



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR  
FINANCIAL YEAR 2019/20**

**ARUA DISTRICT LOCAL GOVERNMENT**

**JULY 2021**

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## ACRONYMS

AO	Accounting Officer
CC	Contracts Committee
FY	Financial Year
HC	Health Center
LTD	Limited
P/S	Primary School
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PS/ST	Permanent Secretary/ Secretary of Treasury
S/C	Sub-County
SUPLS	Supplies
WRKS	Works

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Arua District Local Government that covered a representative sample of twenty-one (21) sampled procurement transactions under the Financial Year 2019/20.

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Arua 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 Arua District Local Government for the Financial Year 2019/20 was **highly unsatisfactory** with overall weighted average risk rating of **92%**.

The risk rating is as follows:

Risk Rating	Description of Performance
0-20%	Highly Satisfactory
21-50%	Satisfactory
51-80%	Unsatisfactory
81-100%	Highly Unsatisfactory

The following key exceptions were noted:

1. Careless storage of procurement and disposal records for previous and current financial years attributed to lack of storage facilities and a proper records management system within the Procurement and Disposal Unit.
2. Various procurement procedural forms and documents were missing from their respective procurement action files in twenty (20) sampled procurement transactions worth UGX 2,273,145,319
3. The Entity issued poorly drafted solicitation documents with incomplete and unclear terms and conditions in 95% of the sampled procurement transactions worth UGX 2,201,095,319
4. The Evaluation Committee members did not sign the ethical code of conduct before conducting evaluation in all the twenty-one (21) sampled procurement transactions worth UGX 2,300,645,319.
5. Unfair and irregular evaluation of bids in ten (10) procurement transactions worth UGX 937,540,605.
6. Procurement processes within the Arua District Local Government were inefficient with 71% of the sampled procurement transactions completed outside the planned period. The estimated timelines in the procurement plan were exceeded during implementation.
7. The Entity signed three (3) contracts worth UGX 223,751,954 based on falsified documentation. This was attributed to lack of a mechanism to verify bidders' information included in submitted bid documents.
8. Defects in works done for six (06) procurements worth UGX 815,922,414 attributed to lack of strict supervision by appointed contract managers.
9. There was delayed completion of contractual obligations in six (06) procurement transactions worth UGX 884,393,064. This was attributed to laxity in contract supervision.

10. Paying providers whose payment requests contained errors, discrepancies and were supported by incorrect documentation in five (05) procurement transactions worth UGX 646,181,080.

In summary, the Authority attributes the poor performance to insufficient oversight function by the Accounting Officer, Contracts Committee and Internal Auditor; ignoring ethical practices embedded in the procurement process; laxity in contract management and understaffing of the Procurement and Disposal Unit.

### **Recommendations**

1. The Accounting Officer should equip the Procurement and Disposal Unit with secure storage facilities and functional photocopier to improve records managements in the Unit.
2. The Procurement and Disposal Unit should prepare and maintain complete procurement action files with all relevant procurement forms and documentation in accordance with Regulation 46 (2) of the Local Governments (PPDA) Regulations, 2006
3. The Procurement and Disposal Unit should prepare quality solicitation documents thoroughly scrutinized by the Contracts Committees for completeness, correctness, clarity and accuracy before approval.
4. All Evaluation Committee members should read and sign the Code of Ethical Conduct before conducting any evaluation of bids in accordance with Regulation 27 (9) of the Local Governments (PPDA) Regulations, 2006.
5. Evaluation Committee members should strictly adhere to the criteria set out in the solicitation document in accordance with Section 71 (3) of the PPDA Act, 2003.
6. The Accounting Officer should always conduct due diligence on all the information submitted by bidders before signing contracts.
7. The Procurement and Disposal Unit should implement all procurement activities in an efficient manner and use the procurement plan to monitor their implementation.
8. The Accounting Officer should formally recommend all firms that submitted falsified information and firms that failed to substantially perform their contractual obligations to the Authority for suspension in accordance with Section 8(f) of the PPDA Act, 2003
9. The Accounting Officer should instruct the concerned contractors to correct all highlighted defects within the projects identified.
10. The Accounting Officer should pay providers in accordance with the payment structure specified in the contract and desist from paying providers whose payment request contains any discrepancies or is supported by incorrect documentation in accordance with Regulation 118 (1) of the Local Governments (PPDA) Regulations, 2006.

Arua District Local Government should implement the recommended action plan on pages **40 -42**.

## CHAPTER 1: INTRODUCTION

### 1.1 Structure of the Entity

Arua District is bordered by Yumbe District to the north, Adjumani District to the northeast, Madi-Okollo District to the south, Zombo District to the southwest, the Democratic Republic of the Congo (DRC) to the west, and Maracha District to the northwest.

According to Section 26 of the PPDA Act, 2003, the overall responsibility for the successful execution of procurement, disposal and contract management in a Procuring and Disposing Entity is the Accounting Officer. The Accounting Officer of Arua District Local Government during the financial year under review was the Chief Administrative Officer.

### 1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Arua District Local Government that covered a representative sample of twenty-four (24) procurement transactions under Financial Year 2019/20. 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 Arua District Local Government's procurement system and processes 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:

- Establish the level of compliance by the PDE with the general provisions of the PPDA Act and Regulations;
- Establish the level of compliance with the PPDA Act, 2003 in the conduct of procurement and disposal activities; and
- 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 representative sample of twenty-one (21) procurement transactions under Financial Year 2019/20. The list of sampled transactions is contained in **Annex A**. The distribution of the transaction population and sample is in Table 1 below;

<b>Table 1: Distribution of the transactions population and sample for audit</b>							
<b>Population</b>			<b>Sample</b>		<b>Percentages</b>		
<b>Procurement Method</b>	<b>Number</b>	<b>Value (UGX)</b>	<b>Number</b>	<b>Value (UGX)</b>	<b>% Number</b>	<b>% Value</b>	
Open Domestic Bidding	65	2,746,325,766	13	2,111,003,600	20%	77%	
Selective Bidding	50	961,243,208	8	189,641,719	16%	20%	
Direct procurements	1	136,633,900	-	-	-	-	
<b>Total</b>	<b>116</b>	<b>3,844,202,874</b>	<b>21</b>	<b>2,300,645,319</b>	<b>18%</b>	<b>60%</b>	

### **1.5 Audit Methodology**

The auditors examined records and documents for each sampled procurement transaction and obtained the relevant evidence to derive audit conclusions. Physical verification was undertaken to ascertain the level of contractual delivery and fitness for purpose. Interviews were held with the staff from the Procurement and Disposal Unit (PDU) and User Departments to obtain crucial qualitative information about the internal control system and processes in place.

A debrief meeting to discuss preliminary findings was held with the Entity management and staff on **10<sup>th</sup> March 2021** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **19<sup>th</sup> May 2021** with a request to submit a management response by **31<sup>st</sup> May 2021**. The Management response was submitted to the Authority on **31<sup>st</sup> May 2021** as requested. The exit meeting was held on **1<sup>st</sup> June 2021** at PPDA Northern Region Office in Gulu City.

On completion of data collection and before writing the report, the audit 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 2: AUDIT FINDINGS

This section contains major findings, implications and recommendations from the audit

### 2.1 Level of compliance by the PDE with the general provisions of the PPDA Act, 2003 and Regulations, 2006

The audit revealed the following exceptions;

#### 2.1.1 Records Management

##### a. Poor storage of procurement and disposal action files

The Authority found that the Procurement and Disposal Unit lacked adequate & secure storage space and archiving facilities for procurement and disposal records. The Authority found procurement records kept on the floor in the Procurement and Disposal Unit as shown in the pictures below:

**Figure 1: Poor storage of procurement action files**



The above pictures taken on 4<sup>th</sup> March 2021 show the procurement records kept on the floor and on top of file cabinets in the Procurement and Disposal Unit

##### **Implication**

This exposes the Entity's procurement records to the risk of loss, damage and an unauthorized access and tampering with contents of such records.

##### **Recommendation**

The Accounting Officer should provide secure storage facilities for the Procurement and Disposal Unit in order to maintain and archive records of the procurement and disposal process in accordance with Section 41 (1) of the PPDA Act, 2003.

##### **Management Response**

*The Accounting Officer has taken note of the recommendation and action will be taken to provide a secure storage facility for the Procurement and Disposal Unit.*

**b. Poor storage of procurement records for the previous financial years**

The Authority found that the Procurement and Disposal Unit had been given a room to store procurement and disposal records for previous Financial Years whose seven-year tenure had not yet elapsed. However, the audit team observed that the records were placed into the room without any organization and retrieval mechanism as illustrated in the pictures below;

**Figure 2: Poor storage of procurement records for the previous financial years**



The picture above taken on 4<sup>th</sup> March 2021 shows the storage room with the procurement and disposal documents spread all over the floor.

**Implication**

Procurement records are likely to get compromised/damaged hence risk of failure to maintain them for seven years as required.

**Recommendations**

1. The Accounting Officer should equip that the Procurement and Disposal Unit with filing cabinets for archiving procurement and disposal records of the Entity in accordance with Section 41 (1) of the PPDA Act, 2003.
2. The Procurement and Disposal Unit should make sure that procurement and disposal records for the previous financial years are properly organized and archived with clear retrieval procedures in place.

**Management Response**

*The entity has not yet secured funds to procure metallic cupboards or wooden cupboards for storing of the procurement records. However, plans are underway in the new financial year 2021-*

2022 to at least get some funds under any source to procure some few of the storage facilities (filing cabinets) for the beginning as and when funds allow to overcome this challenge of storage.

**c. Incomplete procurement action files**

The Authority found that various procurement procedural forms and documents were missing from their respective procurement action files in twenty (20) sampled procurement transactions worth UGX 2,273,145,319 contrary to Regulation 46 (2) of the Local Governments (PPDA) Regulations, 2006. These cases include:

**Table 2: List of documents missing on procurement action files**

No	Subject of Procurement	Amount (UGX)	Missing records
1.	Supply of lenovo thinkpad laptop computer, desktop computer and printer to Engineering and Health	21,000,000	<ul style="list-style-type: none"> <li>• Appointment letter of the contract supervisor</li> <li>• Contract implementation plan prepared</li> <li>• Delivery Note</li> <li>• Goods Received Note</li> <li>• Evidence of verification by Internal Auditor</li> <li>• Payment records on file and supporting documentation such as Tax invoice, payment voucher or receipt</li> </ul>
2.	Supply of 3 YBR Yamaha 125 G motorcycles to Bileafe, Ayivuni and Arivu Sub Counties	27,299,999	<ul style="list-style-type: none"> <li>• Appointment letter of the contract supervisor</li> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> </ul>
3.	Construction a 5 stance vip latrine at Okpotani Rural Growth Centre	25,000,000	<ul style="list-style-type: none"> <li>• Contract implementation plan</li> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Progress reports prepared during the course of the implementation of the project.</li> </ul>
4.	Supply and delivery of 164-3 seater school desks to Vurra Sub County	28,737,720	<ul style="list-style-type: none"> <li>• Appointment letter of the contract supervisor</li> <li>• Signed Ethical code of conduct by evaluation committee members</li> </ul>
5.	Re-roofing of a 2 classroom block at Obi Primary School in Omugo Sub County	31,119,000	<ul style="list-style-type: none"> <li>• Appointment letter of the contract supervisor</li> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> <li>• Evidence of verification by Internal Auditor</li> </ul>

No	Subject of Procurement	Amount (UGX)	Missing records
			<ul style="list-style-type: none"> <li>• Payment records on file and supporting documentation such as measurement sheets, Tax invoice, payment voucher or receipt</li> </ul>
6.	Surveying and acquisition of land title for Barifa Stadium under Education	9,555,000	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Appointment letter of the contract supervisor</li> <li>• Contract implementation plan</li> <li>• Contract management reports</li> <li>• Payment records on file and supporting documentation such as Tax invoice, payment voucher or receipt</li> </ul>
7.	Supply of one Honda XL 125 L motorcycle to Natural Resources	19,430,000	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> </ul>
8.	Supply and delivery of Executive Office Furniture for District Council Hall	99,550,000	<ul style="list-style-type: none"> <li>• Performance security submitted in accordance with GCC 18.1.</li> <li>• Appointment letter for the contract supervisor</li> <li>• Contract implementation plan</li> <li>• Goods Received Note,</li> <li>• Delivery notes</li> <li>• Internal Audit verification report</li> </ul>
9.	Construction of In-Patient Department at Kawuanzeti H/C III	456,902,360	<ul style="list-style-type: none"> <li>• Contract implementation plan</li> </ul>
10.	Major Rehabilitation of 17 broken down boreholes under Water Department	105,652,000	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> <li>• Contract management reports</li> </ul>
11.	Construction of 3 classroom block with office at Ketekele Primary School	102,904,968	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Measurement sheets</li> <li>• Tax invoice</li> <li>• Payment voucher</li> <li>• Receipt</li> </ul>
12.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> </ul>
13.	Construction of 2 classroom block with	92,808,770	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> </ul>

No	Subject of Procurement	Amount (UGX)	Missing records
	office at Muni Primary School		<ul style="list-style-type: none"> <li>• Contract implementation plan</li> <li>• Payment voucher for Interim Certificate No.1</li> </ul>
14.	Construction of Community Centre at Leju Rural Growth Centre	330,858,076	<ul style="list-style-type: none"> <li>• Evaluation meeting minutes</li> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> </ul>
15.	Drilling, casting and installation of 9 boreholes under Lot 2	201,053,600	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> <li>• Contract management reports</li> </ul>
16.	Siting, drilling and motorization of 1 production well under Lot 3	120,237,700	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> <li>• Contract management reports</li> </ul>
17.	Construction and motorization of 3 hand dug shallow wells	85,586,820	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> <li>• Contract management reports</li> <li>• Hand over report</li> </ul>
18.	Supply and delivery of 484-3 seater metal frame school desks	132,771,240	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Contract implementation plan</li> <li>• Goods Received Note,</li> <li>• Delivery notes</li> <li>• Internal Audit verification report</li> </ul>
19.	Supply and delivery of 12 sprinkler irrigation kits and 15 treadle pumps to Production	47,300,000	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Appointment letter for the contract supervisor</li> <li>• Contract implementation plan</li> </ul>
20.	Development of urban and local physical development plans for Kubala and Odramacaku Rural Growth Centres	243,268,800	<ul style="list-style-type: none"> <li>• Signed Ethical code of conduct by evaluation committee members</li> <li>• Copy of the signed contract</li> <li>• Appointment letter for the contract supervisor</li> <li>• Contract implementation plan</li> <li>• Contract management reports</li> </ul>
<b>Total</b>		<b>2,273,145,319</b>	

### Implications

- Lack of records on a procurement process is a sign of laxity and lack of effective supervision by the Entity.

- This casts doubt on whether the Entity was monitoring projects effectively and efficiently.

### **Recommendation**

The Procurement and Disposal Unit should prepare and maintain complete procurement action files with all relevant procurement forms and documentation in accordance with Regulation 46 (2) of the Local Governments (PPDA) Regulations, 2006.

### **Management Response**

*Management acknowledges that at the time of the audit, the officials from the office of the Auditor General who had earlier conducted the statutory audit for the very financial year had some of them in their custody. The challenge to this issue is lack of a photocopier machine which broke down and PDU has not yet repaired it because of no funds. This therefore limits our clerical work not to be done as required. Nevertheless, the records are available for verification by the Authority in this exit meeting.*

**Authority’s comment:** There was no evidence to prove that documents were in the custody of the Auditor General. The Authority advises that where Auditors take custody of documents from procurement action files, this should be done formally with authorization from the Chief Administrative Officer. The recommendation was therefore upheld.

## **2.2 Level of compliance with the PPDA Act, 2003 and Local Governments (PPDA) Regulations, 2006 in the conduct of procurement and disposal activities**

The auditors assessed the conduct of procurement and disposal activities from planning to contract signature and observed the following exceptions;

### **2.2.1 Initiation of procurement requirements**

#### **a) Use of brand names**

The Authority also observed that brand names were used to specify required items in three (3) procurement transactions worth UGX 67,729,999. The User Department prepared requisition forms with specifications stating their preferred brand names which brand names were later included in the solicitation document issued out by the Entity. This was contrary to Regulation 48 (8) of the Local Governments (PPDA) Regulations, 2006.

**Table 3: Procurements with specifications stated as brand names**

<b>No</b>	<b>Subject of Procurement</b>	<b>Amount (UGX)</b>	<b>Findings</b>
1	Supply of one Honda XL 125 L motorcycle to Natural Resources	19,430,000	The technical specifications that were attached to the procurement requisition form was for Honda XL 125Lek Model
2	Supply of lenovo thinkpad laptop computer, desktop computer and printer to Engineering and Health	21,000,000	The technical specifications that was attached to the procurement requisition form was for Lenovo

No	Subject of Procurement	Amount (UGX)	Findings
3	Supply of 3 YBR Yamaha 125 G motorcycles to Bileafe, Ayivuni and Arivu Sub Counties	27,299,999	The technical specifications that was attached to the procurement requisition form was for YBR Yamaha 125 G motorcycle
<b>Total</b>		<b>67,729,999</b>	

### **Implication**

Use of brand names contravenes the principle of competition and fairness as other potential bidders dealing in similar supplies are not given an opportunity to bid.

### **Recommendation**

User Departments should always propose technical specifications to the Procurement and Disposal Unit that are generic and make no reference to a particular trademark or brand name in accordance with Regulation 48 (8) of the Local Governments (PPDA) Regulations, 2006.

### **Management Response**

*The user departments have taken note of the recommendation.*

### **b) Failure to attach statement of requirements to the requisition form**

The audit revealed that there were no complete statements of requirements attached to the initiation form (LG PP form1) for the twelve (12) sampled procurement transactions worth UGX 1,419,448,369 contrary to Regulation 26(c) of the Local Governments (PPDA) Regulations, 2006. These cases include:

**Table 4: Procurements with statement of requirements not attached to the LG PP form 1**

No	Subject of Procurement	Amount (UGX)	PPDA Finding
1.	Supply of 3 YBR Yamaha 125 G motorcycles to Bileafe, Ayivuni and Arivu Sub Counties	27,299,999	Specifications were not attached to the LG PP Form 1
2.	Construction a 5 stance vip latrine at Okpotani Rural Growth Centre	25,000,000	BoQs and drawings were not attached to the LG PP form 1
3.	Supply and delivery of 164-3 seater school desks to Vurra Sub County	28,737,720	Specifications such as dimensions were not attached to the LG PP Form 1
4.	Surveying and acquisition of land title for Barifa Stadium under Education	9,555,000	Terms of Reference were not attached to the LG PP Form 1
5.	Major Rehabilitation of 17 broken down boreholes under Water Department	105,652,000	BoQs and drawings were not attached to the LG PP form 1
6.	Construction of 3 classroom block with office at Ketekele Primary School	102,904,968	BoQs and drawings were not attached to the LG PP form 1

No	Subject of Procurement	Amount (UGX)	PPDA Finding
7.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	BoQs and drawings were not attached to the LG PP form 1
8.	Construction of Community Centre at Leju Rural Growth Centre	330,858,076	BoQs and drawings were not attached to the LG PP form
9.	Drilling, casting and installation of 9 boreholes under Lot 2	201,053,600	BoQs and drawings were not attached to the LG PP form
10.	Siting, drilling and motorization of 1 production well under Lot 3	120,237,700	Terms of Reference, BoQs and drawings were not attached to the LG PP form 1
11.	Supply and delivery of 484-3 seater metal frame school desks	132,771,240	Specifications and drawings were not attached to the LG PP form 1
12.	Development of urban and local physical development plans for Kubala and Odramacaku Rural Growth Centres	243,268,800	Terms of Reference were not attached to the LG PP Form 1
<b>Total</b>		<b>1,419,448,369</b>	

### **Implication**

Failure by User Departments to attach statement of requirements exposes the Entity to the risk of procuring works, services and supplies that do not meet the needs of the end users.

### **Recommendation**

User departments should always propose technical inputs to the statement of requirements to the Procurement and Disposal Unit that in accordance with Section 34 (1) (c) of the PPDA Act, 2003.

### **Management Response**

*The user departments take note of the recommendation.*

### **2.2.2 Irregularities at issue of bidding documents, receipt and opening of bids**

In four (4) procurement transactions worth UGX 176,965,986, there were irregularities in the issue of bidding documents, receipt and opening of bids contrary to Regulation 66(4) and Regulation 70 (5) of the Local Governments (PPDA) Regulations, 2006 as indicated below: -

**Table 5: Procurements with irregularities during issuance, receipt and opening of bids.**

No	Subject of procurement	Amount (UGX)	Issue
1.	Construction a 5 stance VIP latrine at Okpotani Rural Growth Centre	25,000,000	Bid receipt and bid opening was not witnessed by a member of the contracts committee. The record of bid receipt and bid opening was only signed by Mr. Wakabi Erisa the Senior Procurement Officer.
2.	Supply and delivery of 164-3 seater school	28,737,720	Bid receipt and bid opening was not witnessed by a member of the contracts committee. The record of bid receipt and bid

No	Subject of procurement	Amount (UGX)	Issue
	desks to Vurra Sub County		opening was only signed by Mr. Wakabi Erisa the Senior Procurement Officer.
3.	Re-roofing of a 2 classroom block at Obi Primary School in Omugo Sub County	31,119,000	Bid receipt and bid opening was not witnessed by a member of the contracts committee. The record of bid receipt and bid opening was only signed by Mr. Wakabi Erisa the Senior Procurement Officer.
4.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	Inaccurate recording of bidder names i.e. the record of issue of bidding document had Gasco Merchandise Ltd and the record of bid opening had Gasco Construction Co. Ltd.
<b>Total</b>		<b>176,965,986</b>	

### **Implication**

This undermines the principles of transparency and accountability and may lead to forgeries, including accepting late bids.

### **Recommendation**

The Procurement and Disposal Unit and Contracts Committee should conduct the bidding process for all procurements in a manner that is transparent and accountable in accordance with Regulation 66(4) and Regulation 70 (5) of the Local Governments (PPDA) Regulations, 2006.

### **Management Response**

*The records of issue, receipt and opening of bids for the above procurements are available for the Authority's verification in this exit meeting having been witnessed by the contracts committee member who signed the respective records as required.*

**Authority's comment:** It was observed that the records of issue of bidding documents, receipt and opening of bids were signed after the audit fieldwork which defeats the purpose for which witnesses are required at bid receipt and bid opening.

### **2.2.3 Issuance of poorly drafted solicitation documents**

The Authority reviewed the procurement action files provided and observed that solicitation documents were poorly drafted contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006. These procurements were:

**Table 6: Procurements with inadequate solicitation documents**

No	Subject of Procurement	Amount (UGX)	Findings
1.	Supply and delivery of photocopier and engraving machines	27,500,000	ITB 17.1 stated that the bid validity period shall be 90 working days. The Entity did not calculate the bid validity end date and state it in the bidding document.

<b>No</b>	<b>Subject of Procurement</b>	<b>Amount (UGX)</b>	<b>Findings</b>
2.	Supply of lenovo thinkpad laptop computer, desktop computer and printer to Engineering and Health	21,000,000	ITB 17.1 stated that the bid validity period shall be 90 working days. The Entity did not calculate the bid validity end date and state it in the bidding document.
3.	Supply of 3 YBR Yamaha 125 G motorcycles to Bileafe, Ayivuni and Arivu Sub Counties	27,299,999	The technical specifications in the bidding document were for Yamaha YBR 125G Model.
4.	Construction a 5 stance VIP latrine at Okpotani Rural Growth Centre	25,000,000	<ul style="list-style-type: none"> <li>• The BOQs and drawings were not in the bidding document.</li> <li>• The bidding document did not state key evaluation criteria i.e. Key essential equipment, key personnel and qualifications, experience in works of similar nature, financial capacity were not stated in the bidding document.</li> </ul>
5.	Supply and delivery of 164-3 seater school desks to Vurra Sub County	28,737,720	<ul style="list-style-type: none"> <li>• The bidding document did not state key evaluation criteria i.e. Experience in supplies of similar nature, financial capacity was not stated in the bidding document.</li> <li>• Bid validity was stated as 90 working days. The Entity should have stated the exact date of expiry of bid validity.</li> </ul>
6.	Re-roofing of a 2 classroom block at Obi Primary School in Omugo Sub County	31,119,000	<ul style="list-style-type: none"> <li>• The BOQs and drawings were not in the bidding document</li> <li>• The bid validity period was stated as 90 working days. The Entity should have stated the exact date of expiry of bid validity.</li> </ul>
7.	Surveying and acquisition of land title for Barifa Stadium under Education	9,555,000	Bid validity was stated as 90 working days. The Entity should have stated the exact date of expiry of bid validity
8.	Supply of 1 Honda XL 125 L motorcycle to Natural Resources	19,430,000	Bid validity was stated as 90 working days. The Entity should have stated the exact date of expiry of bid validity
9.	Construction of In-Patient Department at Kawuanzeti H/C III	456,902,360	There was no provision of a sign board in the Bill of Quantities, first aid box and auxiliary structures for the contractor's employees.

<b>No</b>	<b>Subject of Procurement</b>	<b>Amount (UGX)</b>	<b>Findings</b>
10.	Major Rehabilitation of 17 broken down boreholes under Water Department	105,652,000	Bid validity was stated as 90 working days. The Entity should have stated the exact date of expiry of bid validity
11.	Construction of 3 classroom block with office at Ketekele Primary School	102,904,968	ITB 17.1 stated that the bid validity period shall be 120 working days. The Entity did not calculate the bid validity end date and state it in the document.
12.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	ITB 17.1 stated that the bid validity period shall be 120 working days. The Entity did not calculate the bid validity end date and state it in the document.
13.	Construction of 2 classroom block with office at Muni Primary School	92,808,770	ITB 17.1 stated that the bid validity period shall be 120 working days. The Entity did not calculate the bid validity end date and state it in the document.
14.	Construction of Community Centre at Leju Rural Growth Centre	330,858,076	ITB 17.1 stated that the bid validity period shall be 120 working days. The Entity did not calculate the bid validity end date and state it in the document.
15.	Drilling, casting and installation of 9 boreholes under Lot 2	201,053,600	<ul style="list-style-type: none"> <li>• ITB 17.1 stated that the bid validity period shall be 120 working days. The Entity did not calculate the bid validity end date and state it in the document.</li> <li>• Drawings were not in the bidding document</li> </ul>
16.	Siting, drilling and motorization of 1 production well under Lot 3	120,237,700	Bid validity period was stated as 120 working days. The Entity should have stated the exact date of expiry of bid validity.
17.	Construction and motorization of 3 hand dug shallow wells	85,586,820	ITB 17.1 stated that the bid validity period shall be 120 working days. The Entity did not calculate the bid validity end date and state it in the document
18.	Supply and delivery of 484-3 seater metal frame school desks	132,771,240	Bid validity period was stated as 120 working days. The Entity should have stated the exact date of expiry of bid validity.
19.	Supply and delivery of 12 sprinkler irrigation kits and 15 treadle pumps to Production	47,300,000	ITB 17.1 stated that the bid validity period shall be 120 working days. The Entity did not calculate the bid validity end date and state it in the document
20.	Development of urban and local physical	243,268,800	The bidding document stated that bid validity period was 120 working days.

No	Subject of Procurement	Amount (UGX)	Findings
	development plans for Kubala and Odramacaku Rural Growth Centres		The Entity should have stated the exact date of expiry of bid validity
<b>Total</b>		<b>2,201,095,319</b>	

### Implication

- There is a risk of bidders preparing non-responsive bids and it also leads to procurement of items which do not meet the users' requirements.
- Failure to state the exact date of expiry of bid validity period in the bidding document may lead bidders into stating shorter bid validity period contrary to the required bid validity period.

### Recommendations

1. The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity and accuracy before approval.
2. The Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.

### Management response

- *The Contracts Committee has taken note of the recommendation and shall always scrutinize the bidding documents for completeness, corrections, clarity and accuracy before approval.*
- *The Head of Procurement and Disposal Unit has taken note of the recommendation.*

#### 2.2.4 Low bidder Participation

The Authority found that there was low bidder participation in seven (7) sampled procurement transactions worth UGX 453,640,620 conducted by the Entity. 33% of the sampled procurements either had a sole or two (2) bidders responding to bid invitations, which was too low. These cases include:

**Table 7: Low Bidder Participation**

No.	Subject	Amount (UGX)	Number of bidders invited	Number of bids received
1.	Supply and delivery of photocopier and engraving machines	27,500,000	2	2
2.	Supply of lenovo thinkpad laptop computer, desktop computer and printer to Engineering and Health	21,000,000	2	2
3.	Surveying and acquisition of land title for Barifa Stadium under Education	9,555,000	3	1
4.	Supply of 1 Honda XL 125 L motorcycle to Natural Resources	19,430,000	3	2
5.	Construction and motorization of 3 hand dug shallow wells	85,586,820	Open to all	1

No.	Subject	Amount (UGX)	Number of bidders invited	Number of bids received
6.	Supply and delivery of 12 sprinkler irrigation kits and 15 treadle pumps to Production	47,300,000	Open to all	2
7.	Development of urban and local physical development plans for Kubala and Odramacaku Rural Growth Centres	243,268,800	Open to all	1
<b>Total</b>		<b>453,640,620</b>		

### Implications

- There is a potential risk that bidders are colluding at the time of bidding.
- Loss of confidence by bidders in the procurement processes of the Entity.

### Recommendations

1. The Accounting Officer should urgently address the issue of low bidder participation in the procurement processes of the Entity. This could include review of requirements of the district for various procurement requirements to identify and remove any unnecessary requirements that could hinder potential bidders.
2. The Accounting Officer should ensure that all procurements are conducted in a fair, transparent and competitive manner in accordance with Section 45 and 46 of the PPDA Act, 2003.

### Management response

*Management noted the query and pledged to implement the recommendation provided.*

#### 2.2.5 Promotion of Ethics

The Authority reviewed the sampled procurement transactions and observed that ethical checks and balances embedded in the procurement process were ignored by both Entity staff and bidders contrary Section 49 of the PPDA Act, 2003 as detailed below:

##### **a) Failure to sign the ethical code of conduct**

In the twenty-one (21) sampled procurement transactions worth UGX 2,300,645,319, the Evaluation Committee did not sign the ethical code of conduct in business contrary to Regulation 27 (9) of the Local Governments (PPDA) Regulations 2006. A signed copy of the ethical code of conduct was missing on all the procurement action files sampled.

##### **Implication**

The Evaluation Committees did not declare whether they had conflict of interest in these procurements.

##### **Recommendation**

The Procurement and Disposal Unit should confirm that all Evaluation Committee members read and sign the Code of Ethical Conduct before conducting any evaluation of bids in accordance with Regulation 27 (9) of the Local Governments (PPDA) Regulations, 2006.

### **Management Response**

*The Procurement and Disposal Unit has taken note of the recommendation and shall always confirm that all the evaluation committee members read and sign the code of ethical conduct before conducting evaluation of the bids.*

### **b) Breach of the Code of Ethics of providers**

The audit revealed that a number of bidders submitted falsified Tax Clearance Certificates during procurement processes as detailed in the table below:

**Table 8: Procurement transactions with falsified documentation provided by bidders**

<b>No</b>	<b>Subject of Procurement</b>	<b>Amount (UGX)</b>	<b>PPDA finding</b>
1.	Supply and delivery of 164-3 seater school desks to Vurra Sub County	28,737,720	An online verification with Uganda Revenue Authority revealed that Lemeru Traders and Construction Works submitted an invalid Tax Clearance Certificate No. AR01190011113. The details on the certificate had been edited to suit the bidding period i.e. the tax period had been edited from 1/7/2018 to 30/6/2019 to 1/7/2019 to 30/6/2020 and also the issue date changed from 7/8/2018 to 7/8/2019.
2.	Construction of 3 classroom block with office at Ketekele Primary School	102,904,968	Amononeno Investment (U) Limited was eliminated because he submitted an invalid tax clearance certificate.
3.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	Yauga General Merchandise Limited was eliminated because it submitted an invalid tax clearance certificate.
<b>Total</b>		<b>223,751,954</b>	

### **Implication**

Companies with invalid documentation raise the risk of defrauding the Entity and this also amounts to a breach of the ethical code of conduct of providers which undermines the principle of ethics.

### **Recommendations**

1. The Accounting Officer should always conduct due diligence on all the information submitted by bidders before signing contracts.
2. The Entity should formally recommend all firms that submitted invalid tax clearance certificates to the Authority for suspension in accordance with Section 8(f) of the PPDA Act, 2003.

### **Management Response**

- *The Accounting Officer has taken note of the recommendation and shall always conduct due diligence on all information submitted by the bidders before signing the contracts like it does on verification of authenticity of Performance Securities.*

- The entity shall formally recommend to the Authority all firms that submitted invalid tax clearance certificates from Uganda Revenue Authority in accordance with Sec. 8 (f) of the PPDA Act, 2003.

### 2.2.6 Unfair and irregular evaluation of submitted bids

The audit revealed irregularities in the evaluation of eight (8) procurements worth UGX 889,040,605 contrary to Regulation 48 (4) of the Local Governments (PPDA) Regulations, 2006 as indicated in the table below:

**Table 9: Procurements with irregularities during evaluation**

No	Subject of procurement	Amount (UGX)	PPDA Finding
1.	Supply of 3 YBR Yamaha 125 G motorcycles to Bileafe, Ayivuni and Arivu Sub Counties	27,299,999	<ul style="list-style-type: none"> <li>• Nile Fishing Company Limited submitted Tax Clearance Certificates that were not addressed to Arua District Local Government however the firm was rated compliant to the criteria. Tax Clearance Certificate Ref No. CR01190107730 was addressed to Ministry of Local Government whereas Tax Clearance Certificate Ref No. CR01190008898 was addressed to Uganda Revenue Authority.</li> <li>• The following criteria under detailed technical evaluation were not stated in the bidding document however they were evaluated as noted in the evaluation report;               <ul style="list-style-type: none"> <li>(i) Key personnel qualifications and experience; detailed personnel qualifications and experience of staff of the firm, (ii) financial capacity; submission of copies of recent 3 months' bank statements or recent 2 years audited books of accounts as evidence of access to financial resources, and</li> <li>(iii) experience; required experience in services of similar nature and volume as a prime contractor over the last previous years</li> </ul> </li> </ul>
2.	Construction a 5 stance vip latrine at Okpotani Rural Growth Centre	25,000,000	The following criteria under detailed technical evaluation were not stated in the bidding document however they were evaluated as noted in the evaluation report;

No	Subject of procurement	Amount (UGX)	PPDA Finding
			<p>(i) major items of construction equipment with documentary evidence of ownership or lease/hire,</p> <p>(ii) personnel capacity i.e. qualification and experience of key personnel,</p> <p>(iii) financial capacity i.e. submission of copies of recent 3 months' bank statements or recent 2 years audited books of accounts, and (iv) experience i.e. required experience in works of similar nature and volume as a prime contractor over the last 2 years</p>
3.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	<ul style="list-style-type: none"> <li>• Preliminary evaluation was not thorough. Achoru United Traders Limited stated their bid validity period as 90 working days instead of the required 120 working days but still passed this stage and emerged as the Best Evaluated Bidder.</li> <li>• True stars Investment Limited submitted two (2) copies of the bids instead of the required three (3) but was not eliminated.</li> <li>• Loyd Loyz (U) Ltd submitted two (2) copies of the bids instead of the required three (3) but was not eliminated. This does not qualify as a minor deviation as other bidders provided the required copies. This amounts to favoritism and makes some bidders incur less costs than others which is unfair.</li> <li>• Detailed evaluation was not thoroughly done; <ul style="list-style-type: none"> <li>➤ Equipment and staff qualification were not evaluated.</li> <li>➤ No evidence of a pocker vibrator and supervision truck/motorcycle.</li> <li>➤ Lease agreement provided by Achoru United Traders Limited indicated that Kasese Nail &amp; Wood Industry Limited had leased his equipment to Achoru United on 8<sup>th</sup> September 2019 for the construction of seed schools under lot 3 in selected</li> </ul> </li> </ul>

No	Subject of procurement	Amount (UGX)	PPDA Finding
			<p>districts in Adjumani, Moyo, Koboko, Maracha and Yumbe.</p> <p>➤ Mr. Asege Hardard was evaluated as the project manager however the years of experience were unknown and no academic qualifications were provided as well as CV. A contract manager was required to have 4years experience with either a degree or a higher Diploma.</p>
4.	Drilling, casting and installation of 9 boreholes under Lot 2	201,053,600	<ul style="list-style-type: none"> <li>• A bid security worth UGX 3,000,000 was required but was not evaluated.</li> <li>• Post qualification was required in the bidding document on experience, equipment, personnel however it was not conducted.</li> </ul>
5.	Siting, drilling and motorization of 1 production well under Lot 3	120,237,700	<ul style="list-style-type: none"> <li>• A bid security worth UGX 2,000,000 was required however this requirement was not evaluated.</li> <li>• The bidding document required liquid assets and or credit facilities of no less than UGX 30,000,000 however Mama Borewell Africa Limited were eliminated basing on this criterion yet their bank balance was UGX 36,589,187.</li> <li>• Post qualification criteria were evaluated however there was no evidence whether the Entity conducted due diligence on experience, equipment, personnel of the contractor.</li> </ul>
6.	Supply and delivery of 484-3 seater metal frame school desks	132,771,240	<ul style="list-style-type: none"> <li>• Roova Business Co. Ltd did not submit the required bid security of UGX 3,500,000 however the evaluation committee rated the company compliant.</li> <li>• Change of evaluation criteria at the evaluation stage i.e. the bidding document required audited accounts for the last three years however the Evaluation Committee changed the criteria to audited accounts for the last two years.</li> </ul>

No	Subject of procurement	Amount (UGX)	PPDA Finding
			<ul style="list-style-type: none"> <li>• Post qualification was required in the bidding document on experience, equipment, personnel however it was not conducted.</li> </ul>
7.	Supply and delivery of 12 sprinkler irrigation kits and 15 treadle pumps to Production	47,300,000	<ul style="list-style-type: none"> <li>• Preliminary evaluation was not thorough. Although Adritex (U) Limited's assigned Power of Attorney to Mr. Innocent Tugume &amp; Mr. Anoch Kambendyaho, the bid submission sheet was only signed by Mr. Innocent Tugume. The firm should have been disqualified.</li> </ul>
8.	Development of urban and local physical development plans for Kubala and Odramacaku Rural Growth Centres	243,268,800	<ul style="list-style-type: none"> <li>• A bid security worth UGX 4,000,000 was required however this criterion was not evaluated</li> <li>• Praid Consultants Limited did not submit a tax clearance certificate in its bid however the Evaluation Committee rated the firm compliant to the criteria of valid tax clearance certificate.</li> </ul>
<b>Total</b>		<b>889,040,605</b>	

### **Implication**

Unfairness during evaluation leads to contract award to non-compliant bidders and compromises on benefits of maximum competition.

### **Recommendation**

Evaluation Committee members should strictly adhere to the criteria set out in the solicitation document in accordance with Section 71 (3) of the PPDA Act, 2003.

### **Management Response**

*Management noted the query. The Head Procurement and Disposal Unit has taken note of the recommendation and shall ensure that the evaluation committee members strictly adhere to the criteria set out in the solicitation document.*

#### **2.2.7 Efficiency of procurement processes**

The Authority observed that the procurement processes within the Arua District were inefficient. 71% of the sampled procurement transactions were conducted outside the planned period. The estimated timelines in the procurement plan were exceeded during implementation as shown in the table below:

**Table 10: Procurements whose planned timelines were exceeded during implementation**

No	Subject of procurement	Amount (UGX)	Planned time	Actual time taken	Procurement time overrun
1.	Supply of Lenovo ThinkPad laptop computer, desktop computer and printer to Engineering and Health	21,000,000	68	86	18 days
2.	Supply of 3 YBR Yamaha 125 G motorcycles to Bileafe, Ayivuni and Arivu Sub Counties	27,299,999	68	108	40 days
3.	Construction a 5 stance VIP latrine at Okpotani Rural Growth Centre	25,000,000	68	117	49 days
4.	Supply and delivery of 164-3 seater school desks to Vurra Sub County	28,737,720	68	110	42 days
5.	Re-roofing of a 2 classroom block at Obi Primary School in Omugo Sub County	31,119,000	68	100	32 days
6.	Supply of 1 Honda XL 125 L motorcycle to Natural Resources	19,430,000	68	74	6 days
7.	Construction of In-Patient Department at Kawuanzeti H/C III	456,902,360	68	108	40 days
8.	Major Rehabilitation of 17 broken down boreholes under Water Department	105,652,000	68	165	97days
9.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	68	70	2 days

No	Subject of procurement	Amount (UGX)	Planned time	Actual time taken	Procurement time overrun
10.	Construction of Community Centre at Leju Rural Growth Centre	330,858,076	68	95	27 days
11.	Drilling, casting and installation of 9 boreholes under Lot 2	201,053,600	68	85	17 days
12.	Siting, drilling and motorization of 1 production well under Lot 3	120,237,700	68	95	27days
13.	Construction and motorization of 3 hand dug shallow wells	85,586,820	68	75	7days
14.	Supply and delivery of 484-3 seater metal frame school desks	132,771,240	68	130	62 days
15.	Supply and delivery of 12 sprinkler irrigation kits and 15 treadle pumps to Production	47,300,000	68	75	7 days
<b>Total</b>		<b>1,725,057,781</b>			

### **Implication**

Delays during the procurement process lead to delayed service delivery to the targeted beneficiaries.

### **Recommendations**

1. The Procurement and Disposal Unit should implement all procurement processes in an efficient manner in accordance with Section 48 of the PPDA Act, 2003.
2. The Procurement and Disposal Unit should make use of the procurement plan in order to monitor the implementation of procurement activities.

### **Management Response**

- *The entity has taken note of the recommendation and shall try to implement all procurement processes in an efficient manner.*
- *The Procurement and Disposal Unit has taken note of the recommendation and shall make use of the procurement plan in order to monitor the implementation of procurement activities.*

## 2.2.8 Securities

The audit revealed the following findings:

### a) Advance payment security

The Authority observed that although there was no provision for advance payment in the contract for the supply and delivery of photocopier and engraving machines worth UGX 27,500,000, payment was effected before goods were delivered. According to Payment Voucher No. 30527833, UGX 26,101,694 was paid to the supplier on 26<sup>th</sup> June 2020 who according to the delivery note supplied on 30<sup>th</sup> June 2020. Furthermore, the Entity did not secure an advance payment guarantee from the supplier before advancing the firm money contrary to Regulation 115 (4) of the Local Governments (PPDA) Regulations, 2006.

### Implication

The Entity was not protected from the risk of non-performing firms that could disappear once advanced funds.

### Recommendation

The Accounting Officer should secure all advance payments with the required security in accordance with the terms and conditions of the contract and in accordance with Regulation 115 of the Local Governments (PPDA) Regulations, 2006.

### Management Response

*The Accounting Officer has taken note of the recommendation.*

### b) Performance Security

In order to protect the Entity against non-performance of contracts, the special condition of contract required the contractor to submit a performance security of 10% of the contract sum. The audit revealed irregularities in eight (8) procurement transactions worth UGX 1,158,330,440, in regard to the performance security as detailed in the table below;

**Table 11: Procurements with performance security irregularities**

No.	Subject of procurement	Amount (UGX)	PPDA Finding
1.	Construction of 3 classroom block with office at Ketekele Primary School	102,904,968	Performance security in form of a performance insurance guarantee was submitted dated 6 <sup>th</sup> November 2019 from Excel Insurance Company Limited. However, it was valid up to 5 <sup>th</sup> November 2020 i.e. it expired before the contract was completed. There was need to extend it.
2.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	Performance security No. 460/19 from Bank of Africa was submitted dated 20 <sup>th</sup> November 2019. It was valid up to 14 <sup>th</sup> February 2020. It expired before the contract was completed and was not extended

<b>No.</b>	<b>Subject of procurement</b>	<b>Amount (UGX)</b>	<b>PPDA Finding</b>
3.	Construction of 2 classroom block with office at Muni Primary School	92,808,770	Performance security No. MD1934000004 from KCB bank was submitted dated 9 <sup>th</sup> December 2019. It was valid up to 4 <sup>th</sup> February 2020. It expired before the contract was completed and was not extended.
4.	Construction of Community Centre at Leju Rural Growth Centre	330,858,076	Performance security Ref No. GU/263/HFB/2019 dated 23 <sup>rd</sup> December 2019 from Housing Finance Bank was submitted. It was valid up to 22 <sup>nd</sup> June 2020. It expired before the contract was completed.
5.	Drilling, casting and installation of 9 boreholes under Lot 2	201,053,600	GCC 52.3 of the signed contract required a performance security 10% of the contract price inform of an unconditional bank guarantee issued by a bank however the contractor KLR (U) Limited submitted a performance insurance guarantee from Excel Insurance Company Limited.
6.	Siting, drilling and motorization of 1 production well under Lot 3	120,237,700	No evidence that the required performance security was submitted by the contractor
7.	Construction and motorization of 3 hand dug shallow wells	85,586,820	Performance security dated 22 <sup>nd</sup> November 2019 from DFCU Bank was submitted. It was valid up to 21 <sup>st</sup> February 2020. It expired before the contract was completed. It was not extended
8.	Supply and delivery of 484-3 seater metal frame school desks	132,771,240	No evidence that the Entity returned the performance security worth UGX 13,277,124 that was issued by Stanbic Bank guaranteeing MAK Maracha Furniture Centre.
<b>Total</b>		<b>1,158,330,440</b>	

### **Implication**

The Entity is exposed to the risk of lack of recourse in the event contractors fail to perform.

### **Recommendations**

1. The Accounting Officer should desist from effecting contracts where performance securities are required before firms furnish the Entity with the required performance securities in accordance with Regulation 102 of the Local Governments (PPDA) Regulations, 2006.

2. Contract Managers should monitor the validity period of the performance securities submitted and ensure the securities are valid for a period of up to twenty eight (28) days after the expiry of the contract period.
3. Contract managers should return performance securities to the contractors who have successfully executed their contractual obligations.

**Management Response**

- *The Accounting Officer has taken note of the recommendation and shall desist from signing contracts with firms not until they furnish the entity with the required performance securities.*
- *Contracts signed by the entity for this current financial year 2020-2021 were signed after receiving and verifying the authenticity of the performance securities for successful contractors of the works under open domestic bidding.*




**2.3 Level of efficiency and effectiveness in contract implementation**

The auditors assessed contract implementation management and observed the following exceptions;

**2.3.1. Defects and incomplete works**

The audit found that in six (06) procurements worth UGX 815,922,414, the works were either incomplete or with defects as indicated below:

**Table 12: Procurements with defects and incomplete works**

<b>Subject of procurement</b>
<p>Re-roofing of a 2 classroom block at Obi Primary School in Omugo S/C worth UGX 31,119,000</p> <div style="display: flex; justify-content: space-around;">    </div> <p><i>Photo 1 taken on 4th March 2021      Photo 2 taken on 4th March 2021      Photo 3 taken on 4th March 2021</i></p> <p>Physical verification revealed defects in the works.</p> <ul style="list-style-type: none"> <li>➤ The disability ramp was already washing away due to poor cement mixture and the door on the P.6 class was not properly fitted into the door frame and as a result could not close.</li> <li>➤ Trees around the school had been cut down to make room for electricity poles yet the school is heavily affected by strong winds hence risk of blowing off the roof.</li> </ul>
Construction of In-Patient Department at Kawuanzeti H/C III worth UGX 456,902,360

### Subject of procurement



*Photos taken on 4th March 2021*

Physical verification revealed defects in the works.

- With the in-patient ward full of cracks, Wiring was incomplete, Internal doors not fitted,
- The dangerous drug safe was not in place, Plague for the In-Patient Department was not installed,
- Solar water heater, 5 solar panels and 5 12V batteries with 200AV inverter were not yet fitted.
- 3 fire extinguishers and 10,000ltr water tank were not installed.
- 40 curtain boxes and aluminum curtain rail rods with rollers were not installed,
- One 5-stance latrine was at the finishing stage though incomplete, while the other 5-stance pit latrine was at walling stage.

Construction of 3 classroom block with office at Ketekele Primary School

Physical verification revealed defects and incomplete works.

- Screeding and curing of the floor was not well done and the floor was full of cracks
- Tank poorly installed with no drainage system in place for the water and the water tap installed was broken and the tap area was also not casted.
- The classroom was not labelled and was not in use.
- Window bolts were loosely fitted and could be opened even from outside
- Painting was peeling off, no site cleaning of debris by the contractor and Paspullum was not planted
- There was no provision of a sign board in the Bill of Quantities, first aid box and auxiliary structures for the contractor's employees. There was no provision of hoarding of the site.

**Subject of procurement**



*Photo taken on 4th March 2021*

Current staff room in dangerous state and staff need to urgently shift to the new building



Physical verification of the construction and motorization of 3 hand dug shallow wells UGX 85,586,820 revealed the following:

**Motorized hand dug well at Nile University**



*Photo taken on 4th March 2021*

➤ The tank stand was broken.

### **Subject of procurement**

- The lid of the water tank was poorly fitted and blown away by the wind. According to the Academic Registrar Mr. Salvatore Adraba a bird flew and died in the open tank and contaminated the water.
- The water pump and solar panels need to be fenced to limit access and for security.
- The water tap needs to be cast for hygienic purposes and for durability.

### **Motorized hand dug well at Terego – Aanga Village**



*Photo taken on 4th March 2021*

- Solar panels were missing and we claimed to have been stolen. The design of the solar panel holders was too low and did not secure the panels from being stolen.
- The project was located in the bush without any responsible community member guarding it.
- The well was not in use.

### **Motorized hand dug well at Kojo Farm**



*Photo taken on 4th March 2021*

- The government project is located on private land and no MOU was made to harmonize community access to the well.

<b>Subject of procurement</b>
<ul style="list-style-type: none"> <li>➤ There was no well-documented selection process showing how Kojo farm was selected to get a motorized hand dug well above all other farms.</li> <li>➤ Shoddy works and the well was not functional.</li> <li>➤ According to Avaga Godfrey, the workers of Adritex were discontented with the poor feeding and promised to do shoddy work.</li> <li>➤ Mr. Avaga Godfrey also informed the auditors that the farmers were feeding the contractors workers who they saw suffering. CDO never visited the site at any one time.</li> <li>➤ Installed pump was faulty.</li> <li>➤ This project did not attain value for money.</li> <li>➤ The water pump and solar panels were not fenced to limit access and for security.</li> </ul>
<p>Supply and delivery of 12 sprinkler irrigation kits and 15 treadle pumps to Production Department worth UGX 47,300,000</p> <ul style="list-style-type: none"> <li>➤ Adritex (U) Ltd supplied only twelve (12) treadle pumps instead of the fifteen (15) contracted although the contract was not amended.</li> <li>➤ The condition of the supplies was not stated in the inspection report or remarks section of the Goods Received Note No. 126</li> </ul>

### **Implication**

This leads to failure to attain value for money

### **Recommendations**

1. The Accounting Officer should instruct the concerned contractors to correct all defects within the highlighted projects and ensure timely hand over the completed projects to beneficiaries for use.
2. The Accounting Officer should issue change orders extending contract completion dates to facilitate adaptations to unanticipated events or changes in requirements in accordance with Regulation 120 (1) of the Local Governments (PPDA) Regulations, 2006.
3. The Accounting Officer should recommend all providers that fail to substantially perform their obligations specified in the contract to the Authority for suspension from engaging in any public procurement or disposal process in accordance with Section 94 of the PPDA Act, 2003.

### **Management Response**

*At the time of audit, the projects were still under defects liability period, management noted the audit concerns and immediately deployed the engineering team to liaise with the contractors to rectify the anomalies which the contractors have duly rectified.*

**Authority's Comment:** The Authority found the Entity's explanation unsatisfactory since all the above contracts were incomplete at the time of the audit, yet the completion period had elapsed. Defects liability period cannot start before contract completion is achieved therefore the query was maintained.

### **2.3.2. Delayed completion of contracts**

There was delayed completion of works and delivery of goods in six (06) procurement transactions worth UGX 884,393,064 contrary to Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006. Furthermore, there was no evidence on file that the completion date was extended by the Contracts Committee. These cases include:

**Table 13: Delayed completion of contracts**

No	Subject of Procurement	Amount (UGX)	Findings
1.	Supply of one Honda XL 125 L motorcycle to Natural Resources	19,430,000	The contract was signed on 29th November 2019 and the delivery date was 30 days however the motorcycle was delivered on 3 <sup>rd</sup> February 2020
2.	Construction of In-Patient Department at Kawanzeti H/C III	456,902,360	Works were still incomplete and behind schedule. Though the contract had expired on 10 <sup>th</sup> October 2020, the project was not handed over.
3.	Construction of 3 classroom block with office at Ketekele Primary School	102,904,968	Works were still incomplete and behind schedule. Though the contract had expired on 29 <sup>th</sup> May 2020, the project was not handed over.
4.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	Works were still incomplete and behind schedule. Though the contract had expired on 6 <sup>th</sup> June 2020, the project was not handed over.
5.	Construction of 2 classroom block with office at Muni Primary School	92,808,770	Works were still incomplete and behind schedule. Though the contract had expired on 24 <sup>th</sup> June 2020, the project was not handed over. Trees and grass had not been planted.
6.	Siting, drilling and motorization of 1 production well under Lot 3	120,237,700	Though the contract completion date was 10 <sup>th</sup> May 2020, however the works were completed on 6 <sup>th</sup> June 2020.
<b>Total</b>		<b>884,393,064</b>	

**Implication**

This results into commitment of more resources in terms of staff and time by the Entity to projects that ought to have been completed and also affects the Governments performance in the delivery of services to the public.

**Recommendation**

User Departments should supervise providers to perform contracts in accordance with the terms and conditions specified in the contract in accordance with Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006.

**Management Response**

*The user departments have taken note of the recommendation and shall always ensure that contractors perform their contract obligations in accordance with the terms and conditions specified in the contract as per Reg. 119 (9) (b) of the LGs (PPDA) Regulations, 2006.*

### 2.3.3. Irregular payments

Irregularities were noted in the payments of five (05) procurements worth UGX 646,181,080 as indicated below:

**Table 14: Procurements with irregular payment**

No	Subject of Procurement	Amount (UGX)	Findings
1.	Supply and delivery of photocopier and engraving machines	27,500,000	According to Payment Voucher No. 30527833 UGX 26,101,694 was paid to the supplier on 26 <sup>th</sup> June 2020 however according to the delivery note it was supplied on 30 <sup>th</sup> June 2020.
2.	Construction of 3 classroom block with office at Ketekele Primary School	102,904,968	Payment was not as per contractual obligations. Two interim certificates for works were issued on 15 <sup>th</sup> June 2020 worth UGX 35,536,485 and UGX 17,575,000 yet no work had been done. Both certificates indicated that the work was at 82.01% yet 95% of the contract price was paid out.
3.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	Payment was not as per contractual obligations. Although the progress report dated 19 <sup>th</sup> June 2020 revealed that works were incomplete, interim certificate no.3 issued on 22 <sup>nd</sup> June 2020 indicated that works were 100% complete.
4.	Construction of 2 classroom block with office at Muni Primary School	92,808,770	Although the progress report dated 19 <sup>th</sup> June 2020 revealed that works were incomplete, interim certificate no.3 issued on 22 <sup>nd</sup> June 2020 indicated that works were 100% complete. These works might have been paid before completion.
5.	Construction of Community Centre at Leju Rural Growth Centre	330,858,076	<ul style="list-style-type: none"> <li>Although the interim certificate prepared on 22<sup>nd</sup> June 2019 indicated that works were 100% complete, the technical report on progress of works dated 19<sup>th</sup> June 2020, showed that the works were incomplete. These works might have been paid before completion.</li> <li>Payment was as per contractual obligations. Two interim certificates for works were issued on 1<sup>st</sup> June 2020 worth UGX 92,152,926 and UGX 56,543,004 yet no work had been done. 1<sup>st</sup> certificate indicated that the works were at 65% and the 2<sup>nd</sup> Interim certificate indicated that the work was at 84% yet they were issued on the same day. These works might have been paid before completion.</li> </ul>

No	Subject of Procurement	Amount (UGX)	Findings
<b>Total</b>		<b>646,181,080</b>	

### **Implication**

This raises the risk of financial losses to the Entity and Government of Uganda.

### **Recommendations**

1. The Accounting Officer should desist from paying providers whose payment request contains errors, discrepancies or is supported by incorrect or incomplete documentation or is not in accordance with the terms of a contract in accordance with Regulation 118 (1) of the Local Governments (PPDA) Regulations, 2006.
2. The Accounting Officer should not pay any provider under a contract for works, services or supplies, without receipt of the deliverables specified in the contract where an appropriate advance payment security has not been obtained in accordance with Regulation 118 (1) of the Local Governments (PPDA) Regulations, 2006.

### **Management Response**

*The Accounting Officer's explanation is that this was at the end of closing the financial year 2019-2020 by 22<sup>nd</sup> June 2020 as it was directed by the MoFP&ED to all entities to pay their contractual obligations by that date of 22<sup>nd</sup> June 2020. Payments were made as per the issuance of interim payment certificates and measurement sheets by the Ag. District Engineer. The interim payment certificates and measurement sheets plus a site visit inspection reports were prepared for every payment request from the specific contractors of every project for work done and they were always attached to the request for payment from the contractors before being sanctioned for payment.*

**Authority's Comment:** The Authority found the Entity's explanation unsatisfactory because no advance payment security was obtained and the interim payment certificates, measurement sheets plus site visit inspection reports had a lot of discrepancies and contradictions and were the basis of the query hence the query was maintained.

### 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 Arua District Local Government for the Financial Year 2019/20 was **highly unsatisfactory** with overall weighted average risk rating of **92%**.

The risk rating is as follows:

Risk Rating	Description of Performance
0-20%	Highly Satisfactory
21-50%	Satisfactory
51-80%	Unsatisfactory
81-100%	Highly Unsatisfactory

#### 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: -

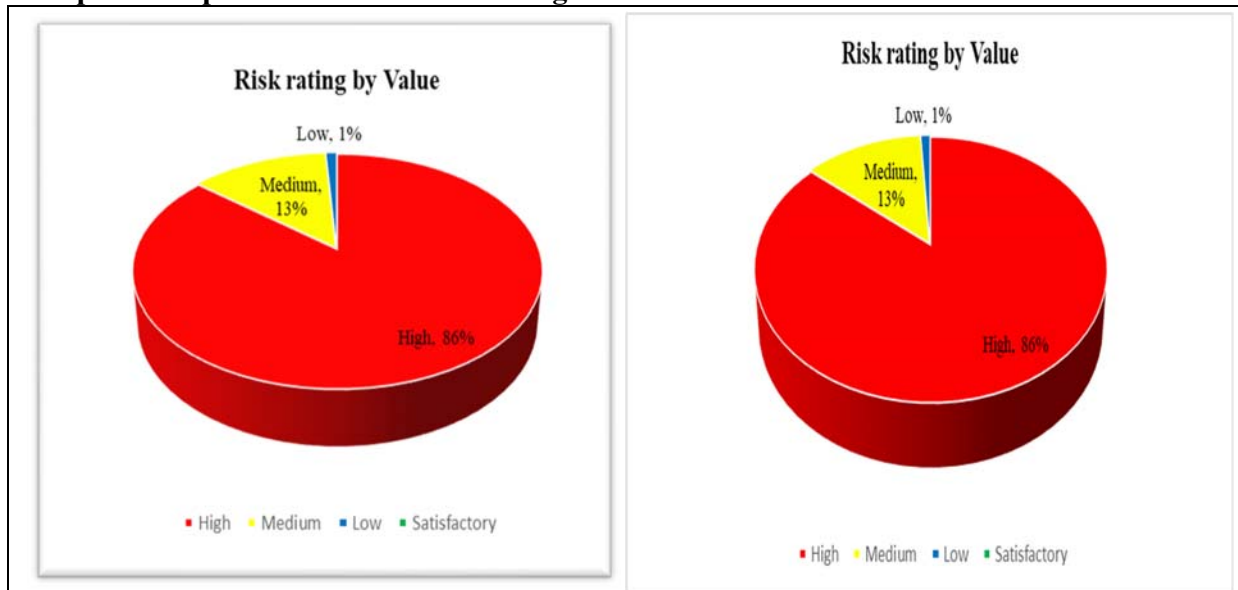
Risk category	No.	No. %	Value (UGX)	Value %	Weights	Total weighted Average	
						By No.	By Value
High	18	85.7	1,974,509,719	86	0.6	51.42	51.6
Medium	2	9.5	306,705,600	13	0.3	2.85	3.9
Low	1	4.8	19,430,000	1	0.1	0.48	0.1
Satisfactory	-	-	-	-	0	-	-
<b>Total</b>	<b>21</b>	<b>100</b>	<b>2,300,645,319</b>	<b>100</b>		<b>54.8</b>	<b>55.6</b>

$$\text{Performance by Number} = \frac{54.8 \times 100}{60} = 91$$

$$\text{Performance by Value} = \frac{55.6 \times 100}{60} = 93$$

$$\text{The average weighted risk rating} = \frac{91 + 93}{2} = 92\%$$

### Graphical Representation of Risk Rating of contracts



### 3.2. Recommended Action Plan

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

**Table 15: Action plan**

Action Party	Recommended Action	Target Date
Accounting Officer	<ul style="list-style-type: none"> <li>The Accounting Officer should equip the Procurement and Disposal Unit with secure storage facilities and functional photocopier to improve records managements in the Unit.</li> <li>The Accounting Officer should urgently address the issue of low bidder participation in the procurement processes of the Entity. This could include review of requirements of the district for various procurement requirements to identify and remove any unnecessary requirements that could hinder potential bidders</li> <li>The Accounting Officer should always conduct due diligence on all the information submitted by bidders before signing contracts.</li> <li>The Accounting Officer should formally recommend all firms that submitted falsified information and firms that failed to substantially perform their contractual obligations to the Authority for suspension in accordance with Section 8(f) of the PPDA Act, 2003.</li> </ul>	November 2021

Action Party	Recommended Action	Target Date
Procurement and Disposal Unit	<ul style="list-style-type: none"> <li>• The Accounting Officer should instruct the concerned contractors to correct all highlighted defects within the projects identified.</li> <li>• The Accounting Officer should issue change orders extending contract completion dates to facilitate adaptations to unanticipated events or changes in requirements in accordance with Regulation 120 (1) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Accounting Officer should pay providers in accordance with the payment structure specified in the contract.</li> </ul> <ul style="list-style-type: none"> <li>• The Procurement and Disposal Unit should make sure that procurement and disposal records for the previous financial years are properly organized and archived with clear retrieval procedures in place.</li> <li>• The Procurement and Disposal Unit should prepare and maintain complete procurement action files with all relevant procurement forms and documentation.</li> <li>• The Procurement and Disposal Unit should prepare quality solicitation documents.</li> <li>• The Procurement and Disposal Unit should implement all procurement processes in an efficient manner in accordance with Section 48 of the PPDA Act, 2003.</li> </ul>	November 2021
Contracts Committee	<ul style="list-style-type: none"> <li>• The Contracts Committee should conduct the bidding process for all procurements in a manner that is transparent and accountable in <b>accordance</b> with Regulation 66(4) and Regulation 70 (5) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity and accuracy before approval.</li> </ul>	November 2021
User Departments	<ul style="list-style-type: none"> <li>• User Departments should always propose technical specifications to the Procurement and Disposal Unit that are generic and make no reference to a particular trademark or brand name.</li> <li>• User Departments should supervise providers to perform contracts in accordance with the terms and conditions specified in the contract.</li> </ul>	November 2021

Action Party	Recommended Action	Target Date
Evaluation Committee	<ul style="list-style-type: none"> <li>• Contract Managers should monitor the validity period of the performance securities submitted and ensure the securities are valid for the entire duration of the contract implementation phase.</li> <li>• Contract managers should return performance securities to the contractors who have successfully executed their contractual obligations.</li> <li>• All Evaluation Committee members should read and sign the Code of Ethical Conduct before conducting any evaluation of bids in accordance with Regulation 27 (9) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• Evaluation Committee members should strictly adhere to the criteria set out in the solicitation document in accordance with Section 71 (3) of the PPDA Act, 2003.</li> </ul>	November 2021

**Annex A: Transaction list and risk rating per case**

No	Reference No	Subject of Procurement	Procurement method	Provider	Amount (UGX)	Risk Rating
1.	Arua503/SUPLS/19-20/00017	Supply and delivery of photocopier and engraving machines	Selective Bidding	John Bbosa JB Enterprises	27,500,000	High Risk
2.	Arua503/SUPLS/19-20/00012	Supply of lenovo ThinkPad laptop computer, desktop computer and printer to Engineering and Health	Selective Bidding	JB John Bbosa Enterprises	21,000,000	High Risk
3.	Arua503/SUPLS/19-20/00003	Supply of 3 YBR Yamaha 125 G motorcycles to Bileafe, Ayivuni and Arivu Sub Counties	Selective Bidding	Nile Fishing Company Ltd	27,299,999	High Risk
4.	Arua503/WRKS/19-20/00036	Construction a 5 stance vip latrine at Okpotani Rural Growth Centre	Selective Bidding	Quks Enterprises	25,000,000	High Risk
5.	Arua503/SUPLS/19-20/00009	Supply and delivery of 164-3 seater school desks to Vurra Sub County	Selective Bidding	Lemeri Traders and Construction Works	28,737,720	High Risk
6.	Arua503/WRKS/19-20/00030	Re-roofing of a 2 classroom block at Obi Primary School in Omugo Sub County	Selective Bidding	Obongi Prime Enterprises	31,119,000	High Risk
7.	Arua503/SRVCS/19-20/00003	Surveying and acquisition of land title for Barifa Stadium under Education	Selective Bidding	Romza Consults Ltd	9,555,000	High Risk
8.	Arua503/SUPLS/19-20/00007	Supply of 1 Honda XL 125 L motorcycle to Natural Resources	Selective Bidding	Godmax Services Ltd	19,430,000	Low Risk

No	Reference No	Subject of Procurement	Procurement method	Provider	Amount (UGX)	Risk Rating
9.	Arua503/SUPLS/19-20/00015	Supply and delivery of Executive Office Furniture for District Council Hall	Open National Bidding	Neckus Enterprises Ltd	99,550,000	High Risk
10.	Arua503/WRKS/19-20/00038	Construction of In-Patient Department at Kawuanzeti H/C III	Open National Bidding	Dolphins Consulting Engineers and Contractors Ltd	456,902,360	High Risk
11.	Arua503/WRKS/19-20/00024	Major Rehabilitation of 17 broken down boreholes under Water Department	Open National Bidding	ADWASA	105,652,000	Medium Risk
12.	Arua503/WRKS/19-20/00001	Construction of 3 classroom block with office at Ketekele Primary School	Open National Bidding	Link Investments Ltd	102,904,968	High Risk
13.	Arua503/WRKS/19-20/00002	Construction of 2 classroom block with office at Jiako Primary School	Open National Bidding	Achoru United Traders Ltd	92,109,266	High Risk
14.	Arua503/WRKS/19-20/00003	Construction of 2 classroom block with office at Muni Primary School	Open National Bidding	Ashanty Business Services (U) Ltd	92,808,770	High Risk
15.	Arua503/WRKS/19-20/00004	Construction of Community Centre at Leju Rural Growth Centre	Open National Bidding	Natkan Investments Ltd	330,858,076	High Risk
16.	Arua503/WRKS/19-20/00007	Drilling, casting and installation of 9 boreholes under Lot 2	Open National Bidding	KLR (U) Ltd	201,053,600	Medium Risk
17.	Arua503/WRKS/19-20/00008	Siting, drilling and motorization of 1 production well under Lot 3	Open National Bidding	Icon Projects Ltd	120,237,700	High Risk
18.	Arua503/WRKS/19-20/00009	Construction and motorization of 3 hand dug shallow wells	Open National Bidding	Adritex (U) Ltd	85,586,820	High Risk

No	Reference No	Subject of Procurement	Procurement method	Provider	Amount (UGX)	Risk Rating
19.	Arua503/SUPLS/1 9-20/00001	Supply and delivery of 484-3 seater metal frame school desks	Open National Bidding	Mak Maracha Furniture Centre	132,771,240	High Risk
20.	Arua503/SUPLS/1 9-20/00002	Supply and delivery of 12 sprinkler irrigation kits and 15 treadle pumps to Production	Open National Bidding	Adritex (U) Ltd	47,300,000	High Risk
21.	Arua503/srvcs/1 9-20/00002	Development of urban and local physical development plans for Kubala and Odramacaku Rural Growth Centres	Open National Bidding	Praid Consultants Ltd	243,268,800	High Risk
<b>Total</b>					<b>2,300,645,319</b>	

**Annex B: High Risk Cases and reasons for high risk**

<b>No.</b>	<b>Subject of Procurement</b>	<b>Amount (UGX)</b>	<b>Reasons for high risk rating</b>
1.	Supply and delivery of photocopier and engraving machines	27,500,000	<ul style="list-style-type: none"> <li>• Only two bidders were invited by the Entity instead of three minimum required.</li> <li>• Irregular payment</li> </ul>
2.	Supply of lenovo thinkpad laptop computer, desktop computer and printer to Engineering and Health	21,000,000	<ul style="list-style-type: none"> <li>• Only two bidders were invited by the Entity instead of three minimum required.</li> <li>• No delivery notes and goods received note on file.</li> <li>• No evidence of verification by internal Auditor</li> <li>• No payment records on file</li> </ul>
3.	Supply of 3 YBR Yamaha 125 G motorcycles to Bileafe, Ayivuni and Arivu Sub Counties	27,299,999	<ul style="list-style-type: none"> <li>• Use of brand name</li> <li>• Irregular evaluation</li> </ul>
4.	Construction a 5 stance VIP latrine at Okpotani Rural Growth Centre	25,000,000	<ul style="list-style-type: none"> <li>• Introduction of new evaluation criteria</li> <li>• Failure to communicate arithmetic corrections</li> <li>• Contradictions between the terms and conditions in the bidding document and the signed contract</li> <li>• No progress reports prepared during the course of the implementation of the project</li> </ul>
5.	Supply and delivery of 164-3 seater school desks to Vurra Sub County	28,737,720	<ul style="list-style-type: none"> <li>• Falsification of Documents</li> </ul>
6.	Re-roofing of a 2 classroom block at Obi Primary School in Omugo Sub County	31,119,000	<ul style="list-style-type: none"> <li>• Contradictions between the terms and conditions in the bidding document and the signed contract</li> <li>• There were no contract management reports on file to show whether the works were completed.</li> <li>• Shoddy works and defects observed in works</li> </ul>
7.	Surveying and acquisition of land title for Barifa Stadium under Education	9,555,000	<ul style="list-style-type: none"> <li>• There were no contract management reports on file to show whether the services were completed.</li> <li>• No payment records on file</li> </ul>
8.	Supply and delivery of Executive Office Furniture for District Council Hall	99,550,000	<ul style="list-style-type: none"> <li>• Performance security was not submitted</li> <li>• No contract management records on file.</li> <li>• No Goods Received Note, delivery notes and verification report</li> </ul>

<b>No.</b>	<b>Subject of Procurement</b>	<b>Amount (UGX)</b>	<b>Reasons for high risk rating</b>
9.	Construction of In-Patient Department at Kawuanzeti H/C III	456,902,360	<ul style="list-style-type: none"> <li>• Shoddy works and defects</li> </ul>
10.	Construction of 3 classroom block with office at Ketekele Primary School	102,904,968	<ul style="list-style-type: none"> <li>• Falsification of Documents by Amononeno Investment (U) Limited</li> <li>• Performance security expired before the works were completed</li> <li>• Contradiction between terms in bidding document and contract terms</li> <li>• Shoddy and incomplete works</li> <li>• Irregular payment</li> </ul>
11.	Construction of 2 classroom block with office at Jiako Primary School	92,109,266	<ul style="list-style-type: none"> <li>• Irregular evaluation</li> <li>• Falsification of Documents by Yauga General Merchandise Limited</li> <li>• Performance security expired before the works were completed</li> </ul>
12.	Construction of 2 classroom block with office at Muni Primary School	92,808,770	<ul style="list-style-type: none"> <li>• Performance security expired before the works were completed</li> <li>• Incomplete works with trees and Paspullum not planted</li> <li>• Missing payment records</li> </ul>
13.	Construction of Community Centre at Leju Rural Growth Centre	330,858,076	<ul style="list-style-type: none"> <li>• Performance security expired before the works were completed</li> <li>• Irregular payment</li> </ul>
14.	Siting, drilling and motorization of 1 production well under Lot 3	120,237,700	<ul style="list-style-type: none"> <li>• Unfair evaluation</li> <li>• Delayed completion of work</li> </ul>
15.	Construction and motorization of 3 hand dug shallow wells	85,586,820	<ul style="list-style-type: none"> <li>• Performance security expired before the works were completed</li> <li>• Signing contract with representatives that have no power of attorney</li> <li>• Shoddy and incomplete works</li> </ul>
16.	Supply and delivery of 484-3 seater metal frame school desks	132,771,240	<ul style="list-style-type: none"> <li>• Unfair evaluation</li> <li>• Change of evaluation criteria during the evaluation process</li> </ul>
17.	Supply and delivery of 12 sprinkler irrigation kits and 15 treadle pumps to Production	47,300,000	<ul style="list-style-type: none"> <li>• Signing contract with representatives that have no power of attorney</li> <li>• Adritex (U) Ltd supplied on 12 Treadle pumps instead of the 15 contracted.</li> </ul>
18.	Development of urban and local physical development plans for	243,268,800	Unfair evaluation; Praid Consultants Ltd did not submit a tax clearance certificate in its bid however the EC rated them compliant

No.	Subject of Procurement	Amount (UGX)	Reasons for high risk rating
	Kubala and Odramacaku Rural Growth Centres		

#### Annex C: Medium Risk Cases and reasons for medium risk

No.	Subject of procurement	Amount (UGX)	Reasons for medium risk rating
1.	Drilling, casting and installation of 9 boreholes under Lot 2	201,053,600	No contract management records on file
2.	Major Rehabilitation of 17 broken down boreholes under Water Department	105,652,000	No contract management records on file

#### Annex D: Contracts Committee membership

The PS/ST of Ministry of Finance, Planning & Economic Development approved the following members of the Contracts Committee who also acted during the period under review:

No	Name	Title	Committee Position	Date of Appointment
1	Mr. Micheal Dunstan Okao	District Land Officer	Chairperson	2 <sup>nd</sup> August 2018
2	Mr. Adukule Erasmus	Senior Assistant Secretary	Member	10 <sup>th</sup> December 2019
3	Ms. Likaru Monica	Human Resource Officer	Member	10 <sup>th</sup> December 2019
4	Dr. Harogha Alan	Medical Officer	Member	10 <sup>th</sup> December 2019
5	Mr. Wadri Henry	Inspector of Schools	Member	10 <sup>th</sup> December 2019

#### Annex E. List of staff in the Procurement and Disposal Unit

According to Section 31 (a) of the PPDA Act, 2003 all procurement or disposal activities of the procuring and disposing entity except adjudication and the award of contract are to be managed by the Procurement & Disposal Unit. The Procurement & Disposal Unit during the financial year under review was headed by the Senior Procurement Officer Mr. Wakabi Erisa assisted by Mr. Sam Draku the Procurement Officer.