</p>

No	LOW RISK CONTRACTS	REASONS FOR LOW RISK
	Procurement method: Selective bidding Contractor: Midor and Siblings Investment Ltd Contract value: UGX 49,553,128	
8.	Subject: Construction of seven complete boreholes Procurement method: Open National bidding Contractor: Mamaborewalls Africa Ltd Contract value: UGX 139,956,20	<ul style="list-style-type: none"> • Poor quality solicitation document: ITB 20.2 provided for a bid security of UGX 7,150,000 which was 4.9% of the estimated amount of UGX 143,762,703 way above the maximum limit of 2%. Physical verification <ul style="list-style-type: none"> • The borehole was in good working condition however, the soakpit was not functional leading the water to overflow in the neighbouring gardens.
9.	Subject: Construction of chain link fence at H/C III in Nansanga Subcounty Procurement method: Selective bidding Contractor: M/s Star Vision Ltd Contract value: UGX 19,198,836	<ul style="list-style-type: none"> • Delayed initiation as the planned initiation was scheduled on 1st /11/2022 while the actual initiation was done on 21st /11/2022 and hence a delay of 20days • Inadequate evaluation criteria. The evaluation criteria was silent on the financial capacity whereby it indicated that bidders demonstrate availability of financial resources and other financial resources without indicating the exact amount.

No	SATISFACTORY CONTRACTS	REASONS FOR SATISFACTORY
1.	Subject: Supply of fuel and Lubricant Reference Number: Buda571/Supls/2022-2023/00001 Procurement method: Open national bidding Contractor: Saad Energy Ltd Contract amount: 150,000,000	

Annex 2: Transaction list and rating per case

BUDAKA DISTRICT LOCAL GOVERNMENT SAMPLE LIST FOR FINANCIAL YEAR 2022/2023

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk rating
1.	Buda571/Wrks/2022-2023/00002	Completion of pediatric ward at Budaka H/C IV	Open national bidding	Rexco Ltd	149,573,445	Medium
2.	Buda571/Wrks/2022-2023/00001	Construction of council Chambers Phase IV	Open national bidding	Katc Engineering Company Ltd	297,991,189	Medium
3.	Buda571/Wrks/2022-2023/00004	Construction of piped water(solar) system at Tademeri/Lyama S/C Phase	Open national bidding	Icon Projects Ltd	159,939,650	Low
4.	Buda571/Wrks/2022-2023/00006	Protection of (5) springs	Selective bidding	Mekisher Investments Ltd	19,995,626	Medium
5.	Buda571/Wrks/2022-2023/00007	Construction of 4 stances lined pit latrine at Inzibangabo RGC	Selective bidding	Nitus Solutions Ltd	26,588,444	Medium
6.	Buda571/Wrks/2022-2023/00010	Construction of chain Link Fence at Nasanga H/C III	Selective bidding	Star Vision co.Ltd	19,198,836	Low
7.	Buda571/Wrks/2022-2023/00009	Construction of a 4 stances lined pit latrine at Namusita H/C III	Selective bidding	FK Agro Consultancy(Fraco) Ltd	19,221,846	Medium
8.	Buda571/Wrks/2022-2023/00008	Construction of 4 stances lined pit latrine at Budaka H/C IV	Selective bidding	Maweman Enterprises Ltd	18,955,585	Medium
9.	Buda571/Wrks/2022-2023/00011	Construction of chain Link Fence at Namusita H/C III	Selective bidding	Nitus Solutions Ltd	23,815,704	Medium
10.	Buda571/Wrks/2022-2023/00012	Construction of office block at Tademeri S/C Office block phase 1	Selective bidding	Modor & siblings Investments Ltd	49,553,186	Low

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk rating
11.	Buda571/Wrks/2022-2023/00008	Surveying of land in Bubu Centre and Kadimukoli H/C III/ Kamonkoli Seed school	Selective bidding	Bamwise stationers and General supplies Ltd	13,900,000	Low
12.	Buda571/Wrks/2022-2023/00005	Construction of (7) complete boreholes	Open national bidding	Mama Bore wells Africa Ltd	139,956,201	Low
13.	Buda571/Wrks/2022-2023/00006	Construction of building and part fencing at Datic Iki-Iki	Open national bidding	Midor and siblings Ltd	110,053,986	Low
14.	Buda571/Wrks/2022-2023/00003	Construction of 2 classroom block at St. Kalori Kodiri S/c	Open national bidding	Shaban and Brothers Ltd	120,548,684	Medium
15.	Buda571/Wrks/2022-2023/00004	Construction of solar powered piped water system in Lyama/ Tademeru	Open national bidding	Icon Projects Ltd	159,939,650	Low
16.	Buda571/Supls/2022-2023/00001	Supply of fuel and Lubricants	Open national bidding	Saad Energy Ltd	150,000,000	Satisfactory
17.	Buda571/Supls/2022-2023/00006	Local revenue collection at Iki-Iki weekly market in Ikit T/C	Open national bidding	Masajja Wilson	1,306,750 per week	Low
18.	Buda571/Supls/2022-2023/00008	Supply and installation of elevated steel water tank at Lyama Tademeru Solar piped water system phase i	Direct procurement	Icon Projects Limited	159,481,890	High
19.	Buda571/Supls/2022-2023/00007	Construction of micro scale irrigation system	Selective bidding	Frasa Agro link (u) Ltd	83,302,208	Low
20.	Buda571/Supls/2022-2023/000014	Construction of 4 stances lined pit latrine at Kerekerene H/C III	Selective bidding	Jimmidim General Enterprises Ltd	19,999,814	Medium
Total						

Annex 3: : Risk Rating Criteria

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

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

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

SATISFACTORY

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