



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

PROCUREMENT AND DISPOSAL AUDIT REPORT

BUDUDA DISTRICT LOCAL GOVERNMENT AUDIT REPORT

FINANCIAL YEAR 2018/2019

OCTOBER 2019

EXECUTIVE SUMMARY	5
CHAPTER 1: INTRODUCTION	8
1.1 Background	8
1.2 Objectives of the Audit	8
1.3 Scope of the Audit	8
1.4 Methodology	9
CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS	10
2.1 Accounting Officer	10
2.2 Procurement and Disposal Unit	11
2.3 Contracts Committee	15
2.4 Evaluation Committee(s)	17
2.5 User Departments	20
2.6 Procurement Planning	28
2.7 Record keeping	28
2.8 Disposal	29
CHAPTER 3: PROCUREMENT PERFORMANCE	30
3.1 Compliance score	30
3.1.1 Procurement System Compliance Level	30
3.1.2 Procurement Process Levels of Compliance	30
3.1.3 Disposal process levels of compliance	31
3.2 Performance indicators	32
3.3 Overall weighted score	34
CHAPTER 4: RECOMMENDED ACTION PLAN	35
ANNEXES	
Annex 1: BUDUDA DISTRICT LOCAL GOVERNMENT SAMPLE LIST 2018- 19.....	37
Annex 2. Performance rating	46
Annex 3.List of staff in the Procurement and Disposal Unit.....	47

Annex 4. List of the Contracts Committee members.....	47
Annex 5. List of User Departments	48
Annex 6: Physical Verification.....	49

List of Tables

Table 1: Overall Weighted Score.....	5
Table 2: Performance rating:	5
Table 3: Distribution of transaction population and sample.....	9
Table 4: Procurements with delays at confirmation of funding.....	10
Table 5: Procurements for which the Entity required Bududa DLG trading license.....	11
Table 6: Split procurements	13
Table 7: Procurements with low bidder participation.....	14
Table 8: Evaluation Committees appointed for Open and Selective Bidding	16
Table 9: Procurements with irregularities at evaluation	17
Table 10: Procurements for which arithmetic corrections were unjustified.....	19
Table 11: Procurements for which the Entity delayed to initiate.....	20
Table 12: Procurements for which boqs included quotation for performance security and supervision fees.....	21
Table 13: Procurements for which bidding documents issued had unclear SORs	22
Table 14: Contracts whose implementation was delayed	23
Table 15: Procurements for which works done did not conform to the requirements of the BOQs	25
Table 16: Procurement Plan Implementation Rate	28
Table 17: Procurements for which records were not availed for review during the audit.....	28
Table 18: Compliance Indicator Score	32
Table 19: Performance Indicators.....	32
Table 20: Overall weighted Score.....	34
Table 21: Action plan.....	35

List of figures

Figure 1: Procurement System Compliance Level	30
Figure 2: Procurement Process Compliance Level.....	31
Figure 3: Disposal compliance levels	31
Figure 4: Overall compliance indicator	32

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
S/C	Sub-County
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Bududa District Local Government. The audit covered twenty (28) procurement transactions that were carried out during the Financial Year 2018/19. 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 **65.5%**, the average performance score was **61%** and the overall weighted score of **64.6%** which is **satisfactory** performance as summarized in the table below. The detailed assessment is shown in chapter three.

Table 1: Overall Weighted Score

No.	COMPLIANCE INDICATOR	SCORE (%)	WEIGHT	WEIGHTED SCORE
1.	Average Compliance Indicator Score	65.5	0.4	26.2
2.	Average Performance Indicator Score	64	0.6	38.4
	Entity's overall weighted score			64.6

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

Despite the satisfactory performance, the following exceptions were observed:

- 1) Delays to confirm availability of funding in two (2) procurements worth UGX 294,900,019 which leads to delays in the procurement process thus delaying service delivery.
- 2) The Procurement and Disposal Unit was not adequately facilitated in terms of storage resources and internet connectivity which exposes the procurement records to damage and loss and makes electronic communication for the Unit and rolling out of electronic procurement systems difficult..
- 3) The Entity used restrictive preliminary evaluation criteria that required bidders to submit a trading license specifically from Bududa District Local Government in all the sampled procurements worth UGX 1,231,334,113 which hinders competition and may result into higher purchasing costs to the Entity thus compromising value for money.
- 4) Inadequate detailed technical evaluation criteria for all procurements under selective bidding. There were no requirements to assess the capacity of the bidders to deliver such as possession of key equipment, bidders were not assessed on the level of experience in similar works and financial capacity which misleads providers, causes subjective award of contracts and affects contract implementation in case a contract was awarded to a bidder without capacity to deliver.
- 5) Splitting of procurement requirements was observed in the procurement for laptops and printers for Education and Health Office worth UGX 24,000,000 contrary to Section 46 of

the PPDA Act, 2003. This deterred competition and could have compromised the achievement of value for money in these procurements.

- 6) The Entity used an inappropriate evaluation methodology (the Technical Compliance evaluation methodology instead of the Quality and Cost Based Evaluation methodology) in the procurement of consultancy services for survey design and documentation of Nakokolo gravity flow scheme contrary to Regulation 79(1) of the Local Governments PPDA Guidelines 2006. This may lead to bias and unfairness to bidders at evaluation which may deter further participation in the procurement processes
- 7) The Contracts Committee issued poor quality solicitation documents contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006:
- 8) The Contracts Committee approved the same Evaluation Committee composition for all open bidding procurements and another for procurements under selective bidding yet the procurements were of different nature and complexity and thus required members with different skills and expertise, contrary to Regulation 27 of the LG (PPDA) Regulations, 2006. This implies that the requirements were unclear to the bidders which could lead to wrong supplies, costly repetition of the procurements and failure to supply
- 9) Unjustified arithmetic error corrections. Whereas the Entity made arithmetic error corrections in six (6) procurements worth UGX 1,167, 257,892 the Evaluation Committee did not indicate the specific items affected by the adjustments and how they actually came about. This may lead fraud, rejection of the corrections by participating bidders and unnecessary complaints
- 10) The Entity delayed to initiate nine (9) procurements worth UGX 749,244,588 which leads to overall delay in the procurement process resulting into delayed service delivery .
- 11) The Entity irregularly included performance security and supervision fees in the Bills of Quantities in four (4) procurements, the Bills of quantities provided required bidders to allow for performance security and performance security which was irregular as such costs should be borne by the providers. This was a fraudulent act and occasioned a financial loss of UGX 4,300,000 to Government as this money was paid out to contractors.
- 12) Implementation of eight (8) contracts worth UGX 1,115,237,459 was delayed and the contract managers did not show effort in enforcing efficient contract performance which results into delayed service delivery and failure to attain value for money.
- 13) User Departments usurped the functions of the Procurement and Disposal Unit by placing call off orders directly to the providers whenever need for items under framework arrangement arose without going through the Procurement and Disposal Unit. Consequently, these were not reported to the Authority in the Entity's quarterly reports on procurement and disposal.
- 14) In five (5) procurements worth UGX 263, 877,426, the works done did not conform to the requirements of the BOQs as noted at physical verification *as detailed under 2.5.6*. This implies that the Entity did not achieve value for money on expenditure on works that were not done and also denies services to the intended beneficiaries since procurements are made to satisfy particular needs.
- 15) The Entity did not implement 21% of the procurement plan worth UGX 1,023,607,973.

Recommendations

- 1) The Accounting Officer should always confirm availability of funding in time in accordance with Section 48 of the PPDA Act, 2003 and rather halt committing the Entity through contract signing until assurance regarding the uncertainty is got from the concerned parties instead of delaying the entire process of acquiring the provider.

- 2) The Accounting Officer should prioritize the provision of storage facilities and internet to the Procurement and Disposal Unit as planned in the current financial year to improve efficiency.
- 3) The Head, Procurement and Disposal Unit should ensure that the bidding document prepared clearly define the requirements, the evaluation criteria and the contract terms precisely and in a manner that promotes competition in accordance with Regulation 48(4) of the Local Governments (PPDA) Regulations, 2006.
- 4) The Head, Procurement and Disposal Unit should ensure that all procurement requirements are consolidated accordingly and procured as a single contract without splitting them with the intention of avoiding a particular method of procurement or the benefits of scale in accordance with Regulation 64 of the Local Governments (PPDA) Regulations, 2006.
- 5) Contracts Committee should always ensure that the bidding documents approved are of quality in terms of having well defined contract terms and conditions as per the Entity's plan in a manner that promotes competition in accordance with Regulation 48 of the LG (PPDA) Regulations, 2006.
- 6) Contracts Committee should ensure that separate Evaluation Committees are approved for each procurement with the adequate and relevant subject matter expertise, procurement knowledge, financial capabilities and appropriate seniority required to conduct a proper evaluation for the procurement in accordance with Regulation 27 of the LG (PPDA) Regulations, 2006.
- 7) The Chairpersons of the Evaluation Committees should ensure that all arithmetic error corrections made in the bids are justified with reference to the specific items affected in the bills of quantities. and communicated to the bidders in writing for consent and clarity in accordance with Regulation 74 of the LG (PPDA) Regulations, 2006.
- 8) Heads of User Departments should ensure that procurements are initiated and commenced in time in accordance with Section 34 of the PPDA Act 2003
- 9) The Accounting Officer should recover money worth UGX 4,300,000 (UGX 500,000 from Namugabwe General Construction Company Ltd, UGX 500,000 from Nemu Building Contractors Ltd, UGX 3,100,000 from A Thousand Marbles Ltd and UGX 200,000 from Buwekula Mixed Farm Ltd. that were paid this money and give a report to the Authority on the same within four (4) months from receipt of this communication.
- 10) Contract supervisors should ensure timely completion of projects through enforcing clauses in the contracts like liquidated damages, recommending contract termination and appraising poor performers.
- 11) The technical persons should ensure that an adequate contract execution period is stated in the bidding documents considering the terrain of the area to enable satisfactory execution of the contracts by the contractors.
- 12) User Departments should desist from issuing call off orders for common user items under framework contracts as this is a role of the Procurement and Disposal Unit.
- 13) The Accounting Officer should ensure that all shortfalls and defects identified during physical verification are rectified and a report on the same submitted to the Authority within four weeks from the date of receipt of this letter.
- 14) The Accounting Officer should caution the contract supervisors in writing for failure to monitor contract execution in accordance with Regulation 104 (a) of the Local Governments PPDA Regulations 2006.
- 15) The Accounting Officer should account with justification for the 21% variance in the procurement plan implementation and submit a report to the Authority within 2 (two) weeks of receipt of this letter.

Recommended Action plan

Bududa DLG should implement the recommended action plan on **page 35**.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Bududa District Local Government. The audit covered a representative sample of twenty eight (28) procurement transactions that were carried out during the Financial Year 2018/19. 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:

1. 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.
2. 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.
3. To assess the level of compliance of the asset disposal contracts with the PPDA Act, Regulations and Guidelines.
4. 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.
5. 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 Bududa DLG for the Financial Year 2018/19 from 23rd July 2019 to 5th August 2019.

The Entity had a total procurement budget of UGX 2,671,806,236 in the audit period. To prepare for the audit, the auditors reviewed the Entity budget, procurement plan and Quarterly 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 the table below:

Table 3: Distribution of transaction population and sample

Procurement method	Population Value (UGX)	Sample value (UGX)	% by Value	Population no.	Sample no.	% no.
Open National Bidding	2,057,647,862	2,021,374,342	98%	17	15	88%
Selective National Bidding	614,158,374	253,638,012	41%	62	15	24%
Total	2,671,806,236	2,275,012,354	85%	79	30	38%

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 23rd July, 2019. 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.

Two (2) 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 3*.

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 **10th September, 2019** and an exit meeting held on **26th September, 2019** to conclude the audit.

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 main areas of non-compliance for the Accounting Officer (AO) were:

2.1.1 Delay to confirm availability of funding

Delays were noted between initiation of procurements by the User Departments and confirmation of availability of funding by the Accounting Officer in two (2) procurements worth UGX 294,900,019. These are detailed below:

Table 4: Procurements with delays at confirmation of funding

S/No	Subject of Procurement	Contract Value (UGX)	Date of initiation	Date of confirmation of availability of funding	Delay Period in Months
1	Reconstruction of 10 springs under water sector	9,949,170	15/07/2018	06/09/2018	1.5
2	Construction of Namateshe gravity flow scheme - phase 2 in Bukalasi and Bubiita SC	284,950,849	15/07/2018	06/09/2018	1.5

Implication

Delay to confirm funding leads to delays in the procurement process thus delaying service delivery.

Management Response

Management appreciated the Authority's finding and explained that the delay was due to the threat of a disaster in the mentioned areas and so the Accounting Officer had to pause confirmation of availability of funding until assurance was got from the concerned parties in the interest of protecting public resources.

Recommendation

The Authority noted the Entity's response as unsatisfactory and recommends that the Accounting Officer should always confirm availability of funding in time in accordance with Section 48 of the PPDA Act, 2003 and rather halt committing the Entity through contract signing until assurance regarding the uncertainty is got from the concerned parties instead of delaying the entire process of acquiring the provider.

2.1.2 Inadequately facilitated Procurement and Disposal Unit

The Authority noted that the Procurement and Disposal Unit was not adequately facilitated in terms of storage resources and internet connectivity.

the Accounting Officer should always confirm availability of funding on time in accordance with Section 48 of the PPDA Act, 2003 and rather pause committing the Entity prior to getting assurance is got from the concerned parties instead of delaying the entire process of acquiring the provider

Implication

Lack of adequate storage facilities exposes the procurement records to damage and loss. Absence of internet connectivity makes electronic communication for the Unit and rolling out of electronic procurement systems difficult.

Management response

Management acknowledged the finding and highlighted that;

- i. The District leadership resolved to facilitate the PDU with quarterly data as per the approved budget;*
- ii. The issue of storage is a general problem which will be solved by construction of an administration block which is budgeted for in the current financial Year.*

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should prioritize the provision of storage facilities and internet to the Procurement and Disposal Unit as planned in the current financial year to improve efficiency.

2.2 Procurement and Disposal Unit

The main areas of non-compliance were:

2.2.1 Restrictive preliminary evaluation requirements

The Entity required bidders to submit a trading license specifically from Bududa District Local Government while bidding for the procurements detailed in the table below;

Table 5: Procurements for which the Entity required Bududa DLG trading license

No	Subject of Procurement	Provider	Contract Value (UGX)
1	Construction of a 3 classroom block with an office and store at in Buchunya PS	Namugabwe General Construction Company Ltd	119,709,702
2	Construction of Namateshe gravity flow scheme - phase 2 in Bukalasi and Bubiita SC	A Thousand Marbles Ltd	284,950,849
3	Construction of Bubiita SEED Secondary School	Namugabwe General Construction Company Ltd	699,861,540
4	Completion of a theatre at Bulucheke health centre IV	Buwekula Mixed Farm Ltd	126,812,022
Total			1,231,334,113

Implication

Restrictive evaluation criteria hinder competition and may result into higher purchasing costs to the Entity thus compromising value for money.

Management response

Management acknowledged the finding and pledged to be more compliant on requirements that promote competition in subsequent transactions.

Recommendation

The Authority noted the Entity's response and recommends that the Head, Procurement and Disposal Unit should ensure that the bidding document prepared clearly define the technical requirements, the evaluation criteria and the contract terms precisely and in a manner that promotes competition in accordance with Regulation 43(4) of the Local Governments (PPDA) Regulations, 2006.

2.2.2 Inadequate detailed technical evaluation criteria

For all procurements under selective bidding, the detailed technical evaluation criteria was inadequate. There were no requirements to assess the capacity of the bidders to deliver such as possession of key equipment, bidders were not assessed on the level of experience in similar works and financial capacity.

Implication

Inadequate technical evaluation criteria in the bidding documents misleads providers, causes subjective award of contracts and affects contract implementation in case a contract was awarded to a bidder without capacity to deliver.

Management response

Management acknowledged the need to assess capacity of bidders to deliver in terms of key equipment and bidders' experience and however explained that given the fact that the firms invited were already prequalified, the Entity did not find it necessary to duplicate the effort due to the fact that they were duly assessed at prequalification time.

Recommendation

The Authority noted the Entity's response and recommends that the Head, Procurement and Disposal Unit should ensure that the bidding document prepared clearly define the technical requirements, the evaluation criteria and the contract terms precisely and in a manner that promotes competition in accordance with Regulation 48 (4) of the Local Governments (PPDA) Regulations, 2006 since the requirements assessed at prequalification may have been committed to other projects over time.

2.2.3 Notice of Best Evaluated Bidder displayed for five (5) days instead of ten working days

For all procurements conducted under selective bidding, the NOBEB was displayed for a period of five (5) days instead of the required ten (10) working days contrary to Regulation 85(4) (a) of the Local Governments (PPDA) Regulations, 2006

Implications

- This disadvantages bidders with less time to make a complaint in the event that they are aggrieved with the outcome of the evaluation process.
- Contracts that were signed immediately after the elapse of the five days were entered into before confirmation by the accounting officer that the procurements were not subject to any administrative review and thus could be nullified in case discontented providers appealed.

Management response

Management acknowledged the finding and pledged to comply with the regulation for subsequent transactions

Recommendation

The Authority noted the Entity's response and recommends that the Head, Procurement and Disposal Unit should ensure that the NOBEB is published for a minimum of ten working days prior to contract award in accordance with Regulation 85(4) (a) of the Local Governments (PPDA) Regulations, 2006

2.2.4 Splitting of procurement requirements hence deterring competition

The Authority observed splitting of procurement requirements in the procurement for laptops and printers for Education and Health Office worth UGX 24,000,000 contrary to Section 46 of the PPDA Act, 2003 that requires the Entity to maximize competition and achievement of value for money. These are shown in the table below:

Table 6: Split procurements

No	Subject of procurement	Procurement Method	Provider	Amount (UGX)
1.	Procurement of 3 No. Laptops, 2 No. printers with scanner and a digital camera for education office	Selective	X Pointer Services Ltd	14,000,000
2.	Procurement of a printer and 2 Notebook laptops for Health	Selective	X Pointer Services Ltd	10,000,000
	Total			24,000,000

Implication

This deterred competition and could have compromised the achievement of value for money in these procurements.

Management response

Management acknowledged the finding and pledged to comply with the regulation for subsequent transactions.

Recommendation

The Authority noted the Entity's response and recommends that the Head, Procurement and Disposal Unit should ensure that procurement requirements are consolidated accordingly and procured as a single contract without splitting them with the intention of avoiding a particular method of procurement or the benefits of scale in accordance with Regulation 64 of the Local Governments (PPDA) Regulations, 2006.

2.2.5 Use of a wrong procurement method

The Authority noted that the Entity contracted providers under framework arrangement directly from its shortlist of prequalified providers, contrary to the PPDA Guidance on use of Framework contracts for procurement of supplies, works and non-consultancy services issued on 26th September 2014. The Guideline requires Entities to use PPDA's Standard Bidding Document for framework contracts and use the open bidding method for the procurement of supplies, works or

services, conduct evaluation on unit prices and then enter into framework contracts with the successful providers which process was not followed by the Entity.

Implication

Use of a wrong procurement method compromises the principles of transparency and fair competition in public procurement hence hindering achievement of value for money since items are procured at current market rates.

Management Response

Management explained that Open bidding method was used with information in the advert that the requirement was for framework contracts.

Recommendation

The Authority noted the Entity's response as unsatisfactory since the Entity failed to provide a complete file for the framework contract process especially at evaluation both detailed technical evaluation and financial evaluation. The Authority therefore recommends that the Head, Procurement and Disposal Unit should ensure that all procurements under framework contracts are conducted in accordance with the Guidance on use of Framework Contracts for procurement of supplies, works and non-consultancy services issued by the Authority on 26th September 2014.

2.2.7 Low bidder participation

There was low bidder participation in four (4) procurements worth UGX 67,836,300 contrary to Regulation 43 (4) of the Local Governments (PPDA) Regulations, 2006 with exception of openly advertised procurements. There was no effort by the Entity to promote competition since there was no evidence that the bidders received the bid invitations under selective national bidding.

Table 7: Procurements with low bidder participation

No	Subject of procurement	Method of Procurement	Contract Amount (UGX)	No. of shortlisted bidders	No. of bids received
1.	Procurement of 3 No. Laptops, 2 No. printers with scanner and a digital camera for education office	Selective National Bidding	14,000,000	5	2
2.	Procurement of a printer and 2 Notebook laptops for Health	Selective National Bidding	10,000,000	5	2
3.	Fencing of natural resources department	Selective National Bidding	19,507,621	5	2
4.	Construction of a 5 stance lined pit latrine at Busiriwa Primary School	Selective National Bidding	24,348,679	5	2
	Total		67,856,300		

Implication

The Entity may have invited preferred bidders thus the low response and competition which deters achievement of value for money in public procurement since the procurements may be costly purchased.

Management response

Management acknowledged the finding and pledged to ensure that invited bidders acknowledge in writing that they received the invitation to bid and also follow up with sms for the subsequent procurement transactions.

Recommendation

The Head, Procurement and Disposal Unit should ensure that all shortlisted bidders receive the bid invitations by maintaining evidence such as email communications, messages sent to the bidders and bidders acknowledging receipt of the invitation by counter signing on the bid invitation notice.

2.2.7 Inappropriate evaluation methodology for procurement of services

The Authority noted that the Entity used the Technical Compliance evaluation methodology in the procurement of consultancy services for survey design and documentation of Nakokolo gravity flow scheme contrary to Regulation 79(1) of the Local Governments PPDA Guidelines 2006 which stipulates that the Quality and Cost Based Evaluation methodology shall be used for the evaluation of consultancy services.

Implication

This may lead to bias and unfairness to bidders at evaluation which may deter further participation in the procurement processes.

Management response

Management acknowledged the finding and pledged to ensure compliance in future.

Recommendation

The Head Procurement and Disposal Unit should ensure that correct evaluation methodology is applied while conducting evaluation in accordance with Regulation 79(1) of the Local Governments PPDA Guidelines 2006.

2.3 Contracts Committee

The following exceptions were noted:

2.3.1 Approval of poor quality solicitation documents by the Contracts Committee

The Authority noted that all solicitation documents issued to bidders were of poor quality as detailed below; contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006:

- The Entity used the admeasurement type of contract in the bidding document for all works projects yet the content, output and duration were all well-defined and the most appropriate type of contract was a lump sum in accordance with Regulation 91 of the LG (PPDA) Regulations, 2006.
- The intended contractual completion dates were not stated in the bidding documents issued to bidders. In all issued documents it was stated that the completion dates would be communicated in the commencement letter.

Implication

This implies that the requirements were unclear to the bidders which could lead to wrong supplies, costly repetition of the procurements and failure to supply.

Management response

Management explained that failure to state the intended completion dates in the bidding documents was because the Entity commenced the procurements with tentative confirmation of funding and so it was not practical to come up with contract completion dates, hence the referral to commencement orders.

Recommendation

The Authority noted the Entity's response as unsatisfactory and recommends that the Contracts Committee should always ensure that the bidding documents approved are of quality in terms of having well defined contract terms and conditions as per the Entity's plan in a manner that promotes competition in accordance with Regulation 48 of the LG (PPDA) Regulations, 2006. The Entity could state clearly the contract duration regardless of when the contract would start or end.

2.3.2 Approval of permanent Evaluation Committees regardless of project nature and complexity

The Authority noted that the Contracts Committee approved the same Evaluation Committee composition for all open bidding procurements and another for procurements under selective bidding yet the procurements were of different nature and complexity and thus required members with different skills and expertise, contrary to Regulation 27 of the LG (PPDA) Regulations, 2006. In addition to that, Makobi Enock participated in the evaluation process for procurement under selective bidding yet he was not approved by Contracts Committee.

Table 8: Evaluation Committees appointed for Open and Selective Bidding

Open Bidding Evaluation Committee members		
No.	Name	Position
1.	Makuyi Davis	Town Engineer
2.	Muyinda Chris	Senior Procurement Officer
3.	Bughosi Samali	Senior Assistant Secretary
4.	Kahande Joseph	Commercial Officer
5.	Makobi Enock	Agricultural Officer
Selective Bidding Evaluation Committee members		
6.	Kitogo Abdu.	Senior Assistant Secretary
7.	Iriot Emma	Assistant Engineering Officer
8.	Bugosi Losira	Procurement Officer
9.	Kolya Irene	Senior Accounts Assistant.

Implication

Having a permanent evaluation committee for all procurement transactions would compromise the desired skills and expertise required at evaluation since each requirement is unique in nature. This could promote corruption and other unethical tendencies thus infringing the principles of fairness, transparency and value for money.

Management response

Management acknowledged the finding and explained that PDU and Contracts Committee had comprehensively scrutinized the different requirements under open bidding and selective bidding and came up with evaluation teams that were cross cutting.

Recommendation

The Authority noted the Entity's response; however, it was unsatisfactory. The Authority's review of the evaluation committee compositions indicated gaps in the levels of seniority and subject matter expertise for example in the procurement for agriculture inputs which required a representative from the District Veterinary Office was not part of the evaluation committee. The Authority therefore recommends that Contracts Committee should ensure that separate Evaluation Committees are approved for each procurement with the adequate and relevant subject matter expertise, procurement knowledge, financial capabilities and appropriate seniority as required to conduct a proper evaluation for the procurement in accordance with Regulation 27 of the LG (PPDA) Regulations, 2006.

2.4 Evaluation Committee(s)

The main areas of non-compliance with regard to Evaluation Committee(s) were:

2.4.1 Irregularities at bid evaluation

The Authority noted irregularities in two (2) procurements worth UGX 148,912,022 as detailed in the table below:

Table 9: Procurements with irregularities at evaluation

No	Subject of procurement	Best Evaluated Bidder	Issue	Implication
1.	Completion of a theatre at Bulucheke health centre IV	Buwekula mixed farm Ltd	<ul style="list-style-type: none">• Bidders were required to submit evidence of essential equipment but the BEB, Buwekula mixed firm submitted equipment in the names of Farm Engineering Ltd without evidence of lease or hire of the equipment.• Bidders were required to submit evidence of average annual volume of construction work over the past 3 years of at least UGX 600,000,000, however the BEB	The Evaluation process was not fair to the bidders and results of the evaluation process were null and void

No	Subject of procurement	Best Evaluated Bidder	Issue	Implication
			Buwekula mixed firm only submitted a certificate of completion of UGX 49,281,520 in 2013 and another in 2012 at UGX 449,922,800	
2.	Procurement of 13 in-calf heifers	Waneera general supplies Ltd	The evaluation Committee did not include a person with technical knowledge. The committee consisted of Kitogo Abdu the senior assistant secretary, Iriot Emma the Assistant Engineering Officer, Bugosi Losira the Procurement officer and Kolya Irene the Senior Accounts Assistant.	The Evaluation process was not fair to the bidders and the results were null and void

Management responses

- *Management acknowledged the finding and pledged to more rigorous in establishing evidence of eligibility requirements.*
- *A committee constituting a Senior Assistant Secretary (User), Procurement Officer and Senior Accounts Assistant is competent to evaluate a transaction for supply of heifers.*

Recommendation

The Authority noted the Entity's response and found it unsatisfactory as the District Veterinary Officer would be the best representative from the User Department because he possesses more subject matter expertise in that field than the Senior Assistant Secretary. The Authority therefore recommends that Evaluation Committees approved for each procurement should possess the adequate skills and relevant subject matter expertise, procurement knowledge, financial capabilities and appropriate seniority as required to conduct a proper evaluation for the procurement in accordance with Regulation 27 of the LG (PPDA) Regulations, 2006.

2.4.2 Unjustified arithmetic error corrections

Whereas the Entity made arithmetic error corrections in the bids for the Best Evaluated Bidders for the procurements listed in the table below, the Evaluation Committee did not indicate the specific items affected by the adjustments.

Table 10: Procurements for which arithmetic corrections were unjustified

No.	Contractor	Bid price at submission (UGX)	Corrections made (UGX)	Corrected Price (UGX)
1.	Completion of district health store and renovation of the district health office by Nasmaf General Contractors Ltd	19,064,580	4,849,731	23,914,311
2.	Construction of Namateshe gravity flow scheme – phase 2 in Bukalasi and Bubiita SC by A Thousand Marbles Ltd	239,167,489	45,783,360	284,950,849
3.	Procurement of vaccines and small equipment for vaccination of cattle under production department by Blessed Tree Planters Ltd	19,000,000	2,770,000	21,770,000
4.	Reconstruction of 10 springs by Nemu Building Contractors Ltd	7,958,000	1,991,170	9,949,170
5.	Construction of Bubiita SEED Secondary School by Namugabwe	698,302,760	1,558,780	699,861,540
6.	Completion of a theatre at Bulucheke health centre IV by Buwekula mixed farm Ltd	94,698,272		126,812,022.

Implication

This may lead fraud, rejection of the corrections by participating bidders and could result in to unnecessary complaints.

Management response

Management acknowledged the finding and pledged to improve for subsequent procurements.

Recommendation

The Chairperson, Evaluation Committee should ensure that all arithmetic error corrections made in the bids are justified with reference to the specific items affected in the bills of quantities. and communicated to the bidders in writing for consent and clarity in accordance with Regulation 74 of the LG (PPDA) Regulations, 2006.

2.5 User Departments

The following exceptions were noted:

2.5.1 Delay to initiate procurements

The Authority noted delays at initiation in nine (9) procurements worth UGX 749,244,588. There was failure to follow timelines in the procurement plan by the Entity. These are detailed below.

Table 11: Procurements for which the Entity delayed to initiate

No	Subject of Procurement	Amount (UGX)	Planned date of initiation	Actual initiation date	Initiation start delay time (Month)
1.	Procurement of 13 in-calf heifers by Waneera general supplies Ltd	22,100,000	02/07/ 2018	20/ 08/ 2018.	1.5
2.	Construction of a 5 stance lined pit latrine at Busirwa Primary School by Naluweine Construction Company Ltd	24,348,679	02/07/2018	08/08/2018	1
3.	Completion of fencing of production office by Nasmaf General Contractors	43,637,332	02/07/2018	18/09/2018	1.5
4.	Upgrading of Bubungi Health Centre II to Health Centre III	469,764,564	02/07/2018	20/08/2018	1.5
5.	Construction of a 3 classroom block with an office and store at in Buchunya PS	119,709,702	02/07/2018	20/08/2018	1
6.	Completion of district health store and renovation of the district health office	23,914,311	02/07/2018	20/08/2018	1.5
7	Procurement of vaccines and small equipment for vaccination of cattle under production department	21,770,000	02/07/2018	22/08/2018	1.5

No	Subject of Procurement	Amount (UGX)	Planned date of initiation	Actual initiation date	Initiation start delay time (Month)
8	Procurement of 3 No. Laptops, 2 No. printers with scanner and a digital camera for Education office	14,000,000	02/07/2017	20/08/2018	1
9	Procurement of a printer and Notebook laptops	10,000,000	02/07/2018	20/08/2018	1.5

Implication

This leads to overall delay in the procurement process resulting into delayed service delivery.

Management Response

Management acknowledged the finding and pledged to improve on following timelines.

Recommendation

Heads of User Departments should ensure that procurements are initiated and commenced in time in accordance with Section 34 of the PPDA Act 2003.

2.5.2 Inclusion of performance security and supervision fees in the Bills of Quantities

In the following four (4) procurements, the Bills of quantities provided required bidders to allow for performance security and supervision fees which was irregular as such costs should be borne by the providers. The procurements are detailed in the table below:

Table 12: Procurements for which boqs included quotation for performance security and supervision fees

S/No	Subject of Procurement	Amount quoted (UGX)
1.	Construction of a 3 classroom block with an office and store at in Buchunya PS	Performance bond 500,000
2.	Reconstruction of 10 springs under water sector	Performance bond 500,000
3.	Construction of Namateshe gravity flow scheme - phase 2 in Bukalasi and Bubiita SC	Performance bond 100,000 Supervision fees 3,000,000
4.	Completion of a theatre at Bulucheke health centre IV	Performance bond 200,000

Implication

This caused a financial loss of UGX 4,300,000 to Government since this money was paid out to contractors irregularly.

Management Response

Management acknowledged the Authority's finding and pledged that in future the costs shall be requisitioned directly from the Accounting Officer.

Recommendation

The Accounting Officer should recover money worth UGX 4,300,000 from the all the respective contractors that were paid this money and give a report to the Authority on the same within four (4) months from receipt of this communication.

2.5.3 Failure to attach statement of requirements to requisitions at initiation and unclear statement of requirements in the solicitation document

The Authority noted that for all procurement requisitions raised by the User Departments, there were no complete statements of requirements attached to the initiation form (LG PP form1) contrary to Regulation 26(c) of the LG PPDA Regulations 2006. Consequently, the solicitation documents issued had unclear statement of requirements. For example, for all works procurements, the BOQs required providers to conserve the environment by planting trees and grass but there was no clear indication of the type and number of trees or grass required. Other observations are also detailed in table below;

Table 13: Procurements for which bidding documents issued had unclear SORs

No.	Subject of Procurement	Contract Value (UGX)	Observations
1.	Completion of a theatre at Bulucheke health centre IV by Buwekula mixed farm Ltd	126,812,022	Bidders were required to submit documents evidencing proposed acquisition of essential equipment to facilitate execution of the project but there was no guidance on the specific equipment required
2.	Rehabilitation of Bumayoka gravity flow scheme by Namugabwe General Construction Ltd	57,108,460	<ul style="list-style-type: none">• Bidders were required to provide essential equipment proposed to carry out the contract but there was no breakdown of the exact equipment required.• Bidders were also required to provide evidence of adequacy of working capital without detailing the minimum level of working capital required to qualify for the project.
3.	Completion of fencing of production office By Nasmaf General Contractors	43,637,332	GCC 52.1 stated that a performance security shall be required. However, the Entity did not indicate the value of the security and there was no evidence that it was done by the provider.
4.	Procurement of coffee processing equipment to production department	29,000,000	Bidders were required to submit bank statements to prove whether they had adequate working capital to perform the assignment. However, the criteria did not detail the exact

No.	Subject of Procurement	Contract Value (UGX)	Observations
	by Skylight ICT Centre Ltd		level of working capital necessary for the assignment
5.	Procurement of 5 executive chairs, 5 executive tables, 50 plastic chairs by DPM Engineering and surveying Ltd	23,294,000	The statement of requirements lacked measurements and drawings for the required furniture.

Implications

- Failure to attach statements of requirement makes it difficult for the Procurement and Disposal Unit to give guidance and Accounting Officer to know that the User Department requirements are in line with the approved work plan.
- Lack of statement of requirements delays the preparation of the solicitation documents.
- Unclear items in the BOQs and specifications leave doubt and assumption about the requirements of the Entity which may lead to biased evaluation and award to bidders.

Management Response

Management acknowledged the finding and noted it future improvement.

Recommendations

- Heads of User Departments should ensure that prior to approval of the requisitions, the statement of requirements are attached in order to guide the authorization process and also subsequently the bid document preparation process.
- Heads of User Departments should ensure that the Bills of Quantities and specifications clearly define the requirements 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 Local Government (PPDA) Regulations, 2006.

2.5.4 Delayed completion of projects

The implementation of eight contracts detailed in table 11 below worth UGX 1,115,237,459 was delayed and the contract managers did not show effort in enforcing efficient contract performance. Whereas three of these projects had been extended by one month, at physical verification, the contracts had not been completed even after the extension period.

Table 14: Contracts whose implementation was delayed

No.	Subject of procurement	Contract value (UGX)	Intended Completion date	Actual Completion date	Delay (Months) At physical verification date (31/07/2019)
1.	Upgrading of Bubungi Health Centre II to Health Centre III	469,764,564	27/06/2019	Works still ongoing	1

2.	Construction of a 3 classroom block with an office and store at in Buchunya PS	119,709,702	15/05/2019	Works still ongoing	2
3.	Completion of district health store and renovation of the district health office	23,914,311	28/06/2019	Works still ongoing	1
4.	Construction of Namateshe gravity flow scheme - phase 2 in Bukalasi and Bubiita SC	284,950,849	17/05/2019 Extended to 30/06/2019	Works still ongoing	1
5.	Completion of a theatre at Bulucheke health centre IV	126,812,022	17/06/2019	Works still ongoing	1.5
6.	Procurement of 13 in-calf heifers	22,100,000	02/03/ 2019	02/05/ 2019	2
7.	Construction of a 5 stance lined pit latrine at Busirwa Primary School	24,348,679	18/04/2019	28/06/2019	2
8.	Fencing of Production office and Natural resources	43,637,332	18/04/2019	Works still ongoing	3

Implication

Delayed contractual completion results into delayed service delivery and failure to attain value for money.

Management response

Management appreciated the observation and explained the contractors had requested for extension of the contracts which was considered by contracts committee.

Recommendations

The Authority noted the Entity's response, however, only three requests for contract extension were submitted to the Authority for verification and there were no corresponding Contracts Committee approvals for the same. The Authority there recommends that;

- Contract supervisors should ensure timely completion of projects through enforcing clauses in the contracts like liquidated damages, recommending contract termination and appraising poor performers.
- The technical persons should also ensure that an adequate contract execution period is stated in the bidding documents considering the terrain of the area to enable satisfactory execution of the contracts by the contractors.

2.5.5 Usurping the functions of the Procurement and Disposal Unit by the User Departments contrary to Section 31 of the PPDA Act, 2003.

Whereas the Entity entered into framework contracts with providers for supply of different items such as stationary, repairs and maintenance of vehicles and equipment, supply of tyres and auto mobile spare parts and supply of fuel, the Authority noted that User Departments placed call off orders directly to the providers whenever need for these items arose without going through the Procurement and Disposal Unit. Consequently, these were not reported to the Authority in the Entity's quarterly reports on procurement and disposal. There was no evidence of delegation of this function to the Users.

Implication

Failure to procure through PDU implies that the Users are usurping the powers of the Unit and as such may expose the Entity to fraud and lack of transparency in the procurement process.

Management response

Management acknowledged the finding and pledged to improve for subsequent procurements

Recommendation

User Departments should desist from issuing call off orders to providers since it's a PDU function and ensure that whenever need for those items arises, requisitions and call off orders are placed through the Procurement and Disposal Unit for completeness in reporting and transparency.

2.5.6 Observations made during physical verification

The audit team conducted physical verification of the sampled projects and noted that for the procurements detailed in Table 15 below, works done did not conform to the requirements of the BOQs and defects were also noted. There was no evidence of communication of the defects and shortfalls to the contractors for correction by the contract supervisors.

Table 15: Procurements for which works done did not conform to the requirements of the BOQs

Case 4 & 11: Fencing of District Natural Resources and Production Office Land



Captioned above is the gate and chain link fence of the two offices

- Works are not complete and contractor is not on site.
- BOQs provided for engravement of marble stone for which the provider quoted UGX 500,000, however, this was not done.
- Stone pitching around the gate was not done yet it was a requirement in the BOQs.
- The contractor was required to plant 60 trees around the gate. However, by the time of physical verification this had not been done.

Case 9 : Completion of District Health Store and renovation of District Health Office




Captioned above is the storage container at the District Health Office
The following had not been installed yet had been provided for in the BOQs:

- Plywood fixed on only one side instead of all over the metallic walls
- Window burglar proofing.
- Internal wall painting
- Notice boards at DHO's office.

Case 3: Construction of 3 classroom block with an office and store at Buchunya P S under Education Department



	<p>Captioned above is the classroom block, office and store constructed at the school The following had not been installed yet had been provided for in the BOQs:</p> <ul style="list-style-type: none"> ● Environmental mitigation had yet been done. ● Engravement . ● Water tank provided but not installed and gutters not yet installed.
<p>Case 19: Rehabilitation /Maintenance of Bumayoka GFS including 20m3 ferro cement tank on Bubiita GFS</p>	
	
	<p>Captioned above is the ferro cement tank at Bubiita GFS</p> <ul style="list-style-type: none"> ● Fencing around the tank had not been done yet was a requirement in the BOQs. ● Drainage system had not been worked on.

Implication

- The Entity did not achieve value for money on expenditure on environmental mitigation, tree planting and provision of sign posts that were not done.
- Delayed implementation denies services to the intended beneficiaries since procurements are made to satisfy particular needs.

Management Response

Management acknowledged the findings under physical verification and highlighted that the contractors have been issued with a snag list to correct whatever was not meeting the specifications.

Recommendations

- The Accounting Officer should ensure that all shortfalls and defects identified during physical verification are rectified and a report on the same submitted to the Authority within four weeks from the date of receipt of this letter.

- The Accounting Officer should caution the contract supervisors in writing for failure to monitor contract execution in accordance with Regulation 104 (a) of the Local Governments PPDA Regulations 2006.

2.6 Procurement Planning

2.6.1 Failure to implement 21% of the procurement plan

The following table summarizes information about the procurement plan, budget, and utilization of funds. The Entity's procurement plan for financial year 2018/19 was UGX 4,799,787,144. As at 30th June 2019, UGX 3,776,179,171 had been implemented as detailed in Table 16:

Table 16: Procurement Plan Implementation Rate

Analysis of procurement spend	
Total procurement plan value inclusive of VAT (UGX)	4,799, 787,144
Total procurement spend value inclusive of VAT (UGX)	3,776,179,171
Procurement plan implementation rate	79
Implementation variance (UGX)	1,023,607,973

Implication

The Entity did not implement 21% of the planned procurements thus denying services to the intended beneficiaries.

Management Response

Management acknowledged the finding and highlighted that the 21% variance was a result of funds that were not realized during the Financial Year.

Recommendation

The Authority noted the Entity's response and found it unsatisfactory since there was no documentary evidence provided to this effect.

The Accounting Officer should account with justification for the 21% variance in the procurement plan implementation and submit a report to the Authority within 2 (two) weeks of receipt of this letter.

2.7 Record keeping

2.7.1 Records not availed for review during the audit

The following records listed in Table 17 were not availed to the audit team for review during the exercise:

Table 17: Procurements for which records were not availed for review during the audit

No	Subject of Procurement	Amount (UGX)	Missing records
1.	Procurement of 13 in-calf heifers	22,100,000	Evidence of CC approval of evaluation report
2.	Upgrading of Bubungi Health Centre II to Health Centre III	469,724,564	Standard bidding document

Implication

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

Management response

Management acknowledged the finding and highlighted that the Standard bidding documents for Upgrading of Bubungi Health Center II to Health Center III were issued by the line ministry and a joint evaluation conducted at Bugiri District. The Entity pledged to make copies of all such documents for subsequent procurements handled jointly.

Recommendation

The Accounting Officer should instruct User Departments to provide copies of contract management records including; delivery notes, invoices, progress reports, payment certificates, and payment vouchers among others to the Procurement and Disposal Unit to enable contract monitoring.

2.8 Disposal

The Entity conducted a disposal exercise during the Financial Year 2018/19, however, the Authority noted that the Entity did not formally initiate the process through requisitions for approval by the Accounting Officer.

Implication

The disposal process as well as reserve price was not approved by the Accounting Officer.

Management response

Management acknowledged the finding and pledged to improve for subsequent disposals.

Recommendation

User Departments should ensure that the disposal process is formally initiated with a requisition and relevant approvals ascertained before effecting the process.

CHAPTER 3: PROCUREMENT PERFORMANCE

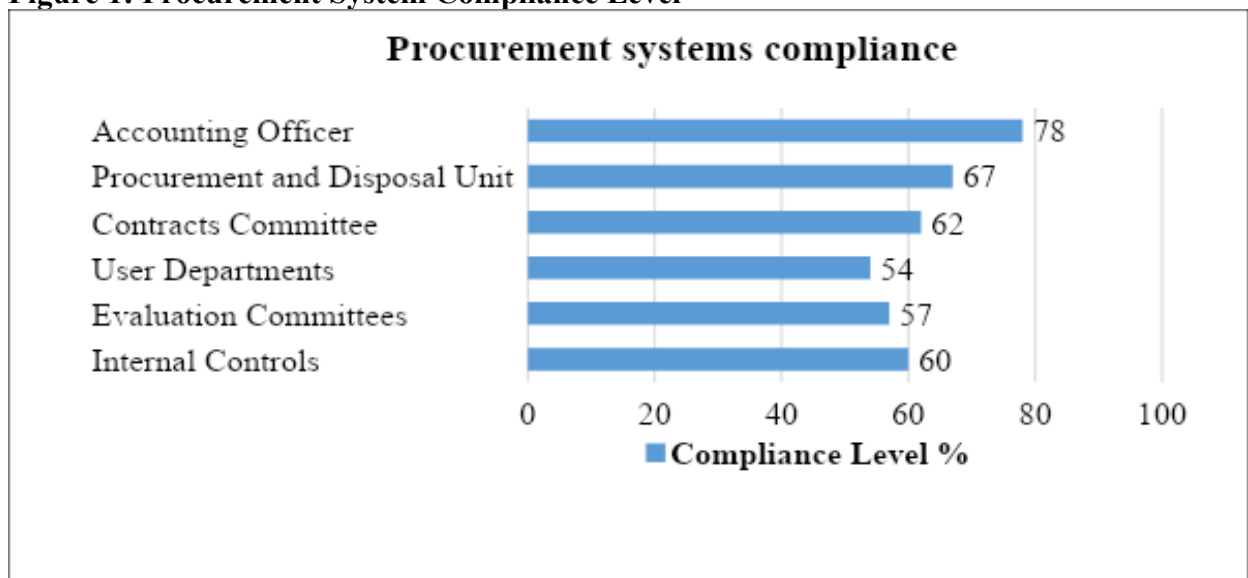
3.1 Compliance score

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 **63%**. Thus the Entity's performance regarding procurement system was **Satisfactory**.

Figure 1 shows that the Entity had higher compliance levels for Accounting Officer, average compliance levels for Procurement and Disposal Unit, Contracts Committee and Internal controls and unsatisfactory compliance levels for Evaluation Committee and User Departments.

Figure 1: Procurement System Compliance Level



Recommendation

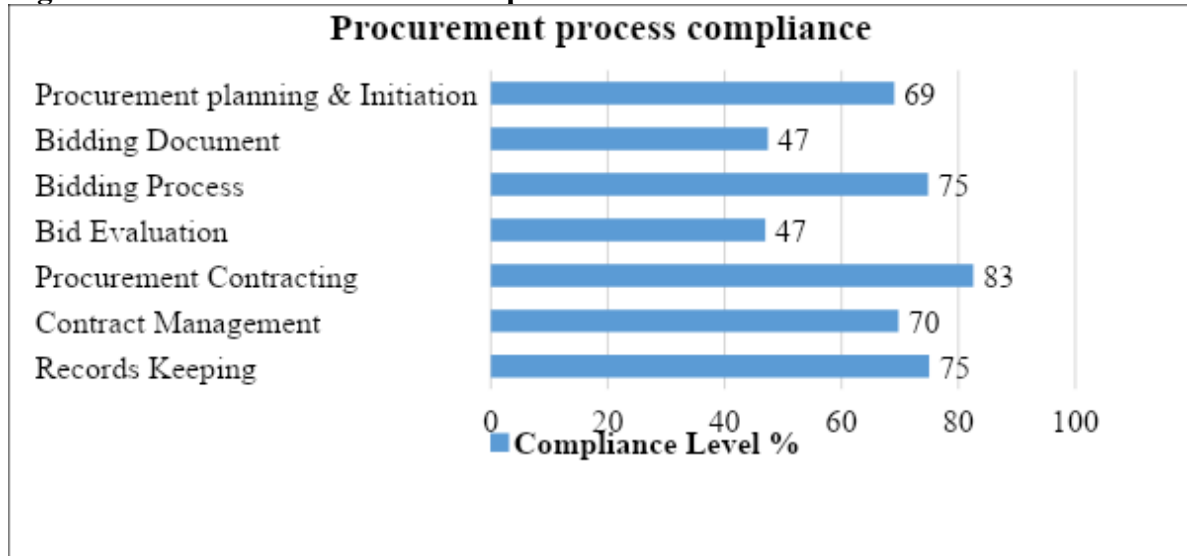
Bududa DLG should implement the recommendations contained in this audit report. The target is to increase the compliance levels for procurement system from the current 63% to a target level of 100% in the next audit period.

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 process was **66.5%**. Thus the Entity's performance was rated **Satisfactory** regarding procurement process.

Figure 2 shows that the Entity had higher compliance levels for Procurement contracting, , record keeping, bidding process, contract management and planning & Initiation and unsatisfactory compliance levels for bidding document and bid evaluation.

Figure 2: Procurement Process Compliance Level



Recommendation

Bududa DLG should implement the recommendations contained in this audit report. The target is to increase the compliance levels for procurement process from the current 66.5% to a target level of 100% in the next audit period.

3.1.3 Disposal process levels of compliance

The Entity conducted a disposal process for the financial year 2018/19 and the disposal compliance was rated at 68% which was satisfactory performance.

Figure 3: Disposal compliance levels

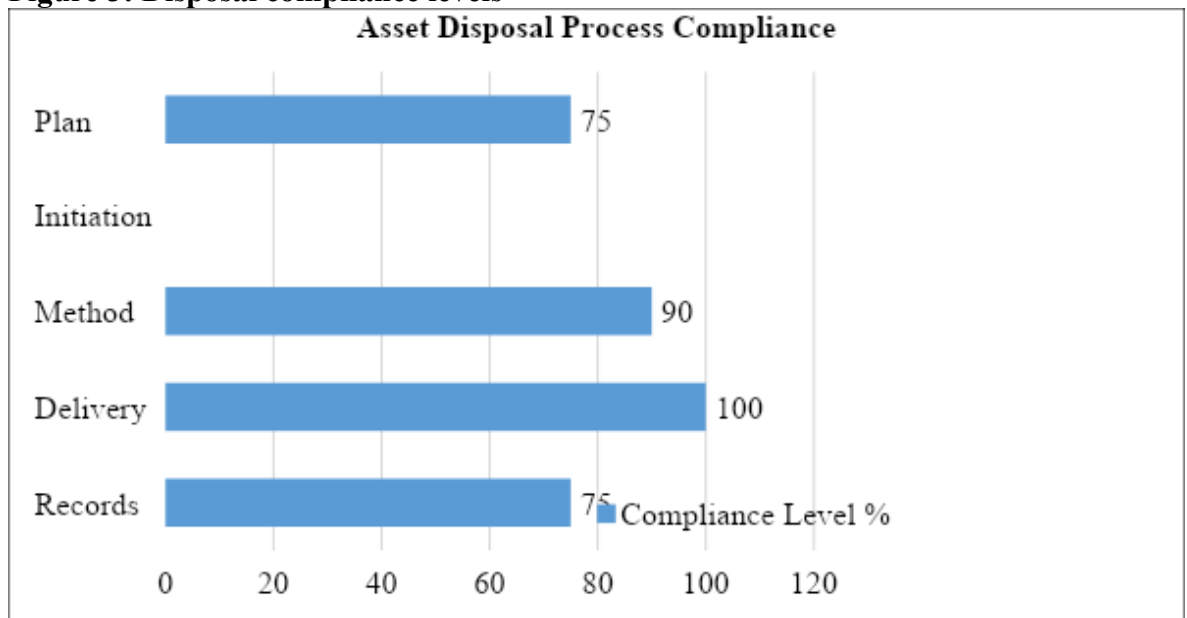
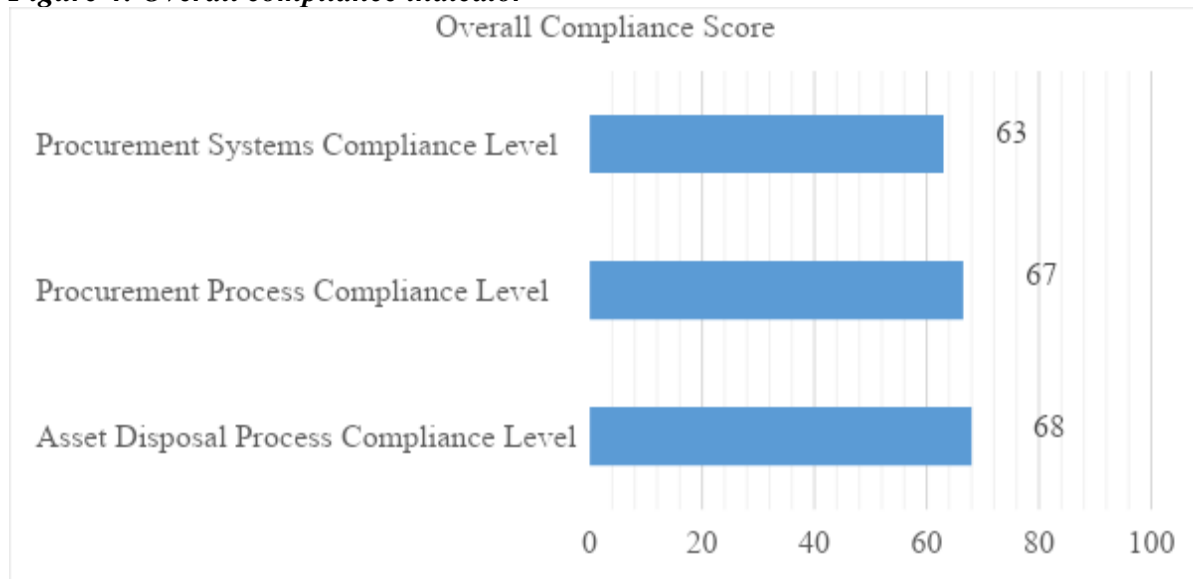


Table 18: Compliance Indicator Score

Area	Score	Weight	Weighted Score
Procurement System	63	0.3	18.9
Procurement Process	66.5	0.5	33.3
Asset Disposal	68	0.2	13.6
Average Compliance Score			65.8

The Average Compliance Indicator was **65.8%** which is **Satisfactory**.

Figure 4: Overall compliance indicator



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 the table.

Table 19: Performance Indicators

	PERFORMANCE INDICATOR	Score (%)
1	Procure Ratio: [Actual procurement time divided by planned procurement time in days.]	26
2	Completion Ratio: [Actual completion time divided by contractual completion time in days.]	52
3	Payment Ratio: [Actual payment time divided by contractual payment time in days.]	52
4	Number of Received Bids:	26
5	Bid Responsive Rate: [The number of bids that pass technical evaluation as a percentage of the number of received bids]	74
6	Plan Ratio:	100

	[The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT.]	
7	Procurement Plan Implementation: [The actual value of the procurement spend as a percentage of the procurement budget]	79
8	Cost Ratio: [The actual final contract amount paid divided by the original contract amount.]	100
	Average Performance Indicator	63.8

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 26% of the audited procurements were conducted within the planned timelines implying a non-compliance of 74%.

Recommendation

The Entity should ensure that realistic timelines are set in the procurement plan and the processes are conducted in a manner that promotes efficiency and transparency.

3.2.2 Efficiency (Completion Ratio): This analysed the time taken to execute contracts from start date to contract closure. The audit revealed that only 52% of the audited procurements were completed within the contractual completion time. Thus the Entity did not complete 48% of the procurements within the contractual completion time.

Recommendation

The Accounting Officer should ensure that contracts are completed within 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 52% of the contractors in the audited procurements within the contractual payment period with 48% of the payments delayed. This is a good indicator.

Recommendation

The Accounting Officer should ensure that payment to providers is timely as per the contract.

3.2.4 Competition (Number of Bids Received)

The Entity received more than two (2) bids in only 26% of the sampled procurements, and less than three (3) bids were received in 74% of its procurements. The Accounting Officer should ensure that the identified irregularities in the report that deter competition are addressed in to increase competition.

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

The audit revealed that 74% of the audited bids received passed technical evaluation with 26% 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 100% of the sampled cases were awarded within the cost estimate in the procurement plan.

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 79% plan implementation rate. This implies that 21% of the planned procurements 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 all the sampled contracts

3.3 Overall weighted score

The overall weighted score was the sum of the two weighted indicators as summarized in the table below:

Table 20: Overall weighted Score

No.	COMPLIANCE INDICATOR	SCORE (%)	WEIGHT	WEIGHTED SCORE
3.	Average Compliance Indicator Score	65.5	0.4	26.2
4.	Average Performance Indicator Score	64	0.6	38.4
	Entity's overall weighted score			64.6

From the above analysis, the audit team noted that the Entity had an overall weighted score of **64.6%** in FY 2018/19 which performance was **satisfactory**.

CHAPTER 4: RECOMMENDED ACTION PLAN

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

Table 21: Action plan

No.	Recommendations	Action plan
1.	The Accounting Officer should always confirm availability of funding on time in accordance with Section 48 of the PPDA Act, 2003 and rather pause committing the Entity prior to getting assurance is got from the concerned parties instead of delaying the entire process of acquiring the provider.	Immediate
2.	The Accounting Officer should prioritize the provision of storage facilities and internet to the Procurement and Disposal Unit as planned in the current financial year to improve efficiency.	Immediate
3.	The Head, Procurement and Disposal Unit should ensure that the bidding document defines the requirements, the evaluation criteria and the contract terms precisely and in a manner that promotes competition in accordance with Regulation 48 (4) of the Local Governments (PPDA) Regulations, 2006.	Immediate
4.	Contracts Committee should always ensure that the bidding documents approved are of quality in terms of having well defined contract terms and conditions as per the Entity's plan in a manner that promotes competition in accordance with Regulation 48 of the LG (PPDA) Regulations, 2006	Immediate
5.	Contracts Committee should ensure that separate Evaluation Committees are approved for each procurement with the adequate and relevant subject matter expertise, procurement knowledge, financial capabilities and appropriate seniority as required to conduct a proper evaluation for the procurement in accordance with Regulation 27 of the LG (PPDA) Regulations, 2006.	Immediate
6.	The Chairpersons, Evaluation Committees should ensure that all arithmetic error corrections made in the bids are justified with reference to the specific items affected in the bills of quantities. and communicated to the bidders in writing for consent and clarity in accordance with Regulation 74 of the LG (PPDA) Regulations, 2006.	Immediate
7.	Heads of User Departments should ensure that procurements are initiated and commenced in time in accordance with Section 34 of the PPDA Act 2003	Immediate
8.	The Accounting Officer should recover money worth UGX 4,300,000 from the all the respective contractors that were paid this money and give a report to the Authority on the same within four (4) months from receipt of this communication	Immediate
9.	Contract supervisors should ensure timely completion of projects through enforcing clauses in the contracts like liquidated damages, recommending contract termination and appraising poor performers.	Immediate
10.	User Departments should ensure that whenever need for items required under framework arrangement arises, requisitions and call off orders are placed through the Procurement and Disposal Unit for completeness in reporting and transparency.	Immediate

No.	Recommendations	Action plan
11.	The Accounting Officer should ensure that all defects and shortfalls noted during physical verification are rectified and should submit a report to the Authority on the same within four weeks of receipt of this letter.	Immediate
12.	The Accounting Officer should caution the contract supervisors in writing for failure to monitor contract execution in accordance with Regulation 104 (a) of the Local Governments PPDA Regulations 2006.	Immediate
13.	The Accounting Officer should account with justification for the 21% variance in the procurement plan implementation and submit a report to the Authority within 2 (two) weeks of receipt of this letter.	Immediate

Annex 1: BUDUDA DISTRICT LOCAL GOVERNMENT SAMPLE LIST 2018- 19

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
1.	Budu579/Wrks/2018-2019/00007	Completion of a theatre at Bulucheke Health Centre IV Phase II under Health Department.	Open Bidding	M/s. Buwekula Mixed Firm Ltd	31/12/2018	126,812,022	14.0	27.5	57.3	Unsatisfactory
2.	Budu579/Supls/2018-2019/00048	Supply of fuel, oils and lubricants	Framework	M/s. Shell Elgon	30/08/2018	120,086,343	13.5	37.5	70.4	Satisfactory
3.	Budu579/Wrks/2018-2019/00008	Construction of 3 classroom block with an office and store at Buchunya Primary school under Education Department.	Open Bidding	M/s. Namugabwe General Construction Company Ltd	31/12/2018	119,709,702	12.0	22.5	47.5	Unsatisfactory
4.	Budu579/Wrks/2018-2019/00002	Completion of fencing of Production offices	Selective	M/s. Nasmaf General Contractors Ltd	20/12/2018	43,637,332	11.9	26.3	52.7	Unsatisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
5.	Budu579/Supls/2018-2019/000	Procurement of coffee processing equipment to Production Department	Selective	M/s. Skylight ICT Centre Ltd	20/12/2018	29,000,000	15.9	42.5	80.6	Satisfactory
6.	Budu579/Srvcs/2018-2019/00011	Survey, Design, Documentation and Environmental impact assessment of Nangako Gravity Flow Scheme in Nalwanza Sub County	Selective	M/s. Summit General Services Ltd	20/12/2018	29,986,510	14.2	30.0	61.0	Satisfactory
7.	Budu579/Wrks/2018-2019/00009	Construction of a five stance pit latrine at Busiriwa P/S in Bushiyi Sub County under	Selective	M/s. Naluweine Construction Company Ltd	20/12/2018	24,348,679	13.9	26.3	55.3	Unsatisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
		Education Department.								
8.	Budu579/Supls/2018-2019/00036	Procurement of 13 frisian incalf heifers to Bukigai Sub County	Selective	M/s. Wanera General Supplies (u) Ltd	20/12/2018	22,100,000	14.5	30.0	61.3	Satisfactory
9.	Budu579/Wrks/2018-2019/00006	Completion of District Health store and renovation of District Health Office	Selective	M/s. Nasmaf General Contractors Ltd	20/12/2018	23,914,311	12.3	32.5	61.8	Satisfactory
10.	Budu579/Supls/2018-2019/00009	Procurement of Vaccines and small equipment for vaccination of cattle under Production Department	Selective	M/s. Blessed Tree Planters & Agro Distributors Ltd	20/12/2018	21,770,000	15.0	42.5	79.3	Satisfactory
11.	Budu579/Wrks/2018-2019/00029	Fencing of Natural Resources	Selective	M/s. Malakayi Construction	20/12/2018	19,507,621	12.4	22.5	48.2	Unsatisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
		Departmental land		& Furniture Centre Ltd						
12.	Budu579/Srvcs/2018-2019/00010	Repair & maintenance of vehicles and servicing	Framework	M/s. Musamali & Sons Ltd M/s. Demaco Engineering & General Services Ltd M/s. PPP Engineering & Credit Services Ltd	30/08/2018	9,260,792	13.5	37.5	70.4	Satisfactory
13.	Budu579/Supls/2018-2019/00012	Procurement of 3No. Laptops, 2No. Printers with scanner and a digital camera for Education Office.	Selective	M/s. X-Pointer Services Ltd	20/12/2018	14,000,000	15.0	30.0	62.0	Satisfactory
14.	Budu579/Supls/2018-2019/00011	Procurement of a printer and 2no Notebook laptops for	Selective	M/s. X-Pointer Services Ltd	20/12/2018	10,000,000	14.2	26.3	55.8	Unsatisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
		District Health Office								
15.	Budu579/Wrks/2018-2019/00026	Reconstruction of 10 springs under water sector Engineering Department (Lot 1)	Selective	M/s. Nemu Building Contractors Ltd	20/12/2018	9,949,170	13.0	40.0	73.1	Satisfactory
16.	Budu579/Supls/2018-2019/00046	Supply of tyre and auto mobile spare parts	Framework	M/s. Demaco Engineering & Technical Services Ltd	30/08/2018	6,625,250	13.3	41.3	75.2	Satisfactory
17.	Budu579/Supls/2018-2019/00049	Supply of stationery	Framework	M/s. Premier Contractors and Cons. Co. Ltd	30/08/2018	2,652,000	13.3	41.3	75.2	Satisfactory
18.	Budu579/Supls/2018-2019/00033	Procurement of 25 bags of NPK fertilizer and 20kgs of onion seeds for Bubiita Sub County.	Selective	M/s. Buluganya International Ltd	20/12/2018	8,502,800	10.9	18.8	40.8	Unsatisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
19.	Budu579/Wrks /2018-2019/00027	Rehabilitation/Maintenance of Bumayoka GFS including 20m3 ferrocement tank on Bubiita Gravity Flow Scheme.	Open Bidding	M/s. Namugabwe General Construction Company Ltd	31/12/2018	57,108,460	13.0	40.0	73.1	Satisfactory
20.	Budu579/Wrks /2018-2019/00025	Construction of Namateshe GFS- phase 02 in Bukalasi/Bubiita Sub Counties	Open Bidding	M/s. A Thousand Marbles Ltd	31/12/2018	284,950,849	13.0	30.0	59.3	Unsatisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
21.	Budu579/Supls/2018-2019/00055	Provision of special road materials for extended periodic maintenance of Kimaswa – Muyonga Road from gravel to bituminous standard 0.70km in Bududa Town Council.	Selective	M/s. Westline Oil Stream Supplies Ltd	11/02/2019	185,598,400	13.1	37.5	69.8	Satisfactory
22.	Budu579/Wrks/2018-2019/00018	Construction of Bubiita Seed Secondary School Phase II	Open Bidding	M/s. Namugabwe General Construction Company Ltd	18/03/2019	699,861,540	16.9	30.0	64.6	Satisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
23.	Budu579/Supls/2018-2019/00053	Procurement of a 05 executive chairs & 05 executive tables, 50 plastic chairs, 15 council benches, 02 chairs and 02 tables for speakers office, 02 ordinary sofa sets and an office cupboard for Bushigayi Town Council.	Selective	M/s. DPM Engineering & Surveying Ltd	11/03/2019	23,294,000	16.1	41.3	79.2	Satisfactory
24.	Budu579/Srvcs/2018-2019-00002	Revenue collection in Bushika market, livestock yard and Nangako	Open Bidding	M/s. Futsa Enterprises Ltd	03/01/2019	12,050,000	11.4	26.3	52.0	Unsatisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
		ward in Nangako Town Council for 3 rd quarter Fy.2018/2019.								
25.	Budu579/Srvcs/2018-2019/00001	Revenue collection in Bukigai market, livestock yard and Bumukoya ward in Bushigayi Town Council for 3 rd quarter Fy.2018/2019.	Open Bidding	Mariri (U) Ltd	03/01/2019	21,600,000	9.9	30.0	55.0	Unsatisfactory
26.	MoH-UgIFT/Wrks/2018/19/00010	Upgrading of Bubungi Health Centre II to HC III	Open Bidding	Geomax Engineering Limited	31/12/2018	469,724,564	9.4	22.5	44.0	Unsatisfactory

No.	Procurement Reference Number	Subject of Procurement	Method	Provider	Date of Award	Contract Value	Process Compliance Score	Performance Indicator	Overall weighted score	Case Rating
27.	Budu579/Srvcs/2018-2019/00010	Repair & maintenance of vehicles and servicing	Framework	M/s. Musamali & Sons Ltd M/s. Demaco Engineering & General Services Ltd M/s. PPP Engineering & Credit Services Ltd	30/08/2018	55,299,251	13.5	37.5	70.4	Satisfactory
28.	Budu579/Dspl/2018-2019/00001	Sale of Mitsubishi L200 double cabin Pick UP under Education Department	Disposal	Mr. Ssesanga Ronald	20/12/2018	1,200,000				

Annex 2. Performance rating

No	Performance Score (%)	Performance Rating	Abbreviation	Compliance rating by count	Compliance rating by amount (UGX)
1	90-100	Highly Satisfactory	HS	0	0
2	60-89	Satisfactory	S	16	1,310,506,027
3	30-59	Unsatisfactory	U	12	66
4	0-29	Highly Unsatisfactory	HUS		

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

No	Name	Job Title	Academic Qualification	Procurement Certification	Date/month joined
1	Losirah Bugosi	Procurement Officer	<ul style="list-style-type: none"> ● PGD Procurement & Supply Chain Management ● Bachelors procurement & Logistics Management 	None	<i>Not provided</i>
2	Christopher Muyinda	Senior Procurement Officer	<ul style="list-style-type: none"> ● Bachelor of Arts in Social Sciences (MUK) ● Post Grad in Procurement (UMI) 	MCIPS	May 2018

Annex 4. List of the Contracts Committee members

No	Name	Job Title	Committee Position	Appointment Date
1	Musamali Michael	District Forest Officer	Chairperson	27/08/2018
2	Muyinda Christopher	Snr. Procurement Officer	Secretary	27/08/2018
3	Shibale Tom	Asst. Engineering Officer/ Water	Member	27/08/2018
4	Khainza Betty Naster	District Education Officer	Member	27/08/2018
5	Namutosi Kevin	Snr. Records Officer	Member	12/02/2018

Annex 5. List of User Departments

No	Title of the User Department	Job Title of Head of Department
1	Administration and Management	Chief Administration Officer
2	Finance	Chief Finance Officer
3	Production & Marketing	District Production Officer
4	Health	District Health Officer
5	Education	District Education Officer
6	Human Resource	Principal Personnel Officer
7	Natural Resources	District Natural Resources Officer
8	Community Based Management	Community Development Officer
9	Works	District Mechanical Engineer
10	Internal Audit	Principal Internal Auditor

Annex 6: Physical Verification

Case 1: Completion of a theatre at Bulucheke Health Center IV Phase II



Captioned above is the exterior of the theatre



Interior works including painting, fixed door frames , electrical works



Fixed flush doors pending painting

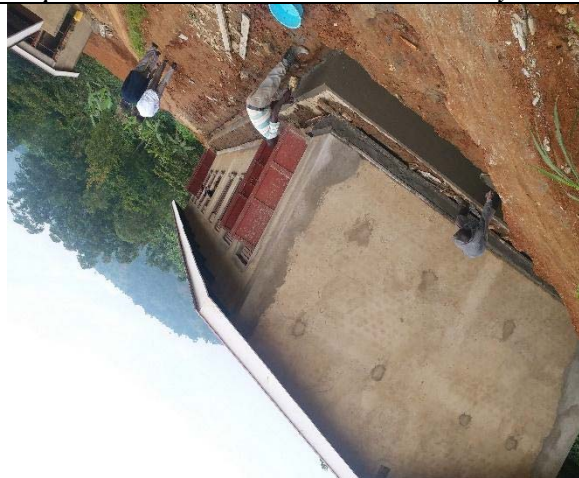


Fixed toilet and bath tub pending connection

Case 22: Construction of Bubiita Seed Secondary School Phase II



Captioned above is the ICT Laboratory block with library. Works were at interior plastering



Plastering works on the splash apron for the two classroom block



Two Unit staff houses at plaster level

Case 15: Reconstruction of ten springs under Water sector Engineering Department Lot 1



Captioned above is one of the ten springs reconstructed at Bukalasi Parish

Case 20: Construction of Namateshe GFS Phase 2 in Bukalasi / Bubiita Sub Counties



Captioned above is one of the three tanks constructed



Captioned above is a sample of the tap stands installed at Namulwe S/C, Bubiita S/C and Nanyinza S/C. These are pending connection