



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

PROCUREMENT AND DISPOSAL AUDIT REPORT

**SOROTI DISTRICT LOCAL GOVERNMENT AUDIT
REPORT**

FINANCIAL YEAR 2017/2018

MAY 2019

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Acronyms

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQ	Bill of quantities
CIPS	Chartered Institute of Purchasing and Supply
DLG	District Local Government
FY	Financial Year
HPDU	Head Procurement and Disposal Unit
Ltd	Limited
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PSST	Permanent Secretary/ Secretary to the Treasury
S/C	Sub county
UGX	Uganda Shillings

EXECUTIVE SUMMARY

Introduction

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Soroti District Local Government. The audit covered twenty (20) procurement transactions that were carried out during the Financial Year 2017/18. The audit involved a review of the procurement system, procurement process, asset disposal process, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

From the findings of the procurement audit exercise, the summary performance of your Entity revealed that the average compliance score was 78%, the performance score was 62.5% and the overall weighted score of **68.7%** which is **Satisfactory** performance as summarized in the table below. The detailed assessment is shown in chapter four.

Table 1: Overall Weighted Score

No.	COMPLIANCE INDICATOR	SCORE (%)	WEIGHT	WEIGHTED SCORE
1.	Average Compliance Indicator Score	78	0.4	31.2
2.	Average Performance Indicator Score	62.5	0.6	37.5
	Entity's overall weighted score			68.7

Performance rating:

Table 2: Performance rating

No.	Compliance level (%)	Compliance Rating
1.	90-100	Highly Satisfactory
2.	60-89	Satisfactory
3.	30-59	Unsatisfactory
4.	0-29	Highly Unsatisfactory

1. Failure by the Accounting Officer to fully constitute the Contracts Committee, the committee comprised of only three members instead of the required five contrary to Regulation 15 of the Local Governments (PPDA) Regulations, 2006.
2. Failure by the Accounting Officer to undertake an assessment of the market prices of the supplies and services in in two procurements worth UGX 147,850,000 contrary to Section 26 (4) of the PPDA Act, 2003.
3. Failure by the Procurement and Disposal Unit to aggregate procurement similar requirements initiated at the same time to achieve lower unit costs contrary to Regulations 63 and 64 of the Local Governments (PPDA) Regulations, 2006.
4. Issuance of inadequate solicitation documents for five (5) procurements worth UGX 510,599,378 contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
5. Issuance of call of orders worth UGX. 5,000,000 for items not contracted for under framework agreements contrary to Regulation 94 of the Local Governments (PPDA) Regulations, 2006.

6. Failure to fully implement two (2) works contracts worth UGX 100,409,534 contrary to Regulation 119 of the Local Governments (PPDA) Regulations, 2006.
7. Failure to implement contracts four (4) contracts worth UGX 210,328,985 within their contractual periods.
8. Issuance of contract variations without Contracts Committee approval in the procurement of Renovation of Education office block worth UGX. 49,881,087 contrary to Regulation 120 (2) of the Local Governments (PPDA) Regulations, 2006.
9. Failure to evaluate bids based on the requirements of the Entity and the contents of the submitted bids in five (5) procurements worth UGX 326,467,914 contrary to Regulation 73 of the Local Governments (PPDA) Regulations, 2006.
10. Failure to fully implement previous audit recommendations of the Authority.
11. Failure to fully implement the procurement plan, the Entity implemented 67.6% of the planned procurements were implemented leaving procurements UGX 970,621,102 un implemented.
12. Failure to report all micro procurements to the Contracts Committee on a monthly basis contrary to Regulation 41 (8) of Local Governments (PPDA) Regulations, 2006.
13. Failure to conduct 75% of the planned procurements within the planned timelines.

Recommendation

The Entity should implement the recommendations contained in this audit report. The target is to increase the Entity performance from the current **68.7%** to a target level of **100%** in the next audit.

Recommended Action plan

Soroti DLG should implement the recommended action plan on page 38.

CHAPTER 1: INTRODUCTION

1.1. Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Soroti District Local Government. The audit covered a representative sample of twenty (20) procurement transactions that were carried out during the Financial Year 2017/18. The audit involved a review of the procurement system, procurement processes, asset disposal processes, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Local Government (PPDA) Regulations, 2006.

1.2. Objectives of the Audit

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of the Entity's procurement system and processes with the provisions of the PPDA Act, 2003 and Regulations, 2006 as well as other applicable laws and assess the level of procurement performance over the audit period.

The specific objectives were:

- To establish the level of compliance of the internal procurement systems with provisions of the PPDA Act, Regulations and Guidelines and the adequacy for effective procurements and disposals.
- To assess procurement, contracting, and implementation processes based on a representative sample of contracts to confirm the level of compliance with the PPDA Act, Regulations and Guidelines.
- To assess the level of compliance of the asset disposal contracts with the PPDA Act, Regulations and Guidelines.
- To establish the level of procurement performance of the Entity and the achievement of value for money for each of the sampled contracts in terms of time, competition and cost.
- To offer an opinion on attainment of value for money and recommend measures to improve performance based on the key findings on the procurement system, processes, and performance.

1.3. Scope of the Audit

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Soroti DLG from 15th November 2018 to 23rd November 2018.

The Entity had a total procurement budget of UGX 3,001,794,234 in the audit period. To prepare for the audit, the auditors reviewed the Entity budget, procurement plan and monthly reports. The procured items in the transaction list were stratified by (a) category of works, supplies, consultancy, and non-consultancy services, (b) procurement method, (c) and contract value.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The list of sampled transactions is contained in **Annex 1**. The distribution of the transaction population and sample is in Table 3 below:

Table 3: *Distribution of transaction population and sample*

Procurement method	Population Value (UGX)	Sample value (UGX)	%age by Value	Popn No	Sample No	%age by no.
Open Bidding	906,463,234	693,984,658	77	32	8	25
Selective National Bidding	369,635,898	180,652,680	49	71	5	7
Framework	755,074,000	421,660,000	56	15	6	40
Sub total	2,031,173,132	1,296,297,338	64	118	19	16
Revenue Sources	17,121,000	13,205,000	77	8	1	13

Note: The Values above exclude those of Micro procurements conducted by the User Departments as they were not reported to the Contracts Committee on a monthly basis

1.4. Methodology

The audit questions and criteria were derived from the Public Procurement and Disposal of Assets Act, 2003 and Regulations 2006 as well as PPDA Guidelines. The three audit tools used in the audit were: procurement system audit criteria, procurement process audit criteria, and asset disposal audit criteria as contained in the PPDA Procurement Audit Manual.

An entry meeting was held on 15th November 2018. At the meeting, the objectives of the audit were discussed as well as the timelines, roles and responsibilities. The Entity management was requested to avail the required records in time for the audit, to which they agreed to give the necessary assistance to the auditors.

Three (3) Procurement Auditors under the supervision of the Director Performance Monitoring carried out the audit. During the audit, the auditors had personal interviews with the staff from the Procurement and Disposal Unit and User Departments. The meetings were necessary to obtain qualitative information that was crucial to understand the internal control systems and processes. The list of staff in the Procurement and Disposal Unit is during the audit is shown in Annex 2.

The examination of records and documents was done for each of the sampled transactions. The auditors obtained the relevant evidence to arrive at audit conclusions.

On completion of data collection but 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.

At the end of the field data collection, a debriefing meeting was held with the Entity Accounting Officer to conclude pending issues and any records that could not be accessed during the audit.

The Authority prepared the management letter, which was sent to the Entity on **23rd January 2019** with a request to submit management response by **31st January 2019**, which was submitted on **10th February 2019**. An exit meeting was held on 14th February 2019.

CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS

This chapter presents the findings arising from the audit. The audit was carried out based on the set criteria per the Act, Regulations and Guidelines and the Procurement Audit Manual. The root causes of non-compliance and implications are presented. The recommendations are made considering the management responses from the Entity.

2.1. Accounting Officer

The following exceptions were noted under the Accounting Officer's role;

2.1.1. Failure to fully constitute the Contracts Committee

The Authority noted that the Contracts Committee wasn't fully constituted as it had only three members instead of the required five contrary to Regulation 15 of the Local Government (PPDA) Regulations, 2006. This may affect the effectiveness of the procurement function.

Management Response

The District wrote to the PSST requesting for approval of one member to the Position of Chairperson and replacement of the three member in the letter dated October 2nd 2017 following the expiry of the term of office of the Chairperson and one member, PSST replied approving the Chairperson and one member and staying the approval of the other two member in his letter dated October 2017, the Entity has written a reminder for the approval of the other two members in their letter dated 10th December 2018.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should follow up with the request to the PSST to ensure a fully a fully constituted Contracts Committee in accordance to Section 26(1) of the PPDA Act 2003.

2.1.2. Failure to conduct market price assessment at initiation

In two procurements worth UGX 147,850,000 shown in table 4, the initiation forms from the different users did not indicate the specific items required and the corresponding assessed market price per unit contrary to Section 26(4) of the PPDA Act 2003.

Table 4: Procurements where market prices were not assessed

No.	Subject of procurement	Contract value (UGX)
1.	Supply of general stationery and printed, small office equipment's, computer consumables & photocopying services	75,000,000
2.	Procurement & maintenance of assorted desktops, laptop computers, photocopiers, printers and related supplies	72,850,000
	Total	147,850,000

Implication

It was difficult to analyze whether the bidders' unit rates were within the assessed market price. Failure to conduct market price assessment results into procuring goods and services at prices above the market price hence failure to attain value for money.

Management Response

The Entity stated that it based on the prices of the previous year and also pledged to conduct market surveys of the all procurements before contract signing in all subsequent procurements

Recommendation

The Authority noted the response and recommends that the Accounting Officer should always conduct an assessment of the market price of the supplies, services or of the unit costs of the works in respect of which the procurement is to be made by a Procuring and Disposing Entity in accordance with Section 26(4) of the PPDA Act 2003.

2.1.3. Delay to confirm funding

The Accounting Officer delayed to confirm availability of funding in the procurement of siting, drilling, casting, installation and test pumping of six deep boreholes in the District Lot one – DWSCG worth UGX 109,984,200. The procurement was initiated on 12th July 2017 and confirmation of availability of funding on 28th July 2017, a delay of twelve working days. Delay to confirm availability of funding results into delayed service delivery.

Management Response

The Entity noted that confirmation of funding is usually done using the requisition form and thereafter, the vote controller approves the need and Chief Finance Officer authorizes the procurement. The requisition forms delay between the two parties and reach the Accounting Officer after some time, Management took note of the delays and promised to minimize the delays from the Originating Officer and the Accounting Officer.

Recommendation

The Authority noted the response and attributes the delay to the Accounting Officer. The Accounting Officer should always expedite confirmation of availability of funding.

2.1.4. Signing a contract with an unauthorized bidder's representative

In the Procurement of assorted office furniture to the district and sub counties worth UGX 61,330,000, the Accounting Officer signed a contract with an individual that did not have the Powers of Attorney. Powers had been granted to Mr. Omuria Simon. However, the signatures on the contract did not match the specimen on the Power of Attorney. This makes the signed contract was non-binding.

Management Response

The Entity noted that it was the same person with the powers of Attorney who signed.

Recommendation

The Authority noted the response but found the evidence provided as unsatisfactory as signatures were different. The Accounting Officer should ensure that all contracts are signed with individuals with powers of attorney.

2.1.5. Signing a contract based on an expired bid validity period

In the procurement of renovation of veterinary office block worth UGX 68,998,052, the contract was signed 57 working days after expiry of bids. The bids had been submitted on 4th August 2017 with validity of 120 working days and the contract was signed on 11th April 2018 after expiry of the bid validity period contrary to Reg. 49 (3) of the Local Government (PPDA) Regulations, 2006. The signed contract was null and void.

Management Response

Management wrote to the bidder requesting for extension of bid validity in the letter dated 5th March 2018 and the bidder replied in his letter dated March 7th 2018 extending the validity up to April 5th 2018.

Recommendations

The Authority noted the response. However, the bid validity had only been extended to 5th April yet the contract was signed on 11th April 2018. The Accounting Officer should always ensure that contracts are signed before expiry of bids.

The Head Procurement and Disposal Unit should request bidders to extend the bid validity period in case contracting cannot be done within the stipulated validity period in accordance with Reg. 49 (5) of the Local Government (PPDA) Regulations, 2006.

2.2. Procurement and Disposal Unit

2.2.3. Failure to consolidate similar requirements at initiation

Different User Departments raised initiation forms for the requirements needed under framework agreements. This led to multiple initiation forms from different User Departments, with different assessed unit rates and signatories for confirmation of funding. Some of the items in the statement of requirements in the bid documents did not even appear on the initiation forms. This happened in the following procurements.

Table 5: Procurements where requirements were not consolidated at initiation

No.	Subject of procurement	Contract value (UGX)
1.	Supply of General Stationery and Printed, Small Office Equipment's, Computer Consumables & Photocopying Services – Framework Contract.	75,000,000
2.	Procurement & Maintenance of Assorted Desktops, Laptop Computers, Photocopiers, Printers and related supplies to the District and Sub Counties	72,850,000
3.	Procurement of Ipads to the district	66,080,000
	Total	213,930,000

Implication

Items could have been procured at prices above the market rates.

Management Response

Management noted that User Departments initiate their procurements for the above procurements with a block figure describing an item say stationery as block at the beginning of the procurement process and each department requests according to the budget, so it can't be possible for one person to request for all departments yet they have different budget line, during the processing of Local Purchase Orders is when Users are advised to use/indicate the quoted rates by the bidders.

Recommendation

The Accounting Officer should put in place a mechanism to allow User Departments that have similar requirements to consolidate the requirements at planning and initiation.

2.2.4. Failure to complete initiation form

In the procurement of construction of a 2 in one teacher's staff house at Ojago Primary School UGX 83,981,279, all parties that signed the Initiation form did not indicate the

dates. Failure to indicate dates on the Initiation form affects the audit trail by making it impossible to track efficiency.

Management Response

The Originating Officer didn't indicate the date but the Authorizing Officer approved and indicated the date, however the entity noted the anomaly and pledged to ensure that in the subsequent procurements, these submissions will be fully filled before onward submissions are done.

Recommendation

The Head Procurement and Disposal should ensure prior to making submissions to the contracts Committee for approval of procurement, the initiation form 1 is duly filled.

2.2.5. Use of brand names

In two (2) procurements worth UGX 134,180,000, the Authority noted that specifications submitted by the User Departments for incorporation in the standard bidding document and issued to bidders made reference to particular brand names, specific origin, producers and manufacturers contrary to Regulation 48 (8) of the LG (PPDA) Regulations, 2006. These procurements were:

Table 6: Procurements with Solicitation documents that highlighted brands

No.	Subject of Procurement	Contract Amount (UGX)	Findings
1.	Procurement of IPADS to the district	61,330,000	Apple and samsung product specific
2.	Procurement & maintenance of assorted desktops, laptop computers, photocopiers, printers and related supplies to the District and Sub Counties	72,850,000	The laptops were specified as mac book pro and dell inspiron, the photocopiers were specified as HP Laser Jet, and the scanners as epson perfection
	Total	134,180,000	

Implication

Branding undermines the principle of fair competition.

Management Response

Management noted that the departments submitted their technical specifications with preference using brand names of their choice and pledged to stick to the use of technical specifications in the bidding documents without brand names.

Recommendation

User Departments should desist from preparing specifications that point to specific brands.

2.2.6. Failure to provide evidence of receipt of invitations to bid

There was no evidence of invitation of bidders in the procurement of Rehabilitation of old doctor's house and completion of a semidetached staff house at Tirir HC IV worth UGX 42,722,462. The Authority noted that only one (1) bidder responded to the invitation contrary to Regulation 66 (4) of the LG (PPDA) Regulations, 2006. This is an indicator of non-transparency.

Management Response

Record of issue of bidding documents has a provision of the signature of issuing Officer which was signed upon issue of the document against the provided receipt by the Bidder.

Recommendation

The Authority noted the response. However, there was no evidence of receipt of the invitation despite the issuing officer signing that documents had been issued. The Head Procurement and Disposal Unit should ensure that a record of issue or sale of all bid documents is obtained together with a signed receipt or other confirmation of receipt of documents from a bidder to whom the documents are sold or issued in accordance with Regulation 66 (4) of the LG (PPDA) Regulations, 2006.

2.2.7. Inadequate solicitation documents

Contrary to Regulation 48 of the Local Government (PPDA) Regulations, 2006 which requires that bid documents shall have a statement of requirements that define the requirements of the Entity precisely and in a manner that leaves no doubt or assumption by a bidder of the requirements of the procuring and disposing entity and that determines how closely and effectively a bidder can meet these requirements. The following exceptions were noted in the reviewed solicitation documents for five (5) procurements worth UGX 510,599,378.

Table 7: *Anomalies in the solicitation document*

No	Subject of Procurement	Contract value (UGX)	Observation	Management Response
1.	Procurement of assorted office furniture	61,330,000	Contradictory requirements. The acceptable response time to call-off orders was 3 days from date of issue as per section 3 of the evaluation criteria whereas the delivery and completion schedule required a response time was 2 weeks from issue of the LPO	<i>The Entity noted that it always gives two weeks as indicated in every Local Purchase order they issue to Contractors, and also took note of the differences and pledged to harmonize subsequent procurements</i>
2.	Low Cost sealing of Lira Road Kamuda Aboket Road Phase II 1.5km	259,030,472	Contradiction between the bid data sheet and statement of requirement i.e. 1.5km was indicated Section 2 (Bid data sheet) instead of the 0.8kms that were to be required	<i>The scope of the works in the Bills of Quantities submitted to Procurement Unit indicated 0.8kms, the User department reduced the scope of works due to the limited funding which was initially budgeted at UGX 360,000,000.</i>
3.	Rent of Arapai Cattle Market.	13,205,000	Restrictive requirements which	<i>The entity noted the issue and has</i>

No	Subject of Procurement	Contract value (UGX)	Observation	Management Response
			deterred competition. The Entity required a bid security worth UGX 10,000,000 for procurement with a reserve price of UGX 12,700,000 for 5 months (63.5 million) contrary to Guideline 4/2018 of LG (PPDA) Guidelines 2008 that requires the bid security to be a value between 1% and 2% of the estimated bid value.	<i>indicated that it had already adjusted in subsequent procurements.</i>
4.	Siting, drilling, casting, installation and test pumping of six deep boreholes in the District Lot one	109,984,200	The bills of quantities schedule required bidders to quote for performance security and insurance cover.	<i>The performance Security was to guard against non-performance and insurance to cover for any property loss and injury to the Workers but this isn't paid if no injury occurs</i>
5.	Sitting, drilling, installation & test pumping of four boreholes in the Sub Counties of Kamuda ,Arapai, Tubur, &Gweri – DDEG Lot 2	67,049,706	The bills of quantities schedule required bidders to quote for performance security and insurance cover.	<i>Performance Security to was to guard against nonperformance and insurance to cover for any property loss and injury to the Workers but this isn't paid if no injury occurs</i>
	Total	510,599,378		

Inadequate solicitation documents mislead providers, cause challenges during evaluation and contract implementation and also deter competition.

Recommendation

The Authority noted the response and recommends that the Head Procurement and Disposal Unit should ensure that the solicitation document defines the requirements precisely and in a manner that leaves no doubt or assumption by a bidder of the requirements of the Entity in accordance with Regulation 48(2) of the LG (PPDA) Regulations, 2006.

2.2.8. Invitation of bidders before approval of procurements and confirmation of funding

In the procurement of supply of General Stationery and Printed, Small Office Equipment's, Computer Consumables and photocopying Services – Framework Contract, the bid invitation notice was retrospectively published on 13th July, 2018 before the requisition forms were approved in August 2018. Invitation of bidders prior to approval of procurements results into committing the Entity with insufficient which could also result into accumulation of domestic arrears.

Management Response

Departments delayed to initiate their requests for stationery on time at the beginning of the Financial Year, the entity advertised based on the procurement plan with a few procurement requests. The type of procurement being needed repeatedly meant that the Entity had to enter into a framework contract and items needed from the start of the Financial Year. Management pledged to ensure that such procurements will be initiated early before the beginning of the Financial Year so that the procurement process is concluded by the 1st of July every year.

Recommendation

The Head procurement and Disposal Unit should ensure that invitations to bidders are only sent out to bidders only after approval of procurements by the Accounting Officer.

2.2.9. Mismanagement of framework agreements

The Authority noted that the Entity entered into framework contracts with providers and issued Local Purchase Orders to providers that had higher unit costs than their competitors hence attaining less for more money contrary to Guideline 10/2014 subsection 7.2 on management of framework contracts. This occurred in the procurement of supply of general stationery and printed, small office equipment's, computer consumables & photocopying services worth UGX 75,000,000. The Entity entered into framework agreements with two providers namely; Ultra Image Card print and One Enterprises Ltd at their respective unit prices. Each provider had unit prices that were comparably lower than the other in some of the categories. However, the Entity issued LPOS worth UGX 700,500, UGX 600,000, UGX 1,525,000 and UGX 1,605,000 to only one provider Ultra Image Card Print Limited even though One Enterprises Ltd had lower unit prices for some of the procured items. The Entity failed to achieve Value for Money.

Management Response

Ones Enterprises based in Kampala was issued with a number of Local Purchase Orders and delayed deliveries over time, so the entity for quicker deliveries made orders to Ultra Image Card Print.

Recommendations

The Entity should explore the option of signing multiple framework contracts with different providers for the same categories of items and call off items from bidders that offer better prices per item.

Where framework agreements are entered into with several providers for several items at different prices, the Procuring and Disposing Entity shall issue a call off order to the provider for only the item(s) with the lowest price in accordance with Guideline 10/2014; Guidance on use of Framework Contracts for procurement of supplies, works and non-consultancy services paragraph 7.2 on management of framework contracts.

2.2.10. Deviation from framework contract unit prices

In the procurement of assorted stationery worth UGX 1,398,000, Local Purchase Order No. 25057 dated 18th May 2018 under a framework agreement; prices at call off order were different from those stated in the framework contract.

Table 8: *Variances between framework contract prices and call off order prices*

	Quantity	Unit of measure	Unit prices		Unit variance	Total variance
			Call off	Award Price		
Rota trims A4	50	Ream	19,500	19,500	-	-
Spiral writing pads	4	Pcs	4,500	13,000	(8,500)	(34,000)
Bic Pens original (50)	1	Box	30,000	75,000	(45,000)	(45,000)
Permanent markers	1	Box	15,000	95,000	(80,000)	(80,000)
Masking tape 1"	1	Roll	4,500	3,500	1,000	1,000
Sticker on pads multi-color	2	Pkt	10,000	3,500	6,500	13,000
High Lighters	1	Pkt	3,500	20,000	(16,500)	(16,500)
Paper pins and clips	3	Pkt	3,000	1,000	2,000	6,000
Staple wires 24/6	6	Pkt	3,000	19,000	(16,000)	(96,000)
File folders	30	Pcs	1,500	1,000.	500.00	15,000.00
Canon cartridge tonner 728 canon	1	Pcs	260,000	NA	NA	NA
Total						(236,500)

Change of unit prices at issuance of the Local Purchase Order is an indicator of unfairness.

Management Response

The above variances arose out of price fluctuations in the market, the Entity noted the concern of the issues raised by the Auditors and pledged to present any price variations to the Contracts Committee for approval.

Recommendation

The Authority noted the response and recommends that the Head Procurement and Disposal Unit should ensure that unit prices on the local purchase orders are equivalent to those in the signed framework agreements.

2.2.11. Procuring items outside the frame work agreement

Items were procured outside the framework in the following call off orders under the framework contract for Procurement & Maintenance of Assorted Desktops, Laptop Computers, Photocopiers, Printers and related supplies to the District and Sub Counties.

Table 9: *Items outside the framework*

Item	LPO number	Quantity	Unit price	Total
Dell laptop (core i3, 1000 GB, 4GB RAM)	4666	1	3,500,000	3,500,000
Tonner (HP LaserJet Q7551A)	2526	1	480,000	480,000
Tonner (HP LaserJet (11A) Q6511A)	25268	1	480,000	480,000

Item	LPO number	Quantity	Unit price	Total
Extension cables	25259	4	60,000	240,000
Mouse pieces	25259	4	25,000	100,000
Power stabilizer	25259	1	160,000	160,000
Flash disk	25259	1	40,000	40,000
				5,000,000

Goods and services may be bought at prices higher than the market rates.

Management Response

There was urgent need for those items, and the provider who was contracted for the related items was requested to submit invoices for the items required and Local Purchase Order issued against the prices in the invoices.

Recommendation

The Authority noted the response and recommends that the Head Procurement and Disposal Unit should ensure that only items listed under the signed framework agreements are purchased.

2.2.12. Failure to apply preference schemes

In 20 procurements worth UGX 1,128,849,658/= under Open Bidding, the documents issued to bidders did not indicate whether preference schemes would be applicable contrary to Section 59A of the PPDA Act 2003. Failure to use preference schemes where applicable disfavors the bidders meant to benefit from them.

Management Response

The Entity advertised openly under open national bidding a method that is open to national bidders, the entity however noted that it didn't use preference scheme and pledged to apply them in the subsequent procurements.

Recommendation

The Head Procurement and Disposal Unit should ensure that where the open domestic and open international bidding methods are used, preference schemes should be applied in accordance with Section 59A of the PPDA Act 2003.

2.2.13. Low bidder participation

There was low bidder participation two (2) procurements worth UGX **68,384,338** contrary to Regulation 43 (4) of the LG (PPDA) Regulations, 2006. This could be associated to the high cost of UGX 120,500 at which bidding documents were sold. The procurements were:

Table 10: Procurements with low bidder participation

No.	Subject of Procurement	Method of Procurement	Number of bids received	Contract value (UGX)
1.	Renovation (Reroofing) of 7 classroom block at Otatai Primary School in Asuret Sub County	Selective National Bidding	1	29,914,876
2.	Rehabilitation of old doctor's house and completion of a semidetached staff house at Tirir HC IV	Selective National Bidding	1	38,469,462
	Total			68,384,338

NB: Other eight (8) procurements under open bidding also received low bidder response.

This affects achievement of value for money.

Management Response

The Entity advertised openly under open national bidding preferred method which is open to all potential bidders for transparency and open competition; however there was low response to the invitation.

Recommendation

The Authority noted the response and recommends that the Head, Procurement and Disposal Unit should ensure that all procurements of the Entity are conducted in a manner that maximizes competition.

2.2.14. Failure to obtain performance securities

Although performance securities were a requirement under the solicitation document and the respective contracts for three (3) procurements worth UGX 271,992,408 under listed in table 10. There was no evidence to confirm that the providers fulfilled the requirement contrary to Regulation 89 (1) (a).

Table 11: Procurements where performance securities were not attained

	Subject of Procurement	Provider	Contract value (UGX)
1.	Construction of a 2 in one teacher's staff house at Ojago Primary School	Frahah Amuria Enterprises Limited	83,981,279
2.	Construction of a 2 classroom block at Olio Primary School in Kamunda Sub County	Clabos (U) Limited	55,059,862
3.	Low Cost sealing of Lira Road Kamuda Aboket Road Phase III 0.4km Danida	Empa Associates	132,951,267
	Total		271,992,408

Failure to obtain performance securities exposes the entity to risks associated with contract non-performance as there would be no deterrence or fall back plan in case of failure to execute the procurement.

Management response

The performance securities were not required as per agreements.

Recommendation

The Head, Procurement and Disposal Unit should ensure that where performance securities are stated as requirements in the solicitation documents, the same is indicated in the contract documents and later attained by the entity. A copy of the security should be kept on the action file.

2.2.15. Failure to send Notice of Best Evaluated Bidder to unsuccessful bidders

In two (2) procurements worth UGX 177,033,906 listed in table 12, there was no evidence to prove that the Notice of Best Evaluated Bidder was sent to the unsuccessful bidders contrary to Regulation 85 (5) of the LG (PPDA) Regulations, 2006.

Table 12: *Procurements where Notice of Best Evaluated Bidder was not sent*

No.	Subject of procurement	Contract value (UGX)
1.	Siting, drilling, casting, installation and test pumping of six deep boreholes in the District Lot one – DWSCG.	109,984,200
2.	Sitting, drilling, installation & test pumping of four boreholes in the Sub Counties of Kamuda ,Arapai, Tubur, &Gweri	67,049,706
	Total	177,033,906

This is an indicator of non-transparency.

Management Response

The best evaluated bidder notices were signed, issued and copied to all the bidders, however the bidders were not bothered to pick these notices most especially the ones who had not been awarded contracts. The Entity also adopted uploading the Best Evaluated Bidder Notices on the Government Procurement Portal.

Recommendation

The Notice of Best Evaluated Bidder should always be sent to all bidders in accordance with Regulation 85 (5) of the LG (PPDA) Regulations, 2006.

2.2.14. Failure to coordinate with the contract supervisor to ensure effective contract supervision

In the procurement for construction of four boreholes lot 1 worth Ugx 67,049,706, the Procurement and Disposal Unit failed to equip the contract supervisor with instruments of contract management in a timely manner. The Entity signed a contract with the Entity on 15thJanuary 2018 with instructions to start work immediately. On the same day the head of user department appointed Mr. Denis Ocung as the contract supervisor, however the Procurement and Disposal Unit did not avail him with the contract documents until 19thMarch 2018 way after the contractor had commenced the works without supervision

contrary to Reg. 119 (3) LG (PPDA) Regulations, 2006. This results into poor contract management.

Management Response

The Entity pledged to improve on this and give every stakeholder in the procurement process documents which facilitate fast implementation of every procurement

Recommendation

The Head, Procurement and Disposal Unit should ensure that copies of contract documents and any other necessary information is furnished to contract supervisors to ensure effective contract management.

2.3. User Departments

2.3.1. Poor needs assessment

In the procurement of Rehabilitation of old doctor's house and completion of a semidetached staff house at Tirir HC IV worth Ugx 42,722,462 the Entity did not conduct a detailed needs assessment. The Authority noted that additional works worth UGX 4,253,000 were executed; these included repairs of wardrobe, garage gate, installation of buglar window, door frame and door for the Doctor's house plus wiring materials in the semidetached house including 10mm pvc twin copper cable 30m, 6mm pvc twin copper cable 20m, 16mm single core cable 20m, pure copper earth electrode 1pc and earthing materials. All these were only identified by the contractor who brought them to the attention of the District Engineer.

For the case of completion of a semidetached house, the works executed did not make the house habitable as all wood work in the house was not painted and termites had infested the house (Table 13).

Table 13: Images of termite infested wood works in the semi-detached house



Poor needs assessment results into failure to attain Value for money.

Management Response

The funds allocated to these were not adequate to finish the houses to the best standard, but were basically to make the houses habitable for the Doctors to reside in the Health Unit.

Recommendation

The Authority noted the response and recommends that the User Departments should always conduct thorough needs assessment to ensure that procurements are executed in a manner that allows end users to derive utility.

2.3.2. Delay to make submissions to the Contracts Committee after confirmation of funding

The Procurement and Disposal Unit (Secretariat to the Contracts Committee) delayed to submit procurements for approval by the Contracts Committee in two (2) procurements worth UGX 177,033,906. These were:

Table 14: Procurements with delayed submissions to Contracts Committee

No.	Subject of procurement	Contract value (UGX)	Date of confirmation and approval to procure	Date of PDU submission to the CC	Delay (No. of Working days)
1.	Siting, drilling, casting, installation and test pumping of six deep boreholes in the District Lot one – DWSCG.	109,984,200	28 th July 2017	18 th October 2017	35
2.	Sitting, drilling, installation & test pumping of four boreholes in the Sub Counties of Kamuda, Arapai, Tubur, & Gweri –DDEG Lot 2.	67,049,706	6 th July 2017	18 th October 2017	30
	Total	177,033,906			

Delays at any stage of the procurement cycle result into delayed service delivery.

Recommendation

The Head, Procurement and Disposal Unit should ensure that submissions to the Contracts Committee are made in a timely manner.

Management Response

Management noted the concern raised by the Auditors, However this was caused by the delays in submission of bills of quantities by the User Department, best practice requires that the proposed procurement method, draft invitation to bid, draft bidding document and proposed evaluation committee members are approved at the same time, however Procurement and Disposal Unit couldn't prepare the bidding document and present to the committee without bills of quantities. Management also pledged to improve.

2.3.3. Failure to prepare contract management plans

Contrary to Regulation 119 of the PPDA Local Government Regulations 2006, that requires a contract supervisor to prepare a contract implementation plan, and forward a copy to the Head of the User Department, Secretary Contracts Committee, Internal Audit department and Accounting Officer for monitoring purposes upon receipt of a copy of the contract. The Authority noted that all contract supervisors failed to adhere. This constrains effective contract monitoring and supervision.

Management Response

Management noted the issue of contract implementation plans as being a challenge for most contract supervisors and pledged to organize a training for all stake holders in procurement on their roles and responsibilities. Management also pledged to enforce preparation of implementation plans.

Recommendation

The Authority noted the response and recommends that the appointed contract supervisors should always prepare contract implementation plans, and forward a copy to the head of the User department, secretary contracts committee, internal audit department and accounting officer for monitoring purposes upon receipt of a copy of the contract in accordance with Regulation 119 of the PPDA Local Government Regulations 2006.

2.3.4. Irregularities at contract implementation

During file review and physical verification, the Authority observed following irregularities:

i. Incomplete works

Works were incomplete in 2 procurements worth UGX 100,409,534 as shown in the images table below.

Table 15: *Incomplete works*

Subject of Procurement: Renovation of veterinary office block, UGX68,998,052, Contractor: Gima Engineers & Contractors Contractual Completion date: 15 th June 2018	
	



Works had stalled and there was no correspondance on file to explain the matter.

Procurement: Construction of a 5 Stance lined Pit latrine at Achuna & Amotot Primary Schools, UGX 31,411,482

Contractor: Ionic Builders **Contractual Completion date:** 23rd June 2018



Pit latrine at Amotot Primary School reportedly sunk in before completion

Implication

Incomplete works result into failure to attain value for my money.

Management Response

Management noted that the renovation of veterinary office block was completed and handed over to the District ready for use by the Sector.

The contractor had not finished the project in time due to lack of capacity. Management pledged to have the pit latrine at Amotot Primary School finished in the financial year 2018/2019.

Recommendation

The Authority noted the response. However, there was no evidence provided to confirm that the veterinary office block was completed. The Authority therefore recommends that the contract supervisors should ensure that all pending works are completed and should update the Authority on the completion status within two months from receipt of this report.

ii. Delayed completion

Delays at contract implementation were noted in four (4) procurements worth UGX 210,328,985 as detailed in the table below.

Table 16: Procurements with delayed completion

No .	Subject of Procurement	Contract value (UGX)	Contractual completion date	Actual completion date	Completion time overrun (working days)
1.	Construction of a 2 in one teacher's staff house at Ojago Primary School	83,981,279	27 th March 2018	16 th May 2018	36
2.	Procurement of assorted fisheries, entomology & veterinary related supplies to the district	57,900,000	21 st February 2018	12 th June 2018	80
3.	The construction of the borehole in Ongunai Village in Aminit parish Kamuda Sub County.	67,049,706	22 nd May 2018	8 th June 2018	13
4.	Supply of General Stationery and Printed, Small Office Equipment's, Computer Consumables & Photocopying Services	1,398,000	21 st May 2018	11 th June 2018	15
	Total	210,328,985			

Delayed completion results into delayed service delivery.

Management Response

The contract for the Construction of a 2 in one teacher's staff house at Ojago Primary School, the contractor requested for contract period extension in his letter dated 18th March 2018, which was approved by the Sub County Chief without notice of the Contracts Committee, we take note of this and we shall ensure that all requests are considered by Contracts Committee not User Departments.

The contract for the Procurement of assorted fisheries, entomology & veterinary related supplies to the district was a framework contract with the start date as 15th January 2018 and end date as 22nd May 2018.

The contract for the Supply of General Stationery and Printed, Small Office Equipment's, Computer Consumables & Photocopying Services – Framework had its end date as 30th June 2018 as per the contract agreement.

Recommendation

The Authority noted the response of the entity. The delays in the framework contracts indicated above were in relation to the call off orders made by the Entity. The Authority therefore recommends that Contract supervisors should also prevail upon contractors to execute works within the contractual completion period and where need be, invoke contractual clauses that penalize delayed completion.

User Departments should also ensure that all contract extensions are approved by the Contracts Committee in accordance with Regulation 105 (8) which requires the supervisor shall to consult with his or her superiors, before making decisions on specific matters having financial implications, such as the extension of the period of performance, variations and claims for additional payment, or decisions that may affect objectives or standards set by the procuring and disposing entity Regulation 120 (2) of the PPDA Local Government Regulations 2006 which requires Contracts Committee approval of variations.

2.3.5. Unjustified payment of contingency fees

In the procurement of Sitting, drilling, installation & test pumping of four boreholes in the Sub Counties of Kamuda ,Arapai, Tubur, &Gweri –DDEG Lot 2 worth UGX 67,049,706 unjustified payment within the contingency amounts worth UGX 458,489 were made for the boreholes in Arapai Sub County and Kamuda Sub county as shown in the schedule in the below.

Table 17 : Payment schedule with unjustified contingency charges

Breakdown	Contract price per borehole	Amount on Payment certificate	Variance per borehole
Value before contingencies	13,628,000.00	13,832,500.00	204,500.00
Less 5% retention	(681,400.00)	(691,625.00)	(10,225.00)
Sub total	12,946,600.00	13,140,875.00	194,275.00
VAT	2,330,388.00	2,365,357.50	34,969.50
Total	15,276,988.00	15,506,232.50	229,244.50
		for 2 boreholes	458,489.00

Implication

The Entity made a financial loss.

Management Response

Payment was made against the measurement sheet and contingency was not part of it, the measurement sheet was available for verification.

Recommendation

The Authority noted the response. However, contingency fees were included in the payment. The Authority therefore recommends that the Contract supervisors should always ensure that contingency fees are only paid with evidence of the unanticipated occurrence. The Accounting Officer should ensure that UGX 458,489 is recovered from the provider.

2.3.6. Issuance of contract variations without Contracts Committee approval

In the procurement of Renovation of Education office block worth UGX49,881,087, the Engineer instructed the contractor to do extra works worth UGX 1,730,000 without approval by the Contracts Committee contrary to Regulation 120 (2) of the PPDA Local Government Regulations 2006. The works included Tank stand planted in position, connections and piping to and fro the water tank sanitary fittings, cleaning the septic tank and unblocking the drainage, manhole covers, transparent sheeting.

Failure to seek approval for variations subject's procurement processes to fraudulent practices as there are no checks and balances.

Management Response

The above indicated variation were part of the contingency and other works which were provided as alternative for the mechanical works at the toilet.

Recommendations

The Authority noted the response and recommends that Contract supervisors should ensure that in case a contract variation becomes inevitable, approval should be sought from the contracts committee in accordance with Regulation 120 (2) of the PPDA Local Government Regulations 2006.

2.3.7. Delayed handover of projects

The Authority noted that two (2) finished projects worth UGX 84,974,738 from the financial year under review had not been handed over to the end users. These were:

Table 18: *Projects not handed over to end users*

No	Subject of Procurement	Date of Completion	Contract value (UGX)
1	Construction of a 2-classroom block at Olio Primary School in Kamunda Sub County	12 th April 2018	55,059,862
2	Renovation (Reroofing) of 7 classroom blocks at otatai Primary School in Asuret Sub County	28 th June 2018	29,914,876
	Total		84,974,738

Delayed handover of projects denies services to the intended beneficiaries.

Management Response

The contracts for the Construction of a 2-classroom block at Olio Primary School in Kamunda Sub County and Renovation (Reroofing) of 7 classroom blocks at otatai Primary School in Asuret Sub County were handed over for use before the end of the Financial Year and are in use by the schools.

Recommendation

The Authority noted the response. However, field visits and interactions with end users indicated that there were delays to hand over the finished projects. The Accounting Officer should ensure that projects are always expeditiously handed over to the intended beneficiaries and a handover report be copied to the Authority.

2.4. Evaluation Committees

2.4.1. Irregularities at bid evaluation

Irregularities were noted during evaluation in five (5) procurements worth UGX 326,467,914 listed in the table below.

Table 19: Procurement with Irregularities at bid evaluation

No.	Subject of Procurement	Contract value (UGX)	Best Evaluated Bidder	Observation	Response
1.	Procurement of assorted office furniture to the district and sub counties	61,330,000	Mai Enterprises	<ul style="list-style-type: none"> i. The Best Evaluated Bidder did not submit a PPDA certificate. ii. The Tax clearance certificate Ref No. SO011600000896 submitted by Mai Enterprises was forged. 	<i>The evaluation Committee didn't look thoroughly of the requirements are indicated</i>
2.	Renovation of veterinary office block	68,998,052	Gima Engineers and Contractors	<ul style="list-style-type: none"> i. The Best Evaluated Bidder's bid submission sheet was not fully signed as was required under section 3 subsection 4 (Administrative Compliance Criteria) ii. The Best Evaluated Bidder had no preliminary description of the proposed work method and schedule. Other 2 two bidders were found non-responsive on this ground and were eliminated. 	<p><i>The bid submission sheet was signed by the persons with the powers of attorney on each page of the document</i></p> <p><i>The other two bidders were eliminated on more than one aspect.</i></p>
3.	Procurement of IPADS to the district	66,080,000	Haptech International Limited	Homeland Solutions Limited did not provide a Tax clearance certificate but was found compliant.	<i>The Entity verified online to ascertain whether it was tax complaint</i>
4.	Construction	55,059,862	Clabos (U)	Although Link	<i>Link</i>

No.	Subject of Procurement	Contract value (UGX)	Best Evaluated Bidder	Observation	Response
	of a 2-classroom block at Olio Primary School in Kamunda Sub County		Limited	Investments Limited prepared a priced activity schedule but was found non-compliant on this requirement.	<i>Investments didn't prepare and submit the price activity schedule as required</i>
5.	Supply of General Stationery and Printed, Small Office Equipment's, Computer Consumables & Photocopying Services – Framework Contract.	75,000,000	Ultra-Image Card and Print and Ones Enterprises	Ultra-Image print Limited submitted an application for a Tax Clearance Certificate instead of the required Tax Clearance Certificate but passed the preliminary evaluation stage.	<i>The income tax clearance was verified.</i>
	Total	326,467,914			

Irregularities at evaluation lead to unfair award of contracts.

Recommendations

- The Accounting Officer should request the Authority for training in order to build the capacity of the various procurement players.
- The Head Procurement and Disposal Unit should ensure that Evaluation Committee members adhere to the principles of fairness, accountability and transparency in the evaluation process in accordance with Section 45 of the PPDA Act, 2003.

2.5. Internal Controls

2.5.1. Implementation of previous recommendations

The Entity was issued the previous audit report in July 2014 for the financial year 2012/2013; of the five(5) recommendations made, one (1) was not implemented, two (2) were partially implemented while one (01) recommendations were implemented as shown in the Table 20.

Table 20: Implementation of previous audit recommendation

No.	Recommendation	Status
1.	The HPDU should always nominate an evaluation team with a technical person on the procurement in question.	Implemented
2.	The HPDU should ensure that the Notice of Best Evaluated Bidder is displayed and issued to all bidders that participated and indicate reasons as why other bidders were not awarded in accordance with Reg. 85.	Partially implemented

No.	Recommendation	Status
3.	User departments should always ensure that contract supervisors are appointed for every contract in accordance with Reg. 119 and prepare draft implementation plans in accordance with PPDA Reg. 107	Partially implemented
4.	The Accounting Officer should consider terminating then on-performing contracts in accordance with the terms and conditions of the contract. Invoke the relevant sections of the contract.	Not implemented
5.	All process documentation should be kept sequentially on the respective procurement action files in accordance with Reg. 46.	Implemented

Implication

Failure to fully implement audit recommendations hinders the Entity from attaining full compliance.

Management Response

Management noted that they had put into place a strict mechanism for projects supervision and contracts were performing better and appointment of supervisors is done for all projects

Recommendation

The Accounting Officer should ensure that all PPDA recommendations are implemented so as to improve the Entity's performance.

2.6. Procurement Planning

2.6.1. Procurement plan implementation

The procurement plan implementation in the Entity was assessed. The table 22 summarizes information about the procurement plan, budget, and utilization of funds. The plan implementation rate was 67.6% with a variance of UGX 970,621,102.

Table 22: Procurement plan implementation

<i>Analysis of procurement plan implementation</i>	
Total procurement plan value inclusive VAT (UGX)	3,001,794,234
Total procurement plan implementation inclusive VAT (UGX)	2,031,173,132
Plan Implementation Rate (%)	67.6
Variance (UGX)	970,621,102

NB: The procurement spend is the total of procurements reported by the Entity to the Authority for the FY 2017/18

Implication

Failure to fully implement the procurement plan denies services to the intended beneficiaries.

Management Response

Some of the projects were done under force account which were not reflected in the report and the entity never received all the funds as budgeted

Recommendation

The Authority noted the response. There was no information provided to the Authority about the unreported projects. The Authority therefore recommends that the Accounting Officer should ensure that the procurement plan is fully implemented by the end of the Financial Year by ensuring that there is early commencement of the procurement process and updating of the procurement plan whenever need arises.

2.7. Records and Reports

2.7.1. Missing records

The procurement action files were not complete, most of the contract management records were retrieved at the time of audit. The following records were still not provided to the auditors:

Table 21: Missing Records

No.	Subject of Procurement	Contract value (UGX)	Missing records	Management Response
1.	Low Cost sealing of Lira Road Kamuda Aboket Road Phase III 0.4km	132,951,267	Contract management reports	<i>Contract Management report were available for review.</i>
2.	Renovation of veterinary office block	68,998,052	Contract management reports	<i>Contract Management report were available for review.</i>
3.	Rent of Arapai Cattle Market	13,205,000	Initiation form	<i>Initiation was in the previous file since it was re-advertised</i>
4.	Construction of a 2-classroom block in Takaramiam Primary School in Gweri Sub County DDEG	49,739,360	Completion certificate	<i>The project was completed and handed over for use.</i>
5.	Supply of road construction materials including culverts for emergencies	88,500,000	Contract management plan	<i>The plan was not made. The Entity pledged to improve in the subsequent financial years.</i>
6.	Procurement of spare parts for the rehabilitation of boreholes	26,864,500	Contract management plan	<i>The plan was with the project file in the water office by the time of audit.</i>

Implication

Failure to provide records indicates a failure to provide accountability for public funds.

Recommendation

The Authority noted the response and recommends that the Accounting Officer should ensure that User Departments to provide copies of contract management records to the Procurement and Disposal Unit to enable contract monitoring.

2.7.2. Failure to report Micro procurements

User Departments failed to report micro procurements to the Contracts Committee on a monthly basis contrary to Regulation 41 (8). This is an indicator of non-transparency and is tantamount to failure to provide accountability for public funds.

Management Response

The Entity tries as much as possible to aggregate all procurements which are related and advertised under framework contract, this is to avoid issues of micro procurement. Management took note of the issue and pledged to report all micro procurements in subsequent years.

Recommendation

User Departments should on a monthly basis report all micro procurements to the Contracts Committee in accordance Regulation 41 (8) of the PPDA Local Government Regulations 2006.

2.8. Disposal

2.8.1. Failure to conduct disposal

The Authority noted that the Entity had not conducted any disposal process during Financial Year 2017/2018 despite the Accounting Officer appointing a board of survey to verify the assets of to be boarded off. There was no disposal plan prepared by the Procurement and Disposal Unit contrary to Section 58 of the PPDA Act 2003.

The Authority visited the District yard and found items due for disposal shown in table 21.

Table 22: Images of items due for disposal





There were other items due for disposal as per board of survey report. (Annex 7)

Failure to dispose obsolete assets leads to their pilferage.

Management Response

The Entity disposed some assets in the Financial Year 2016-2017. Most of the items that didn't attract bidders remained in the yard. A board of survey was conducted and more assets were identified for disposal, the Entity wrote to the Ministry of Works and Transport requesting for services of a chief government valuer in a letter dated 17th December 2018 and was awaiting a response. A draft Disposal plan for the financial year 2017/2018 was prepared.

Recommendations

- The Authority noted the response and recommends that the Accounting Officer should follow up on the Entity's request to have the government valuer.
- The Head Procurement and Disposal Unit should ensure that disposal plans are prepared in accordance with Section 58 of the PPDA Act 2003. Alternative methods of disposal should be explored for items that did not attract bidders during the previous disposal process.

CHAPTER 3: ASSESSMENT OF ENTITY PERFORMANCE

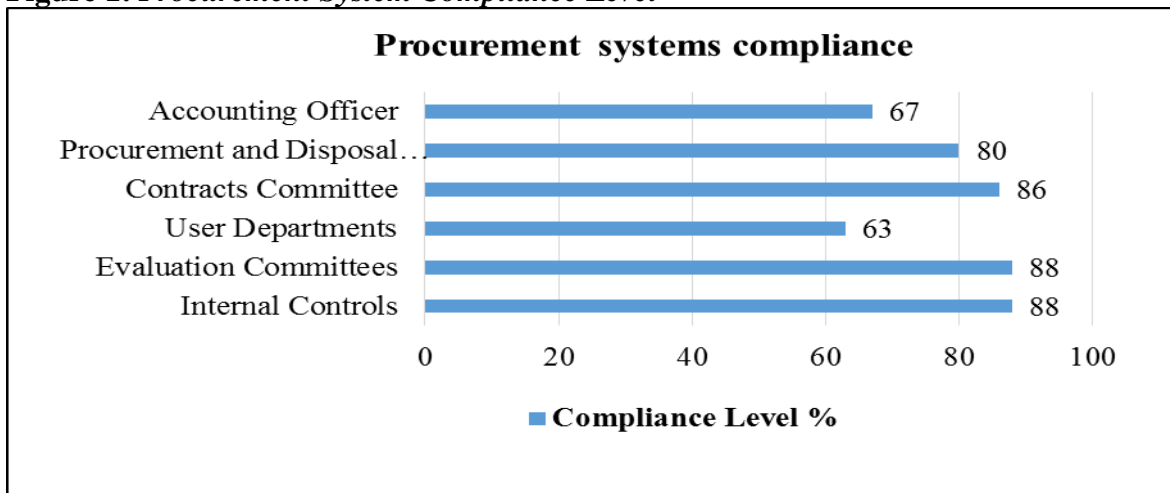
3.1 Compliance score

3.1.1 Procurement System Compliance Level

The compliance levels for each dimension of the procurement system are shown in Figure 1. The overall compliance level for procurement system was **79%**. Thus the Entity's performance regarding procurement system was **Satisfactory**.

Figure 1 shows that the Entity had relatively lower compliance levels for Contracts Committee, User Departments and the Procurement and Disposal Unit.

Figure 1: Procurement System Compliance Level



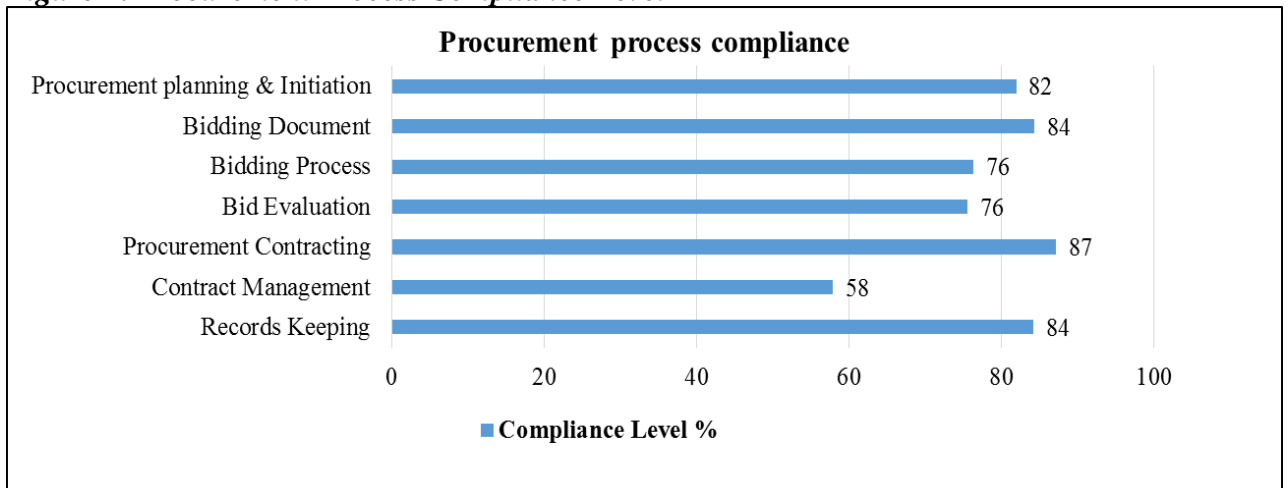
Recommendation

Soroti DLG should implement the recommendations contained in this audit report. The target is to increase the compliance levels for procurement system from the current 79% to a target level of 100% in the next audit period.

3.1.2 Procurement Process Levels of Compliance

The compliance levels for each stage in the procurement process are shown in **Figure 2**. The overall compliance level for procurement processes was **78%**. Thus the Entity's performance was rated **Satisfactory** regarding procurement processes.

Figure 2: Procurement Process Compliance Level



Recommendation

Soroti DLG should implement the recommendations contained in this audit report. The target is to increase the compliance levels for procurement process from the current 78% to a target level of 100% in the next audit period.

3.1.3 Disposal process levels of compliance

The Entity at the time of audit was in the process of conducting a disposal process for the year under review. Its disposal compliance was rated NIL.

Table 23: Compliance Indicator Score

Area	Score	Weight	Weighted Score
System	79	0.3	23.7
Process	78	0.5	39
Disposal	NIL	NIL	NIL
Average Compliance Score			62.7
Weighted Compliance score $62.7/80*100$			78

The Average Compliance Indicator was **78%** which is **Satisfactory**.

3.2 Performance indicators

The dimensions of the Entity's performance of economy, efficiency, efficacy, effectiveness, competition, value for money and equity were analyzed as indicated in table 24.

Table 24: Performance Indicators

	PERFORMANCE INDICATOR	Score (%)
1	Procure Ratio:	25
	[Actual procurement time divided by planned procurement time in days.]	
2	Completion Ratio:	70
	[Actual completion time divided by contractual completion time in days.]	
3	Payment Ratio:	70
	[Actual payment time divided by contractual payment time in days.]	
4	Number of Received Bids:	50
5	Bid Responsive Rate:	54
	[The number of bids that pass technical evaluation as a percentage of the number of received bids]	
6	Plan Ratio:	84
	[The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT.]	
7	Procurement Plan Implementation:	67.6
	[The actual value of the procurement spend as a percentage of the procurement budget]	
8	Cost Ratio:	80
	[The actual final contract amount paid divided by the original contract amount.]	
	Average Performance Indicator	62.5

3.2.1 Efficacy (Procure Ratio): This measured the ability to provide goods or services in accordance with the planned timelines. The audit established that only 25% of the audited procurements were conducted within the planned timelines implying a non-compliance of 75%.

Recommendation

The Entity should ensure that the timelines set in the procurement plan are adhered to.

3.2.2 Efficiency (Completion Ratio): This analyzed the time taken to execute contracts from start date to contract closure. The audit revealed that only 70% of the audited procurements were completed within the contractual completion time. Thus the Entity did not complete 30% of the procurements within the contractual completion time.

Recommendation

The Accounting Officer should ensure that contracts are completed in the contractual period.

3.2.3 Effectiveness (Payment Ratio): This assessed the Entity's commitment to pay contractors within the contractual payment period. The Entity paid 70% of the contractors in the audited procurements within the contractual payment period with 30% of the payments delayed. Delayed payments may result into reduced interests and future participation by bidders.

Recommendation

The Accounting Officer should ensure that payment to providers is done in the contracted timeframe.

3.2.4 Competition (Number of Bids Received)

The Entity received more than two (2) bids in 50% of the sampled procurements, and less than three (3) bids were received in 50% of its procurements.

3.2.5 The number of bids that passed technical evaluation (Bid Responsive Rate)

The audit revealed that 54% of the audited bids received passed technical evaluation with 46% non-responsive. There are still cases of incompetent and incapable bidders who are not able to meet the Entity's specifications and requirements.

3.2.6 The variance between the total value of the awarded contract and the cost estimate in the procurement plan (Plan Ratio)

The audit revealed that 84% of the sampled cases were awarded within the cost estimate in the procurement plan. The Entity did not carry out proper market assessments of prices prior to commencement of the procurement processes hence the over estimation of market prices.

3.2.7 The actual value of the procurement spend as a percentage of the procurement budget (Procurement Plan Implementation)

The audit revealed that there was a 67.6% plan implementation rate with a variance of UGX 970,621,102 lower than the procurement budget of UGX 3,001,794,234. Some of the planned items were not procured which affects service delivery.

3.2.8 This measured the final contract cost on completion as opposed to the total contract award price inclusive VAT (Cost Ratio)

The audit revealed that the actual final contract amount paid did not vary from the original contract amount in 80% of the sampled contracts; however, variations were noted in 20% of the procurements executed.

CHAPTER 4: RECOMMENDED ACTION PLAN

Soroti District Local Government should implement the following recommendations within the timeframe given in order to improve its performance in procurement and disposal.

Table 25: Action Plan; Procurement process and systems

No.	Recommended Action	Target Date
1.	The Accounting Officer should always conduct an assessment of the market price of the supplies, services or of the unit costs of the works in respect of which the procurement is to be made by a Procuring and Disposing Entity in accordance with Section 26(4) of the PPDA Act 2003.	Continuous
2.	The Head Procurement and Disposal Unit should ensure that the solicitation document define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder of the requirements of the Entity in accordance with Regulation 48 (2) of the LG (PPDA) Regulations, 2006.	Continuous
3.	The contract supervisors should ensure that all pending works are completed and should update the Authority on the completion status within two months from receipt of this report.	June 2019
4.	Contract supervisors should ensure that in case a contract variation becomes inevitable, approval should be sought from the contracts committee in accordance with Regulation 120 (2) of the PPDA Local Government Regulations 2006.	Continuous
5.	The Head Procurement and Disposal Unit should ensure that Evaluation Committee members adhere to the principles of fairness, accountability and transparency in the evaluation process in accordance with Section 45 of the PPDA Act, 2003.	Continuous
6.	The Accounting Officer should ensure that the procurement plan is fully implemented by the end of the Financial Year by ensuring that there is early commencement of the procurement process and updating of the procurement plan whenever need arises.	Continuous
7.	User Departments should on a monthly basis report all micro procurements to the Contracts Committee in accordance Regulation 41 (8) of the PPDA Local Government Regulations 2006.	Continuous
8.	The Entity should ensure that the timelines set in the procurement plan are adhered to.	Continuous

ANNEXES

Annex 1: Soroti DLG Sample List Financial Year 2017/2018

No	Procurement reference No	Subject of Procurement /Disposal	Procurement Method	Provider	Contract Value (UGX)	Average Process Score per case (%)	Average Performance Score per case (%)	Overall Weighted Score (%)	Rating
1	Soro553/Works /17-18/00001	Construction of a 2 in 1 Teachers House in Ojago Primary School in Katine Sub County - DDEG Katine Sub County	Open Bidding	Frahah Amuria Enterprises	83,981,279	66	62	63.1	Satisfactory
2	Soro553/Works /17-18/00003	Construction of a 2 Classroom Block at Olio Primary School – DDEG Kamuda Sub County	Open Bidding	Clabos (U) Ltd	55,059,862	71	60	63.1	Satisfactory
3	Soro553/Works /17-18/00004	Rehabilitation of Education Office Block – DDEG	Open Bidding	Elgonia two Builders	49,881,087	85	57	64.8	Satisfactory
4	Soro553/Works /17-18/00006	Siting, drilling, casting, installation and test pumping of six deep boreholes in the District Lot one – DWSCG.	Open Bidding	KLR (U) Ltd	109,984,200	73	50	56.3	Unsatisfactory
5	Soro553/Works /17-18/00007	Sitting, drilling, installation & test pumping of four boreholes in the Sub Counties of Kamuda , Arapai, Tubur, &Gweri –DDEG	Open Bidding	Nile Drilling Co (U) Ltd	67,049,706	69	64	65.6	Satisfactory
6	Soro553/Works /17-18/00035	Low cost sealing of Kamuda-Aboket Road phase three (0.4 km) – RTI	Open Bidding	Empa Associates	132,951,267	88	62	69.1	Satisfactory

No	Procurement reference No	Subject of Procurement /Disposal	Procurement Method	Provider	Contract Value (UGX)	Average Process Score per case (%)	Average Performance Score per case (%)	Overall Weighted Score (%)	Rating
7	Soro553/Works /17-18/00010	Low cost sealing of Lira Road – Kamuda- Aboket road -phase II 0.8km – Danida	Open Bidding	Empa Associates Ltd	259,030,472	85	79	80.4	Satisfactory
8	Soro553/Works /17-18/00005	Renovation of Veterinary Office Block – DDEG Production and Marketing	Open Bidding	Gima Engineers & Contractors	68,998,052	56	48	49.8	Unsatisfactory
9	Soro553/Works /17-18/00031	Rehabilitation of old Doctors House and Completion of a Semidetached staff house in Tirir HC IV –DDEG Health	Selective National Bidding	Inofit Investment Ltd	42,722,462	87	57	65.4	Satisfactory
10	Soro553/Works /17-18/00022	Renovation (Reroofing) of 7 classroom block at Otatai Primary School-DDEG Asuret S/county	Selective National Bidding	No Fear Enterprises	29,914,876	81	71	74.1	Satisfactory
11	Soro553/Supls/ 17-18/00018	Procurement of Spare parts for the rehabilitation of six boreholes, a Complete Water Tool Kit, Water Quality Analysis Reagents under Works Department	Selective National Bidding	Orgerstone Technical Services	26,864,500	94	50	62.1	Satisfactory
12	Soro553/Works /17-18/00031	Construction of a 2 classroom block in Takaramiam in Gweri Sub County	Selective National Bidding	Evarajo Engineering Services	49,739,360	94	75	80.2	Satisfactory
13	Soro553/Works /17-18/00029	Construction of a 5 Stance Lined Pit Latrine at Achuna & Amotot following Primary Schools– DDEG	Selective National Bidding	Ionic Builders Ltd	31,411,482	97	21	42.2	Unsatisfactory

No	Procurement reference No	Subject of Procurement /Disposal	Procurement Method	Provider	Contract Value (UGX)	Average Process Score per case (%)	Average Performance Score per case (%)	Overall Weighted Score (%)	Rating
14	Soro553/Supls/17-18/00001	Supply of General Stationery and Printed, Small Office Equipment's, Computer Consumables & Photocopying Services – Framework Contract.	Open Bidding	Ultra Image Card Print and M/s Ones Enterprises	75,000,000	63	33	41.6	Unsatisfactory
15	Soro553/Supls/17-18/00003	Procurement & Supply of Assorted road construction & building materials, tools & safety wear, hire of equipment's, Murram& other related supplies (Framework Contract)	Open Bidding	M/s Alakaituk Enterprises, M/s Kerwodde Hardware & Suppliers Ltd, M/s Sanqua Engineering Ltd and M/s Itiira Engineering & General Supplies Ltd	88,500,000	97	60	70.1	Satisfactory
16	Soro553/Supls/17-18/00007	Procurement of Assorted Office Furniture to the District and Sub Counties (Framework Contract).	Open Bidding	M/s Mai Enterprises	61,330,000	68	96	88.5	Satisfactory
17	Soro553/Supls/17-18/00009	Procurement & Maintenance of Assorted Desktops, Laptop Computers, Photocopiers, Printers and related supplies to the District and Sub Counties (Framework Contract).	Open Bidding	M/s Jusa Logistics Ltd	72,850,000	67	64	65.0	Satisfactory
18	Soro553/Supls/17-18/00016	Procurement of Assorted Fisheries, Entomology & Veterinary related supplies to the	Open Bidding	M/s Ethevra General Services	57,900,000	76	79	77.9	Satisfactory

No	Procurement reference No	Subject of Procurement /Disposal	Procurement Method	Provider	Contract Value (UGX)	Average Process Score per case (%)	Average Performance Score per case (%)	Overall Weighted Score (%)	Rating
		District (Framework Contract).							
19	Soro553/Supls/17-18/00017	Procurement of Ipads to the District (Framework Contract)	Open Bidding	M/s Haptech International Ltd	66,080,000	61	79	73.7	Satisfactory
20	Soro553/Services/17-18/00002	Rent of Arapai Cattle Market.	Open Bidding	M/s Ocean One Enterprises	13,205,000	83	64	69.4	Satisfactory

Annex 2. Key for Performance rating

No	Performance Score (%)	Performance Rating	Abbreviation	Compliance rating by population	Compliance rating by amount (UGX)
1	90-100	Highly Satisfactory	HS	0	0
2	60-89	Satisfactory	S	16	1,024,108,604
3	30-59	Unsatisfactory	U	4	285,393,734
4	0-29	Highly Unsatisfactory	HUS	0	0

Annex 3. List of staff in the Procurement and Disposal Unit

No.	Names	Position	Date of Appointment	Qualifications
1.	Mr. Haggai Ewena	Procurement Officer	1 st July 2008	PGD in Procurement, Bachelor of Procurement & Logistics Management
2	Mr. Francis Otebo	Assistant Procurement Officer	5 th May 2015	Diploma in Procurement & Supply Chain Management

Annex 4. List of the Contracts Committee members

No.	Name	Position and Department	Committee Responsibility
1	Mr. Eyura Martin	Asst. District Health Officer	Chairperson
2	Mr. Enyaku James	Senior Fisheries officer	Member
3	Ms. Ilenyot Jenifer	Inspector of Schools	Member

Annex 5. List of User Departments

No	Title of the User Department	Job Title of Head of Department	Name of Head of Department
1	Administration and Management	Chief Administration Officer	Joseph Balisanyuka
2	Finance	Chief Finance Officer	Mr. David Omutai
3	Production & Marketing	District Production Officer	Dr. Eyudu Patrick
4	Health	District Health Officer	Dr Charles Okadhi Stephen
5	Education	District Education Officer	Ms. Ilenyot Jennifer
6	Human Resource	Principal Personnel Officer	Mr. Simon Okanya
7	Natural Resources	District Natural Resources Officer	Mr. Benjamin Ajotu
8	Community Based Management	Community Development Officer	Ms. Magaret Acaya
9	Works	District Mechanical Engineer	Mr. Denis Ocung
10	Internal Audit	Principal Internal Auditor	Mr. Micheal Okello

Annex 6: Physical Verification



Rehabilitated Doctor's House at Tirir HC IV



Completed 2 in 1 Teachers House in Ojago Primary School in Katine Sub County - DDEG Katine Sub County



Completed Pit Latrine at the Teachers House at Ojago Primary School



Completed Kitchen at the Teachers House at Ojago Primary School



Renovated 7 classroom block at Otatai Primary School



Completed 2 classroom block at Takaramiam Primary School



Functional Boreholes in Kamuda Sub County



Rehabilitated Education Office Block



Low cost sealing of Kamuda-Aboket Road phase three (0.4 km) – RTI

Completed five stance Pit latrine at Achuna Primary School



Completed 2 Classroom Block at Olio Primary School –DDEG Kamuda Sub County



Annex 7: Other items due for Disposal

No	Item	Qty	Location	Board of survey Recommendation
1.	Toyota Hilux LG0079-44	1	Akuya Garage	Board Off
2.	Suzuki Samurai LGO030-44	1	Works Yard	Board Off
3.	Isuzu UG 1118E	1	Works Yard	Allocate to technical institutions for practical.
4.	Mazda UAD105E	1	Works Yard	Allocate to technical institutions for practical.
5.	Tractor Trailer Reg No UG0381	1	Works Yard	Board Off
6.	Tractor Trailer UR1775	1	Works Yard	Board Off
7.	Tipper Lorry Isuzu UG0373W	1	Works Yard	Board Off
8.	Mitsubishi Single Cabin UG 0374w	1	Works Yard	Board Off
9.	Roller No number plate	2	Works Yard	Board Off
10.	Toyota Hilux LG0074-44	1	Works Yard	Board Off
11.	Isuzu Double Cabin Pick up UG1120A	1	Works Yard	Board off
12.	Nissan UR0232	1	Works Yard	Board off
13.	Toyota Hilux LG0028-44	1	Works Yard	Board off
14.	Toyota Hilux LG0078-44	1	Works Yard	Board off
15.	Suzuki Samurai UG0108R	1	Works Yard	Board off
16.	Suzuki UM0661	1	Works Yard	Board off
17.	Isuzu LG0041-44	1	Works Yard	Board off(not visited)
18.	Suzuki Maruti station wagon 1991 LG0032-44	1	Works yard	Board off
19.	Mitsubishi UZ 0328	1	Works yard	Board off
20.	Jailing UG 1490E	1	Education Store	Board Off
21.	Jailing UG 1480E	1	Education Store	Board Off
22.	LG O148-44	1	Education Store	Board Off
23.	Yamaha UG0636W	1	Works store	Board Off
24.	Yamaha DT UG 0524 R	1	Physical Planner (Egwau Paul)	Board Off
25.	Yamaha BSA , UZ 0241	1	Education Store	Board Off

No	Item	Qty	Location	Board of survey Recommendation
26.	Honda XL White Numberless	1	Education Store	Board Off
27.	Honda XL Red Numberless	1	Education Store	Board Off
28.	Yamaha Mate Y80 UG 0503R	1	Education store	Board Off
29.	Yamaha CT 80 1988UG0496R	1	Education store	Board Off
30.	Suzuki FT 125 1997 LG0099-44	1	Education store	Board Off
31.	No number plate Yamaha DT	1	Education store	Board Off
32.	Honda XL 125 UG 2411M	1	Education store	Board off
33.	Honda XL LG-0146-44	1	Education store	Board off
34.	Yamaha Ag UG 343S	1	Works yard	Board off
35.	Red motorcycle frames	2	Education store	Board off
36.	Honda XL LG0173-44	1	Kamuda s/c	Board Off
37.	Honda XL LG0158-44	1	Asuret S/C	Board Off
38.	Jialing UG 1324R	1	Asuret S/C	Board Off
39.	Jialing UG 1358R	1	Katine S/c	Board Off
40.	Honda XL LG0182-44	1	Katine S/c	Board Off
41.	Jialing UG 13888R	1	Tubur S/ c	Board Off
42.	Jialing UG 1371R	1	Soroti S/ c	Board Off
43.	Honda XL LG0160-44	1	Arapai S/c	Board Off
44.	Honda XL LG0164-44	1	Gweri S/C	Board Off
45.	Honda XL LG0156-44	1	Tubur S/c	Board Off
46.	Jialing UG 1490R	1	Aguti Esther CDO	Board Off
47.	Jialing UG 1324R	1	Asuret	Board Off
48.	Jialing UG 1881R	1	Arapai	Board off
49.	Jialing UG 1804R	1	Kamuda	Board off
50.	3 Seater Chairs	20	Council Hall	Board off
51.	4 Seater Chairs	4	Council Hall	Board off

No	Item	Qty	Location	Board of survey Recommendation
52.	Chairpersons Chair	1	Council Hall	Board off
53.	Speakers Chair	1	Council Hall	Board off
54.	D/ Speaker's Chair	1	Council Hall	Board off
55.	Clerk to council Chair	1	Council Hall	Board off
56.	Sergeant at arms Chair	1	Council Hall	Board off
57.	Office tables	5	Council Hall	Board off
58.	Pigeon tables	15	Council Hall	Board off
59.	3 Seater Chairs	20	Council Hall	Board off
60.	Typewriter	2	DNRO	Board Off
61.	Computer & accessories	2	DNRO	Board off
62.	Suzuki UG 0931S	1	DNRO	Board off
63.	Safe	1	DRNO	Board off
64.	Overhead Projectors(Geha Touring)	2	Education store	Board off
65.	Photocopier	3	Education store	Board off
66.	Projector	2	Education store	Board off
67.	Type Writers	7	Education store	Board off
68.	Photocopier	1	Sec to DEO	Board off
69.	HP Lesser Jet SDDP/SDLG 1100	1	Secretary DSC	
70.	HP Lesser Jet p2014, HPK-B01SB-0602-00(B)	1	Secretary DSC	Board off
71.	Monitor-SDDP/ADM/4-Planning unit SDLG	1	Secretary DSC	Board off
72.	Photocopier- Lanier-7216	1	Secretary DSC	Board off
73.	Type writer	1	Secretary DSC	Board off
74.	Old SDDP IBM Computer	1	DHO store	Dispose
75.	Typewriter Facet	1	DHO Store	Dispose
76.	HP Laser Jet Printers(details below)	2		
77.	CNCJK40753		PDU office	Dispose

No	Item	Qty	Location	Board of survey Recommendation
78.	CNS1R32733		PDU office	Dispose
79.	Diminazene 1.06 g	36	VET office	Expired destroy
80.	Fervet 10%	105	VET office	Expired destroy
81.	G/tax tickets of various grades books	232	Education store	Destroy
82.	G/tax exemption books	35	Education store	Destroy