



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR  
FINANCIAL YEAR 2018/19**

**HOIMA MUNICIPAL COUNCIL**

**MARCH 2020**

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**Acronyms**

CC	Contracts Committee
EC	Evaluation Committee
FY	Financial Year
GCC	General Conditions of Contract
LPO	Local Purchase Order
NOBEB	Notice of Best Evaluated Bidder
PPDA	Public Procurement and Disposal of Public Assets Authority

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the Procurement and Disposal audit of Hoima Municipal Council. The audit covered a representative sample of thirty (30) procurements 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 Public Assets Act 2003 and Local Governments (PPDA) Regulations 2006.

From the findings of the procurement audit exercise, the summary score of your Entity revealed that the compliance score was 75.5%, the performance score was 63.4% and the overall Entity procurement performance score was **68.2%** which is **satisfactory** as summarized in the table 1 below:

**Table 1: Overall Procurement Performance Score**

Indicator	Score (%)	Weight	Weighted Score
Compliance Indicator	75.5	0.4	30.2
Performance Indicator	63.4	0.6	38
<b>Entity Procurement Performance Score (%)</b>			<b>68.2</b>

**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 noted:**

1. The Entity implemented only 67% of its procurement plan. This implies that 33% (UGX 434,946,894) of the planned requirements were not implemented hence depriving services to the beneficiaries.
2. Signing two (2) contracts worth UGX 97,320,500 with representatives that were not authorized to sign contracts on behalf of the companies. In such circumstances, the resultant contracts are voidable.
3. The Entity received less than three (3) bids in nine (9) procurements worth UGX 199,208,950. This implies low levels of competition in the Entity which could be a result of low confidence of bidders in the procurement system.
4. Inadequate solicitation documents in seven (7) procurement transactions worth UGX 228,446,999 where relevant sections of the document were not filled e.g. failure to provide for margin of preference under open bidding. These documents were approved by the Contracts Committee. This may lead to preparation of non-responsive bids by bidders and procurement of items which do not meet the users' requirements.
5. Lack of evidence of issue of notice of best evaluated bidder in all the thirty (30) sampled procurements worth UGX 1,007,930,606. Failure to communicate award decisions deprives bidders of their right to appeal in case of grievances. It also denies bidders information on why they were unsuccessful for future improvement.
6. Irregularities in the receipt and opening of bids in three (3) procurements worth UGX 86,316,348 such as, recording wrong bid amounts at bid opening, receiving bids from

bidders that were not issued with a bidding document. Irregularities are an indicator of unfairness and lack of transparency in the procurement process.

7. The Entity did not submit an updated procurement plan to the Authority. This distorts the central data of the Authority against which Entities are analyzed.
8. Blank funds availability section of the requisition form (LG PP Form 1) in all the sampled procurement transactions. This section acts as the budget tracker for any particular procurement transaction and therefore failure to fill the budget tracker deprives the Accounting Officer of vital information on funds availability while confirming availability of funds and may lead to domestic arrears.
9. Delay to initiate procurement transactions in six (6) procurements worth UGX 108,240,544 with an average delay of ninety five (95) working days. This delays service delivery to the intended beneficiaries.
10. Financial loss of UGX 3,360,230 which was a result of payment of 10% contingency without sufficient justification in two procurement transactions namely; construction of a five stance lined pit latrine with a wash room at Budaka Primary School and construction of a five and three stance lined pit latrine at Buhanka Primary School and Buhanka market.
11. The Entity did not plan and conduct disposal in the financial year. Failure to plan and conduct disposal inhibits achievement of value for money through accumulated depreciation.

**The Authority recommends that:**

1. The Accounting Officer should carry out periodic reviews of the Entity's procurement plan to ensure full implementation of planned activities in accordance with Section 58 (4) of the PPDA Act, 2003.
2. The Accounting Officer should always ensure that only persons authorized by the bidder sign contracts with the Entity in accordance with Sections 120, 122 and 123 of the Contracts Act, 2010.
3. The Accounting Officer should investigate the reasons behind the low bidder response in the Entity and institute measures to attract a higher number of bidders to maximize competition in accordance with Section 46 of the PPDA Act, 2003.
4. The Head Procurement and Disposal Unit should prepare complete solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
5. The Head, Procurement and Disposal Unit should send copies of the notice of best evaluated bidder to all bidders that participate in the procurement process in accordance with Regulation 85 (5) of the Local Governments (PPDA) Regulations, 2006.
6. The Head, Procurement and Disposal Unit should ensure that records of issue, receipt and opening of bids are maintained on file. All bidders that are issued with the bidding document should be recorded and the receipt should also be recorded in accordance with Regulation 25 (1) (n) of the Local Governments (PPDA) Regulations, 2006.
7. The Head, Procurement and Disposal Unit should update the procurement plan and ensure that any updates to the plan are provided to the Authority in accordance with Section 58 (4) of the PPDA Act, 2003.
8. User departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.
9. User departments should promptly initiate procurements based on the planned timelines in order to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.

10. The Accounting Officer should recover UGX 3,360,230 from the Engineer that certified works that were not done leading to the over payment.
11. The Accounting Officer should appoint a board of survey on an annual basis to verify and review assets of the council to identify those which are obsolete and subject them to disposal in accordance with Regulation 122 (2) and (6) of the Local Governments (PPDA) Regulations, 2006.

**Recommended Action plan**

Hoima Municipal Council should implement the recommended action plan on pages **31 - 33**.

## **CHAPTER 1: INTRODUCTION**

### **Background**

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Hoima Municipal Council. The audit covered a representative sample of thirty (30) procurement transactions. The audit involved a review of procurement system, procurement processes, asset disposal processes and the procurement performance indicators following the Public Procurement and Disposal of Public Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

### **Objectives of the Audit**

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

The specific objectives were:

1. To establish the level of compliance of the internal procurement system 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.

### **Scope of the Audit**

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Hoima Municipal Council from 30<sup>th</sup> September to 10<sup>th</sup> October, 2019. The Entity had a total procurement budget of UGX 1,973,700,000. This value was inclusive of procurements for management of revenue sources worth UGX 664,800,000 in the audit period.

The audit covered a representative sample of thirty (30) procurement transactions. The list of sampled transactions is contained in **Annex 1**.

The audit questions and criteria were derived from the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006 as well as Local Government (PPDA) Guidelines, 2008. 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.

## Methodology

Hoima Municipal Council was notified about the upcoming audit on 20<sup>th</sup> September 2019. To prepare for the audit, the auditors reviewed the Entity's 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 and (c) contract value. A representative sample of the thirty (30) procurement transactions were selected for audit based on a stratified random sampling method.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The distribution of the transactions population and sample for the audit is shown in table 3 below:

**Table 3: Distribution of the transactions population and sample for the audit**

No	POPULATION			SAMPLE			PERCENTAGE	
	Method	Value (UGX)	No	Value (UGX)	No	No	Value	
1	Open Domestic Bidding	627,158,385	19	621,125,885	16	84	99	
2	Selective Bidding	248,099,295	11	248,099,295	11	100	100	
<b>Sub total</b>		<b>875,257,680</b>	<b>30</b>	<b>869,225,180</b>	<b>27</b>	<b>90</b>	<b>99</b>	
3	Revenue sources	159,220,752	9	140,010,000	3	33	88	
<b>GRAND TOTAL</b>		<b>1,034,478,432</b>	<b>39</b>	<b>1,009,235,180</b>	<b>30</b>	<b>77</b>	<b>98</b>	

An entry meeting was held on 30<sup>th</sup> September 2019 where the objectives of the audit were discussed as well as the timelines, roles and responsibilities. The Entity's 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 Procurement Audit Officers under the supervision of the Director, Performance Monitoring carried out the audit. During the audit, the auditors had interviews with the staff from the Procurement and Disposal Unit and User Departments were necessary. The meetings were necessary to obtain qualitative information that was crucial to understand the internal control system and processes.

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. Physical inspection was carried out at the end of the audit. On completion of data collection and before writing the report, the Audit Manager reviewed the working papers for completeness. The working papers contain detailed chronology of findings on each of the sampled transactions.

At the end of the field data collection, a debriefing meeting was held on 10<sup>th</sup> October 2019 with the Entity Management and staff to conclude pending issues and any records that could not be accessed during the audit.

The auditors prepared the management letter, which was sent to the Entity on 11<sup>th</sup> December 2019 with a request to submit management response by 17<sup>th</sup> December 2019. The exit meeting was held on 14<sup>th</sup> January 2020 at PPDA offices in Nakasero.

## CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS ON THE PROCUREMENT SYSTEM, PROCUREMENT PROCESS AND DISPOSAL

This chapter presents the findings arising from a review of the procurement system, procurement process and disposal in Hoima Municipal Council. The audit was carried out based on the set criteria per the PPDA Act, Regulations, 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 compliance level for the Accounting Officer was assessed to be 75%, a rating which is satisfactory; however, the following exceptions were noted:

#### 2.1.1 Signing contracts with persons without powers of Attorney

The Authority noted that in two (2) procurements worth UGX 97,320,500, the Entity signed contracts with a provider's representative who had no Powers of Attorney. These cases include:

**Table 4: List of contracts signed without Powers of Attorney**

No	Subject of procurement	Contractor	Contract value (UGX)	Person with Powers of Attorney	Person who signed without Powers of Attorney
1.	Fuels, Oils and Lubricants for all departments	Hoima Service Station	79,565,800	Abdul Sewali	Muhumuza Godfrey
2.	Motor vehicle repair and maintenance	Jakim Auto Services Ltd	17,754,700	Jakan Herbert	Wassajja Mathew
<b>TOTAL</b>			<b>97,320,500</b>		

### Implication

The bids submitted by Hoima Service Station and Jakim Auto Services were invalid. This makes the resultant contracts voidable.

### Management Response

*The Entity noted the anomaly and promised to be very keen on allowing only those with powers of attorney in the coming procurements.*

### Recommendations

- The Accounting Officer should always ensure that only persons authorized by the bidder sign contracts with the Entity in accordance with Sections 120, 122 and 123 of the Contracts Act, 2010.
- The Evaluation Committee should always eliminate bidders who submit bids signed by people without Powers of Attorney in accordance with Guideline No. 12/2014 on how to submit responsive bids.

### 2.1.2 Low bidder participation

The Authority noted that there was low bidder participation within the Entity in nine (9) procurements worth UGX 199,208,950, the Entity had only one (1) or two (2) bidders responding to the invitation despite the fact that over three bidders had been invited to bid.

**Table 5: Procurements with low bidder participation**

No	Procurement	Amount (UGX)	No. of bids received
1.	Supply of culverts, slabs and curbstone	25,343,560	2
2.	Management of Hotel fees	50,000,000	1
3.	Supply of assorted stationery	13,395,300	1
4.	Management of hardware market	10,000,000	1
5.	Construction of 5 stance lined latrine at Duhaga Boys' Primary School	22,898,492	2
6.	Construction of 5 stance lined latrine at Kibingo market	22,375,015	2
7.	Construction of a 5 stance lined latrine at Buhanika Primary School and a 3 stance pit latrine at Buhanika market	22,993,036	2
8.	Construction of a 5 stance lined pit latrine with a washroom at Budaka Primary School	22,803,547	2
9.	Supply of 3 laptop computers	9,400,000	1
	<b>TOTAL</b>	<b>199,208,950</b>	

#### Implications

- The Entity may not obtain competitive bid offers thus failure to achieve value for money.
- There is a risk of bidders colluding at the time of bidding.

#### Management Responses

- *The bidders were invited through open bidding method which gives opportunity to whoever is interested to bid.*
- *We invited more than two bidders and only two returned their bids. We have attached invitation letters for your verification.*

#### Recommendation

The Authority noted the Entity's response, but recommends that the Accounting Officer should investigate the reasons behind the low bidder response in the Entity and institute measures to attract a higher number of bidders to maximise competition in accordance with Section 46 of the PPDA Act, 2003.

## 2.2 Procurement and Disposal Unit

The compliance level for the Procurement and Disposal Unit was assessed to be 64%, a rating which is satisfactory; however, the following exception was noted:

### 2.2.1 Issuance of inadequate solicitation documents

The Authority observed that solicitation documents in seven (7) procurements worth UGX 228,446,999 shown in the table below had incomplete sections and these were approved by

the Contracts Committee contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006. The procurements were:

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

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
1.	Supply of culverts, slabs and curbstone	25,343,560	Inadequate statement of requirements; whereas the bidding document issued was for the supply of culverts, slabs and curbstone; the statement of requirements in the issued bidding document only provided for culverts.	This was a typing error, but going forward, we shall be very keen on issuing error free solicitation documents.
2.	Management of Hotel fees	50,000,000	<ul style="list-style-type: none"> <li>The bid notice mentioned a reserve price of UGX 33,600,000 for the financial year. However, the solicitation document did not provide this detail. Bidders may provide a price that is not reflective of the value of the revenue source.</li> <li>The Evaluation methodology in the bidding document was Quality Cost Based Selection instead of Technical Compliance Selection. The PPDA Law provides that supplies, works and Non-consultancy services shall be evaluated using Technical Compliance Selection.</li> </ul>	<ul style="list-style-type: none"> <li>We did not mention the reserve in the bidding document since it was not mandatory.</li> <li>Before the closing date, we communicated to the bidders on the right evaluation methodology after we realised that we had used Quality Cost Based Selection instead of Technical Compliance Selection method.</li> </ul>
3.	Construction of 5 stance lined latrine at Kibingo market	22,375,015	<ul style="list-style-type: none"> <li>The bidding document had two reference numbers. Under the Special Conditions of Contract, the reference number was HMC 771/WRKS/2018-19/00010 while the</li> </ul>	<ul style="list-style-type: none"> <li>Management acknowledged the anomaly and pledged to be extremely careful going forward.</li> </ul>

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
			<p>Instructions to Bidders section, provided HMC771/WRKS/2018-19/00002 as the reference number. This affects the audit trail.</p> <ul style="list-style-type: none"> <li>The Entity included a supervision fee of the employer of UGX 300,000 in the Bills of Quantities. This is a conflict of interest as the contractor cannot pay the Entity for supervision services.</li> </ul>	<ul style="list-style-type: none"> <li>We used a standard BOQ from Ministry of Education which includes 5% supervision fee.</li> </ul>
4.	Construction of a two classroom block with office and store at Bujwahya Primary School	79,844,877	The Entity, in its Bills of Quantities, included a requirement for inclusion of 5% supervision cost which was irregular. The inclusion of the cost amounts to conflict of interest.	We used a standard BOQ from Ministry of Education which includes 5% supervision fee.
5.	Construction of a 5 stance lined pit latrine with a washroom at Budaka Primary School	22,803,547	The Entity, in its Bills of Quantities, included a requirement for inclusion of 5% supervision cost which was irregular. The inclusion of the cost amounts to conflict of interest.	We used a standard BOQ from Ministry of Education which includes 5% supervision fee.
6.	Supply of gravel and hardcore	18,680,000	Failure to provide for margin of preference under open bidding.	Since this was targeting nationals, we thought it was not necessary for it to be included on the solicitation document.
7.	Supply of 3 laptop computers	9,400,000	The bidding document had 3 different reference numbers HMC771/WRKS/18-19/00002, HMC771/WRKS/18-19/00003 and HMC771/WRKS/18-19/00004. This affects the audit trail.	Management acknowledged the anomaly and pledged to be extremely careful going forward.

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
	<b>Total</b>	<b>228,446,999</b>		

### Implications

- There is a risk of bidders preparing non-responsive bids and also leads to procurement of items which do not meet the users' requirements.
- Failure to provide for preference schemes hinders Government efforts for Ugandan owned firms to do business with the Government of Uganda.

### Recommendations

- The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity and accuracy before approval.
- The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
- The Head, Procurement and Disposal Unit should provide for application of preference and reservation schemes in respect of goods, works and non-consultancy services where the open domestic or open international bidding methods are used in accordance with Section 59(A) of the PPDA Act, 2003.

#### 2.2.2 Irregularities in the bidding process

The Authority observed the following irregularities in the bid opening session.

##### i. Lack of evidence of issuance of notices of best evaluated bidder to all bidders

In all the thirty (30) sampled procurements worth UGX 1,007,930,606, there was no evidence on file to prove that the notices of best evaluated bidder were issued to all bidders that participated in the bidding process contrary to Regulation 85 (5) of the Local Governments (PPDA) Regulations, 2006.

### Implications

- Failure to notify unsuccessful bidders denies aggrieved bidders their right to appeal the award decision.
- It also denies bidders information on why they were unsuccessful which can help them improve quality of future bids.

### Management response

*The Entity displayed the notices on the Municipal's notice board as recommended by the regulations but bidders that fail do not turn up.*

### Recommendation

The Authority noted the Entity's response and recommends that; the Head, Procurement and Disposal Unit should send copies of the notice of best evaluated bidder to all bidders that participate in the procurement process in accordance with Regulation 85 (5) of the Local Governments (PPDA) Regulations, 2006.

##### ii. Irregularities at bid receipt and bid opening

The Authority noted the following irregularities at bid issue, bid receipt and bid opening:

#### **Table 7: Procurements with irregularities at bid issue, bid receipt and bid opening**

No	Subject of procurement	Amount (UGX)	Missing Items	Management response
1.	Collection of local hotel tax	50,000,000	Bismillah Electronics Limited submitted a bid worth UGX 40,592,000/= but was recorded as UGX 50,000,000.	<i>Management acknowledged the error and promised to be more careful in the current financial year.</i>
2.	Supply of assorted stationery	13,395,300	Finest Quality Limited did not appear in the record of bids received but appeared in the record of bids opened.	<i>Management acknowledged the error and promised to be more careful in the current financial year.</i>
3.	Construction of a 5-stance lined latrine at St. Aloysius Primary School	22,921,048	Budo Meta Investments was not issued with a bidding document but appeared in the record of bid opening	<i>Management acknowledged the error and promised to be more careful in the current financial year.</i>
<b>TOTAL</b>		<b>86,316,348</b>		

### **Implication**

The irregularity could be an indicator of unfairness and lack of transparency in the bidding process.

### **Recommendation**

The Authority noted the Entity's response. However, the Head Procurement and Disposal Unit should ensure that the record of issue, receipt and opening of bids are maintained on file. All bidders that are issued with the bidding document should be recorded and the receipt should also be recorded in accordance with Regulation 25 (1) (n) of the Local Governments (PPDA) Regulations, 2006.

### **iii. Delays in the bidding process**

The Authority noted that in the procurement for construction of a 5 stance lined latrine at Buhanika Primary School and a 3 stance pit latrine at Buhanika market worth UGX 22,993,036, the Head Procurement and Disposal Unit delayed to issue the solicitation document. The procurement was initiated on 28<sup>th</sup> August 2018. However, the solicitation document was issued on 27<sup>th</sup> November 2018, a delay of 65 days.

### **Implication**

Inefficiency in the procurement process delays service delivery.

### **Management response**

*This was a result of combining different requisitions submitted by different departments in order to reduce costs related to advertisement and evaluation of bids. This particular requisition was from one division. However, there was need to solicit from the other divisions requisitions relating to construction of VIP latrines in order to handle the transactions in a single process.*

### **Recommendation**

The Authority noted the Entity's response and recommends that all procurements and disposals should be conducted in a manner which promotes economy, efficiency and value for money in accordance with Regulation 43 (6) of the Local Governments (PPDA) Regulations, 2006.

#### **2.2.3 Failure to submit an updated procurement plan**

During the audit, the Authority noted that the Entity had updated their work plan for FY 2018/2019. However, the updated procurement plan was not submitted to the Authority.

### **Implication**

Failure to provide an updated procurement plan distorts the central data of the Authority against which Entities are analysed.

### **Management Response**

*Management acknowledged this anomaly and promised to submit a copy of the updated procurement plan to the Authority.*

### **Recommendations**

The Authority noted the Entity's response and recommends that:

- The Head, Procurement and Disposal Unit should update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.
- The Contracts Committee should not approve procurements that are not on the procurement plan.

#### **2.3 Contracts Committee**

The compliance level for the Contracts Committee was assessed to be 50%, a rating which is unsatisfactory; however, the following exceptions were noted:

##### **2.3.1 Contracts Committee**

The main areas of non-compliance with regard to Contracts Committees were:

- i. **Approval of evaluation reports with irregularities;** the Contracts Committee approved evaluation reports with irregularities in thirteen (13) procurements worth UGX 514,796,145. The procurements were: (Refer to table 12 under 1.4.2 for the procurements with evaluation irregularities).
- ii. **Approval of inadequate solicitation documents as detailed in table 7, under 2.2.1;** the solicitation documents in seven (7) procurements worth UGX 228,446,999 indicated in table seven (7) were poorly drafted, the same documents were approved by the Contracts Committee contrary to Regulation 48 of the Local Governments (PPDA) Regulations,

2006. The procurements were: (Refer to table 5 under 1.2.1 for the inadequate solicitation documents)

**Implication**

The Contracts Committee failed to fully conduct its oversight role contrary to Sections 28 and 29 of the PPDA Act, 2003.

**Management response**

*Response mentioned under Table 7 and 12.*

**Recommendations**

- The Contracts Committee should always scrutinize evaluation reports for correctness before approving recommendations of contract award.
- The Contracts Committee should exercise due care during approval of any submissions made by the Procurement and Disposal Unit.

**2.4 User Departments**

The compliance level for the User Departments was assessed to be 64%, a rating which is satisfactory and the following exceptions were noted:

**2.4.1 Failure to complete the funds availability section by User Departments**

The Authority found that in all the thirty (30) sampled procurements worth UGX 1,007,930,606, the funds availability section of the requisition form (LG PP Form 1) was left blank contrary to Regulation 65 (6) and (7) of the Local Governments (PPDA) Regulations, 2006.

**Implication**

The funds availability section acts as the budget tracker for any particular procurement transaction and therefore failure to fill the budget tracker deprives the Accounting Officer of vital information on funds availability while confirming availability of funds.

**Management response**

*Management has taken note of the anomaly and promises to comply with your recommendation in the current financial year.*

**Recommendation**

User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.

**2.4.2 Delayed initiation of procurement requirements**

There was an average delay of ninety five (95) working days to initiate six (6) procurements worth UGX 108,240,544 indicated in table 8 below:

**Table 8: Procurements with initiation start delays**

No	Subject of procurement	Contract Value (UGX)	Planned initiation date	Actual Initiation date	Delay	Management Response
1.	Supply of 3 laptop computers	9,400,000	3rd Jul 2018	7th Jun 2019	233 days	No response

No	Subject of procurement	Contract Value (UGX)	Planned initiation date	Actual Initiation date	Delay	Management Response
2.	Supply of 12 office tables and 12 office chairs to Bujumbura division	6,591,480	3rd Jul 2018	9th Jan 2019	132 days	No response
3.	Construction of a 5-stance lined latrine at St. Aloysius Primary School	22,921,048	3rd Jul 2018	28th Aug 2018	40 days	No response
4.	Supply of 153 school desks to Education Office	22,950,064	3rd Jul 2018	17th Sep 2018	54 days	This was as a result of delay to receive funds from the ministry
5.	Construction of 5 stance lined latrine at Duhaga Girls' Primary School	23,384,916	3rd Jul 2018	3rd Sep 2018	44 days	This was as a result of delay to receive funds from the ministry
6.	Construction of 5 stance lined latrine at Buhanika Primary School	22,993,036	3rd Jul 2018	1st Oct 2018	64 days	This was as a result of delay to receive funds from the ministry
<b>Total</b>		<b>108,240,544</b>				

### Implication

Initiation start delays increase procurement lead times and delay service delivery to the intended beneficiaries.

### Recommendation

The user departments should promptly initiate procurements based on the planned timelines in order to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.

### 2.4.3 Over Payment

In two (2) procurements worth UGX 45,796,583, there was financial loss of **UGX 3,360,230**. These procurements were:

### Table 9: Procurements with over payment

No	Subject of procurement	Amount (UGX)	Findings	Financial Loss	Management response
1.	Construction of a 5 stance lined latrine at Buhanika Primary School and a 3 stance pit latrine at Buhanika market	22,993,036	The contract price of UGX 22,993,036 was inclusive of 10% contingency; however, the Entity paid the whole amount without deducting contingency of UGX 1,687,067 hence causing a financial loss UGX <b>1,687,067.</b>	<b>1,687,067</b>	Contingency was paid after justification by the contract supervisor and attached is the evidence
2.	Construction of a 5-stance lined pit latrine with a washroom at Budaka Primary School	22,803,547	Over payment to Aliko Consultants Ltd contingency fee worth UGX 1,673,163 causing a financial loss of UGX <b>1,673,163</b>	<b>1,673,163</b>	Contingency was paid after justification by the contract supervisor and attached is the evidence
<b>Total</b>		<b>45,796,583</b>		<b>3,360,230</b>	

### **Implication;**

Payment for works not done is a financial loss to government.

### **Recommendation**

The Authority noted the response. However, contingency is paid out for works beyond the control of the Entity and the contractor which should be documented. The Accounting officer should recover UGX 3,360,230 from the Engineer that certified works that were not done leading to the over payment.

#### **2.4.4 Retrospective initiation**

The procurement for construction of a 5 stance lined latrine at Buhanika Primary School and a 3 stance pit latrine at Buhanika market worth UGX 22,993,036 was initiated on 1<sup>st</sup> October 2018 which was the same date of bid opening.

### **Implication**

Retrospective initiation reveals weakness in the internal controls of the Entity.

### **Management response**

*There was no response from the Entity.*

### **Recommendation**

The user department should initiate procurement and disposal requirements in accordance with Regulation 65 (1) of the Local Governments (PPDA) Regulations, 2006.

## 2.5 Evaluation Committees

The compliance level for the Evaluation Committees was assessed to be 57%, a rating which is unsatisfactory; however, the following exceptions were noted:

### 2.5.1 Irregularities during evaluation of bids

Thirteen (13) procurements worth UGX 514,796,145 had irregularities during evaluation of bids as detailed in table 10 below:

**Table 10: Procurements with evaluation irregularities**

No.	Procurement	Best Evaluated Bidder	Findings	Management Response
1.	Hire of equipment worth UGX 156,100,000	Juco Logistics Limited and Noma Enterprises Limited	Karki Builders and Engineers Limited did not indicate the bid validity period but passed preliminary evaluation.	Bid Validity was seen as a minor deviation
2.	Supply of culverts, slabs and curbstone worth UGX 25,343,560	Mukati Construction Company and Budo Meta Investments Limited	The technical evaluation criteria was not elaborate; under the requirement for capacity, the level of production and financial position required were not stated and under the requirement for experience; the level of experience of firm, qualifications and competence and experience on subject required were not stated.	Experience in supply of culverts was not a requirement.
3.	Management of Hotel fees worth UGX 50,000,000 per month	Bismillah Electrical Company Limited	Bismillah Electronics Limited did not indicate the bid validity period but was declared the best evaluated bid.	We only received one bidder and we thought that failing that one bidder because of validity would lead the Entity into un necessary cost.
4.	Supply of assorted stationery worth UGX 13,395,300	Kevmark General Agencies Limited and Finest Quality Enterprises	The technical evaluation criteria was not elaborate; Under the requirement for capacity, the level of production and financial position required were not stated and under the requirement for experience, the experience of the firm, qualifications and competence and experience on the subject required were not stated.	Experience in supply of culverts was not a requirement.

<b>No.</b>	<b>Procurement</b>	<b>Best Evaluated Bidder</b>	<b>Findings</b>	<b>Management Response</b>
5.	Construction of 5 stance lined latrine at Kibingo market worth UGX 22,375,015	Budo Meta Investments Ltd	Budo Meta Investments Ltd (BEB) did not state the bid validity period and completion period but was evaluated compliant.	No response
6.	Fuel, oils and lubricants for all departments worth UGX 79,565,800	Hoima Service Station	Hoima Services Station gave a lower bid validity compared to what was required. The required bid validity was 81 working days (30 <sup>th</sup> October 2018) but Hoima Services Station gave 66 calendar days from the bid closing date of 6 <sup>th</sup> July 2018 but was still evaluated compliant.	We treated this as a minor deviation since he was the only bidder.
7.	Construction of a 5 stance lined pit latrine at Busisi Primary School worth UGX 22,080,342	Byonta Construction Company Ltd	Byonta Construction Company Ltd did not submit a tax clearance certificate but was evaluated compliant against this criteria. The bidder could be non-compliant as regards taxes.	This was selective method meaning that the bidder had been evaluated at prequalification and provided the income tax clearance for that year.
8.	Construction materials (Cement) worth UGX 52,725,800	Joshua Hardware	Joshua Hardware was not evaluated on some criteria like copy of income tax clearance, Powers of Attorney, audited books of account and bank statement for the last 6 months yet these were requested for in the bidding document.	Joshua hardware was a single bidder.
9.	Construction of a 5 stance lined latrine at Buhanika Primary School and a 3 stance pit latrine at Buhanika market worth UGX 22,993,036	Naru Technical Services Ltd	Naru Technical Services Ltd, the best evaluated bidder did not fill in a bid validity period.  The company did not submit a tax clearance certificate  Naru Technical Services Ltd used a different submission sheet from the one that was issued by	No response  We had considered the income tax clearance certificate at prequalification level.  No response

No.	Procurement	Best Evaluated Bidder	Findings	Management Response
			the Entity but it was evaluated compliant.	
10.	Construction of a 5-stance lined latrine at St. Aloysius Primary School worth UGX 22,921,048	Karki Builders and Engineers Limited	Karki Builders and Engineers Limited gave a completion date of 90 days yet the bidding document clearly stated that the intended completion period was 60 days.	Completion date was regarded as a minor deviation
11.	Supply of 153 school desks to Education Office worth UGX 22,950,064	Vivarts Enterprises Ltd	Kabiri Charles who was a member of the Evaluation Committee, did not conduct financial evaluation.	No response
12.	Supply of 12 office tables and 12 office chairs to Bujumbura division worth UGX 6,591,480	Bagingo Construction Company	None of the bidders submitted a tax clearance certificate but both passed preliminary evaluation.	This was evaluated at prequalification level and it was still in the same financial year.
13.	Motor vehicle repair and maintenance worth UGX 17,754,700	Jakim Auto Services	Powers of Attorney for Jakim Auto Services (BEB) were given to Jakan Herbert but the bid was instead signed by Wassajja Mathew who did not have Powers of Attorney, financial comparison was not done, only Jakim Auto Services Ltd submitted rates/prices in the bidding document but Combined Workers Workshop Ltd did not, combined Workers Workshop Ltd did not state the bid validity period on their bidding document.	We acknowledge these errors and we promise to be more careful in the coming evaluations.

### Implications

- Failure to evaluate bids in accordance with the requirements in the bidding documents leads to award of contracts to incompetent firms.
- Failure to communicate arithmetic error corrections indicates a lack of transparency in the evaluation process.

### Recommendations

- Evaluation Committees should conduct detailed evaluation in accordance with Regulation 72 to 82 of the Local Governments (PPDA) Regulations, 2006 to avoid irregularities in the evaluation process.

- The Chairperson of the Evaluation Committee should always communicate arithmetic error corrections to the affected bidders and that the communication is copied to all participating bidders in accordance with Regulation 74 (3) and (4) of the Local Governments (PPDA) Regulations, 2006.
- The Contracts Committee should demand for proof of communication of arithmetic correction and subsequent responses prior to approval of evaluation reports.
- The Accounting Officer should organise a training of District staff on evaluation of bids.
- The Head, Procurement and Disposal Unit should desist from submitting reports to the Contracts Committee which are not signed by all Evaluation Committee members as required under Regulation 72 (12) of the Local Governments (PPDA) Regulations, 2006.
- The Contracts Committee should desist from approving evaluation reports where some of the members of the Evaluation Committee have not appended their signatures without adequate justification in accordance with the Regulation 72 (10) (11) and (12) of the Local Governments (PPDA) Regulations, 2006.

## 2.6 Internal Controls

The compliance level for internal controls was assessed to be 67%, a rating which is satisfactory; however, the following exceptions were noted:

### 2.6.1 Implementation of previous audit recommendations

The Entity was issued its previous audit report for the Financial Year 2017/2018 in April 2019. Out of the nine (9) recommendations made, two (22%) were fully implemented, two (22%) partially implemented and five (55%) not implemented as indicated in table 11:

**Table 11: Status of implementation of previous audit recommendations**

No.	Recommended Action	Implementation Status
1.	The Accounting officer should always ascertain that the total cost of acquiring each procurement requirement is committed before entering into a contract in accordance with Regulation 87 (1) of the Local Governments (PPDA) Regulations, 2006.	Partially implemented
2.	The Head Procurement and Disposal Unit should ensure that where an extension to the bid validity period becomes necessary, a bidder is requested in writing, before the expiry of the validity of their bid, to extend the validity for a specified period to complete the process in accordance with Regulation 49 (5) of the Local Governments (PPDA) Regulations, 2006.	Partially implemented
3.	The Accounting Officer should ascertain the causes of low bidder response and devise mechanisms of increasing competition in the Entity so as to achieve value for money.	Not implemented
4.	The Head Procurement and Disposal Unit should prepare adequate bidding documents with the most appropriate evaluation criteria to compare and evaluate the bids received in accordance with Regulation 48 (4) of the Local Governments (PPDA) Regulations, 2006.	Not implemented
5.	The Head Procurement and Disposal Unit should ensure that all documents pertaining to a particular procurement are archived in	Not implemented

No.	Recommended Action	Implementation Status
	accordance with Section 31 (o) of the PPDA Act, 2003.	
6.	Evaluation Committees should always conduct evaluation of bids according to the evaluation criteria stated in the bidding document in accordance with Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006.	Not implemented
7.	The Head Internal Audit should carry out periodic reviews of the procurement and disposal processes and system in accordance with Regulation 28 of the Local Governments (PPDA) Regulations, 2006.	Not implemented

### Implication

Implementation of audit recommendations aids strengthening of internal controls within the Entity and where recommendations are not implemented, the Entity risks a weakened control environment.

### Management response

*The recommendations from the Authority have been gradually implemented and the Entity shall ensure their full implementation.*

### Recommendation

The Authority noted the Entity responses and recommends that the Accounting Officer should always fully implement all the Authority's recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006.

### 2.7 Procurement plan implementation

The procurement plan implementation rate of the Entity was 67% with a variance of UGX 434,946,894. Table 12 summarizes information about the procurement plan and utilization of funds:

**Table 12: Analysis of procurement spend and revenue collection**

Analysis of procurement spend	
Total procurement plan value inclusive of VAT (UGX)	1,308,900,000
Total procurement spend value inclusive of VAT (UGX)	875,275,680
Procurement plan Absorption Rate	67%
Budget variance (UGX)	433,624,320

Analysis of revenue collections	
Total planned revenues	664,800,000
Total revenues collected	159,220,752
Percentage of revenues collected	24%
Variance (UGX)	505,579,248

### Implications

- Planned items/activities worth UGX 433,624,320 were not executed which deprived service delivery to the intended beneficiaries.
- Planned revenues worth UGX 505,579,248 were not collected.

**Management response**

*The procurement plan was not fully implemented because the Entity did not fully realize the budgeted revenues.*

**Recommendations**

The Authority noted the Entity’s response and recommends that the Accounting Officer should carry out periodic reviews of the Entity’s procurement plan to ensure full implementation of planned activities in accordance with Section 58 (4) of the PPDA Act, 2003.

**2.8 Disposal**

**2.8.1 Failure to plan for the disposal of assets**

The audit revealed that although Hoima Municipal Council had items due for disposal in the financial year 2018/2019 contrary to Section 58 (1) of the PPDA Act, 2003, the Head Procurement and Disposal Unit did not prepare the Entity disposal plan for Financial Year 2018/2019. The pictures below show some of the Entity’s assets that were not disposed of;



**The above pictures show the various assets in Hoima Municipal Council that are due for disposal.**

**Image 1**



**Image 2**



The above pictures show the assets in Hoima Municipal Council that have been grounded. Image 1 has been grounded for a year, waiting to replace the engine. Image 2 is grounded, awaiting repair.

### **Implication**

Failure to prepare disposal plan inhibits the Entity from disposal the obsolete assets

### **Management Response**

*The Entity did not plan for disposal because most of vehicles just need repair which we have planned to do in this financial year.*

### **Recommendation**

The Head Procurement and Disposal Unit should plan for all assets that were recommended in board of survey report in the disposal plan according to Section 58 (1) of the PPDA Act, 2003.

### **2.8.2 Failure to conduct disposal**

Although the audit revealed that a number of items were due for disposal, Hoima Municipal Council did not dispose of any asset during Financial Year 2018/2019. The Items due for disposal included; Vehicle number LG004 118- Skip lifter and a Pajero Wagon vehicle number LG0160-10.

### **Implication**

Failure to dispose inhibits achievement of value for money as funds are held up in assets and also lost through depreciation.

### **Management response**

*The Entity did not plan for disposal because most of vehicles just need repair which we have planned to do in this financial year.*

### **Recommendation**

The Accounting Officer should appoint a board of survey on an annual basis to verify and review assets of the council to identify those which are obsolete and subject them to disposal in accordance with Regulation 122 (2) and (6) of the Local Governments (PPDA) Regulations, 2006.

### CHAPTER 3: PROCUREMENT PERFORMANCE SCORE

This chapter analyses the compliance indicator score, performance indicator score and overall procurement performance of Hoima Municipal Council.

#### 3.0 Compliance Indicator score

This is calculated as the weighted compliance score for the procurement system, procurement process and disposal process.

#### 3.1 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: Procurement System Compliance Levels**

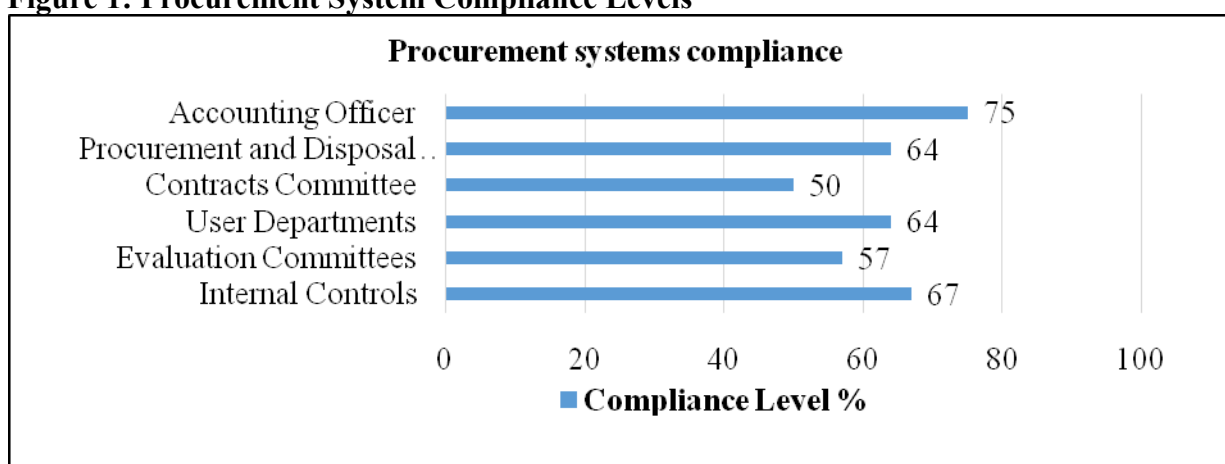


Figure 1 shows that the Entity had lower compliance levels in the areas of Contracts Committee and Evaluation Committees, but relatively high compliance levels in the areas of Accounting Officer, Internal controls, Procurement and Disposal Unit and User Departments.

### 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 **83%**. Thus the Entity's performance was **satisfactory** regarding procurement processes.

**Figure 2: Procurement Process Compliance Levels**

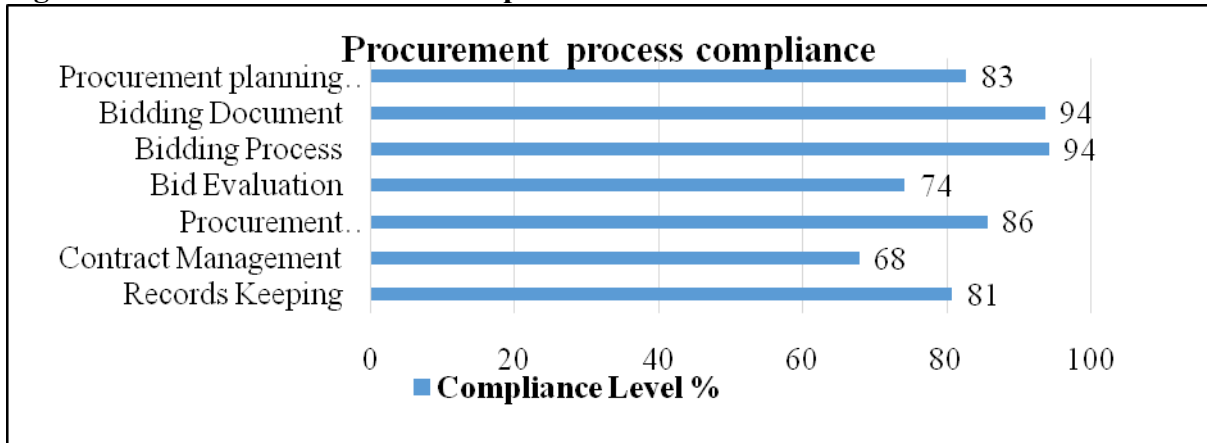


Figure 2 shows that the Entity had lower compliance levels in the areas of contract management and bid evaluation. However, it had relatively higher compliance levels in the areas of bidding document, bidding process, procurement contracting and procurement planning.

### 3.1.3 Disposal Process Levels of Compliance

The overall compliance level for disposal process was **NIL** because the Entity did not plan for disposal.

### 3.1.4 Weighted Compliance Score

The weighted compliance indicator score was **75.5%** which was **satisfactory**.

**Table 13: Weighted Compliance Indicator Score**

Compliance Indicator	Score (%)	Weight	Weighted Score (%)
Procurement System Compliance Level	63	0.3	18.9
Procurement Process Compliance Level	83	0.5	41.5
Asset Disposal Process Compliance Level	NIL	0.2	NIL
<b>Weighted Compliance Indicator Score</b>		80	$\frac{60.4}{80} * 100 = 75.5$

### 3.2 Performance indicators

The dimensions of the Entity's performance on economy, efficiency, efficacy, effectiveness, competition, value for money and equity were analyzed as indicated in table 14:

**Table 14: Performance Indicator Scores**

No.	Performance Indicator	Score (%)
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No.	Performance Indicator	Score (%)
1.	<b>Procure Ratio:</b> Actual procurement time divided by planned procurement time in days.	47
2.	<b>Completion Ratio:</b> Actual completion time divided by contractual completion time in days.	80
3.	<b>Payment Ratio:</b> Actual payment time divided by contractual payment time in days.	49
4.	<b>Number of Received Bids:</b> The average number of bids received should be three.	59
5.	<b>Bid Responsive Rate:</b> The number of bids that pass technical evaluation as a percentage of the number of received bids	88
6.	<b>Plan Ratio:</b> The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT.	55
7.	<b>Procurement plan implementation:</b> The actual value of the procurement spend as a percentage of the procurement budget	67
8.	<b>Cost Ratio:</b> The actual final contract amount paid divided by the original contract amount.	62
	<b>Average Performance Indicator</b>	<b>63.4</b>

### 3.2.1 Efficacy (Procure Ratio)

This measured the ability to provide goods or services in accordance with the planned timelines. The Entity conducted 47% of the sampled procurements within the planned timelines and 53% outside the planned timelines. This was due to delayed initiation of procurement requirements, delays in the bidding process and delayed contract award.

### 3.2.2 Efficiency (Completion Ratio)

This analyzed the time required to execute tasks to avoid slow implementation of the contracts. The Entity completed 80% of the sampled procurements within the contractual completion time and 20% outside the contractual completion time. This was majorly due to delayed handover of sites which deprived service delivery to the intended beneficiaries.

### 3.2.3 Effectiveness (Payment Ratio)

This assessed the time taken to pay contractors such that the contract implementation is not delayed. The Entity paid 49% of its providers on time while 51% represented cases of delayed payments. This was majorly due to incomplete payment records.

### 3.2.4 Competition (Number of Bids Received)

The Entity received less than three (3) bids in 41% of the sampled procurements and more than three bids in 59% of the sampled procurements. This is an indication of relatively low

bidder participation which affects the Entity’s competition level in attainment of value for money.

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

The Entity received 88% technically responsive bids and 12% technically non responsive bids in the thirty sampled procurements. This implies that 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 Entity awarded 55% of the sampled procurements within the cost estimate in the procurement plan while 45% were not awarded within the cost estimate in the procurement plan. This implies that the Entity did not carry out proper market price assessment prior to commencement of the procurement processes which constrains the procurement budget leading to non- implementation of some planned procurements.

**3.2.7 The actual value of the procurement spend as a percentage of the procurement budget (Procurement plan implementation)**

The Entity implemented 67% of its procurement plan implying 33% (UGX 434,946,894) of its procurement plan was not implemented and this deprived services to the intended beneficiaries. This was due to failure to fully realise the internally budgeted revenues.

**3.2.8 Final contract cost on completion as compared to the total contract award price inclusive of VAT (Cost Ratio)**

The Entity had variations between the final contract amount and the original contract amount in 62% of the sampled contracts. Only 38% of the sampled procurements completed had no cost variations. This was due to missing contract management records.

**3.3 Overall Procurement Performance Score**

The overall procurement performance score was calculated as the sum of the weighted indicators as summarized in table 15:

**Table 15: Hoima Municipal Council Overall Procurement Performance Score**

<b>Indicator</b>	<b>Score (%)</b>	<b>Weight</b>	<b>Weighted Score</b>
Compliance Indicator	75.5	0.4	30.2
Performance Indicator	63.4	0.6	38
<b>Entity Procurement Performance Score (%)</b>			<b>68.2</b>

From the above analysis, the Entity had an overall procurement performance of **68.2%** in FY 2018/19 which was **satisfactory**.

#### CHAPTER 4: RECOMMENDED ACTION PLAN

Hoima Municipal Council should implement the following recommendations within the timeframe given in order to improve its performance in procurement and disposal.

**Table 16: Action Plan**

<b>Area of exception</b>	<b>Recommended Action</b>	<b>Target Date</b>
Accounting Officer	<p>The Accounting Officer should:</p> <ul style="list-style-type: none"><li>• The Accounting Officer should carry out periodic reviews of the Entity's procurement plan to ensure full implementation of planned activities in accordance with Section 58 (4) of the PPDA Act, 2003.</li><li>• The Accounting Officer should always ensure that only persons authorized by the bidder sign contracts with the Entity in accordance with Sections 120, 122 and 123 of the Contracts Act, 2010.</li><li>• Ensure that all procurement and disposal is conducted in a manner which promotes economy, efficiency and value for money in accordance with Regulation 43 (6) of the Local Governments (PPDA) Regulations, 2006.</li><li>• Investigate the reasons behind the low bidder response in the Entity and institute measures to attract a higher number of bidders to maximise competition in accordance with Section 46 of the PPDA Act, 2003.</li><li>• The Accounting officer should recover UGX 3,360,230 from the Engineer that certified works that were not done leading to the over payment.</li></ul>	Immediate
Procurement and Disposal Unit	<p>The Head Procurement and Disposal Unit should</p> <ul style="list-style-type: none"><li>• The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance</li></ul>	Immediate

<b>Area of exception</b>	<b>Recommended Action</b>	<b>Target Date</b>
	<p>with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.</p> <ul style="list-style-type: none"> <li>• The Head, Procurement and Disposal Unit should provide for application of preference and reservation schemes in respect of goods, works and non-consultancy services where the open domestic or open international bidding methods are used in accordance with Section 59(A) of the PPDA Act, 2003.</li> <li>• The Head, Procurement and Disposal Unit should send copies of the notice of best evaluated bidder to all bidders that participate in the procurement process in accordance with Regulation 85 (5) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• Ensure that the record of issue, receipt and opening of bids are maintained on file. All bidders that are issued with the bidding document should be recorded and the receipt should also be recorded in accordance with Regulation 25 (1) (n) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Head, Procurement and Disposal Unit should update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.</li> </ul>	
Contracts Committee	<p>The Contracts Committee should:</p> <ul style="list-style-type: none"> <li>• The Contracts Committee should exercise due care during approval of any submissions made by the Procurement and Disposal Unit.</li> <li>• The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity and accuracy before approval.</li> <li>• Always scrutinize evaluation reports for correctness before approving recommendations of contract award.</li> <li>• The Contracts Committee should not approve procurements that are not on the procurement plan.</li> <li>• The Contracts Committee should demand for proof of communication of arithmetic correction and subsequent responses prior to approval of evaluation reports.</li> <li>• The Contracts Committee should desist from approving evaluation reports where some of the members of the Evaluation Committee have not appended their signatures without adequate justification in accordance with the Regulation 72 (10) (11) and (12) of the Local Governments (PPDA) Regulations, 2006.</li> </ul>	Immediate
User Departments	<p>User Departments should:</p> <ul style="list-style-type: none"> <li>• User Departments should always indicate the amount of funds available at initiation from their budget allocation</li> </ul>	Immediate

<b>Area of exception</b>	<b>Recommended Action</b>	<b>Target Date</b>
	<p>prior to confirmation of funding by the Accounting Officer.</p> <ul style="list-style-type: none"> <li>• User Departments should promptly initiate procurements based on the planned timelines in order to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.</li> <li>• Contract managers should prepare contract management reports based on factual events and report any challenges to the Accounting Officer in accordance with Regulation 119 (5) (a) and 10 (f) of the Local Governments(PPDA) Regulations, 2006.</li> </ul>	
Evaluation Committees	<p>Evaluation Committees should:</p> <ul style="list-style-type: none"> <li>• Evaluation Committees should conduct detailed evaluation in accordance with Regulation 72 to 82 of the Local Governments (PPDA) Regulations, 2006 to avoid irregularities in the evaluation process.</li> <li>• The Chairperson of the Evaluation Committee should always communicate arithmetic error corrections to the affected bidders and that the communication is copied to all participating bidders in accordance with Regulation 74 (3) and (4) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Evaluation Committee should always eliminate bidders who submit bids signed by people without Powers of Attorney in accordance with Guideline No. 12/2014 on how to submit responsive bids.</li> </ul>	Immediate

**Annex 1: Transaction list of audited contracts for FY 2018/19**

<b>No</b>	<b>Procurement reference number</b>	<b>Subject of Procurement</b>	<b>Procurement method</b>	<b>Provider</b>	<b>Contract value (UGX)</b>	<b>Compliance rating (%)</b>	<b>Performance rating (%)</b>	<b>Overall score (%)</b>	<b>Rating</b>
1.	HMC 771/WRKS/18-19/00001	Construction of 5 stance lined latrine at Buhanika Primary School	Selective Bidding	Naru Technical Services Ltd	22,993,036	59.5	48.5	54	Unsatisfactory
2.	HMC 771/WRKS/18-19/00002	Construction of 5 stance lined latrine at .Budaka Primary School	Selective Bidding	Aliko Consults Ltd	22,803,547	74	58.5	66	Satisfactory
3.	HMC 771/WRKS/18-19/00003	Construction of 5 stance lined latrine at Duhaga Boys' Primary School	Selective Bidding	Garn Investments Ltd	22,898,492	93.4	89	91	Highly Satisfactory
4.	HMC 771/WRKS/18-19/00004	Construction of 5 stance lined latrine at Duhaga Girls' Primary School	Selective Bidding	Byonta Construction Co. Ltd	22,080,342	56.1	31.9	45	Unsatisfactory
5.	HMC 771/WRKS/18-19/00006	Construction of 5 stance lined latrine at St Aloysius Primary School	Selective Bidding	Karki Builders & Engineers Ltd	22,921,048	38.7	45.3	42	Unsatisfactory
6.	HMC 771/WRKS/18-19/00007	Construction of a 3 and 5 stance lined latrine at Buhanika Primary School and Buhanika market	Selective Bidding	Sanderson Construction Co.	49,701,355	84.6	87.4	86	Satisfactory
7.	HMC771/ SRVCS /18-19/00001	Hire of road equipment	Open Bidding	Juco Logistics, Ltd, Noma	55,000,000	93.9	92.1	93	Highly satisfactory

No	Procurement reference number	Subject of Procurement	Procurement method	Provider	Contract value (UGX)	Compliance rating (%)	Performance rating (%)	Overall score (%)	Rating
				Enterprises					
8.	HMC 771/WRKS/18-19/00010	Construction of 5 stance lined latrine at Kibingo market	Selective Bidding	Budo Meta Investments Ltd	22,375,015	35.4	46.6	41	Unsatisfactory
9.	HMC 771/WRKS/18-19/00011	Construction of a 2 classroom block with office and store at Bujwahya P/S	Open Bidding	CGAAL Investments Ltd	79,844,877	54.5	72.8	64	satisfactory
10.	HMC771/ SUPLS /018-019/00006	Supply of Gravel and hardcore	Open Bidding	Naru Technical Services	18,680,000	48.7	47.2	48	unsatisfactory
11.	HMC771/SUPLS/0 18-19/00007	Supply of culverts	Open Bidding	Mukati Construction Co.	12,671,780	93.3	92.7	93	Highly satisfactory
12.	HMC771/SRVCS/0 18-19/00001	Hire of road equipment	Open Bidding	Noma Enterprises	74,000,000	92.7	93.3	93	Highly satisfactory
13.	HMC 771/WRKS/18-19/000	Supply of 153 School desks to Education Office	Selective Bidding	Vivarts Enterprises Ltd	22,950,064	20.5	37.5	29	Highly unsatisfactory
14.	HMC 771/WRKS/18-19/00007	Supply of Culverts	Open Bidding	Mukati Construction Co.	12,671,780	93.9	92.1	93	Highly satisfactory
15.	HMC771/ SUPLS /18-19/00004	Fuel and lubricants	Open Bidding	Hoima Service Station	128,916,848	80.1	82.1	81	Satisfactory
16.	HMC771/ SUPLS /18-19/00002	Construction materials (Cement)	Open Bidding	Joshua Hardware	52,725,800	46.4	69.6	58	Un satisfactory

No	Procurement reference number	Subject of Procurement	Procurement method	Provider	Contract value (UGX)	Compliance rating (%)	Performance rating (%)	Overall score (%)	Rating
17.	HMC771/ SUPLS /18-19/00007	Gravel, hardcore, Sand and Aggregates	Open Bidding	Naru Technical Services,	39,880,000	88.8	97.3	93	Highly satisfactory
18.	HMC 771/SRVCS/18-19/00014	Management of Hotel fees	Open Bidding	Bismillah Electronics Ltd	50,000,000	93.9	92.1	93	Highly satisfactory
19.	HMC 771/SRVCS/18-19/00015	Collection of fees from street parking	Open Bidding	Tubatu Investments Ltd	80,010,000	88.8	97.3	93	Highly satisfactory
20.	HMC771/SUPLS/0 18-19/00004	Fuel ,oils and lubricants for all departments	Open Bidding	Hoima Service Station	51,945,900	30.2	45.7	38	Unsatisfactory
21.	HMC 771/ SRVCS /18-19/00016	Management of hardware market	Open Bidding	Hoima market vendors Association	10,000,000	79.8	90.1	85	Satisfactory
22.	HMC771/SUPLS/0 18-019/00005	Stationary for different departments	Open bidding	Kevmark Gen Agencies Ltd	5,278,000	92.7	93.3	93	Highly satisfactory
23.	HMC771/ SRVCS /018-019/00001	Hire of road equipments	Open bidding	Noma Enterprises Ltd	27,100,000	88.8	97.3	93	Highly satisfactory
24.	HMC 771/WRKS/18-19/00009	Construction of 5 stance lined latrine at Busiisi Primary School	Selective bidding	Byonta Construction Co	22,080,342	83	62.7	73	Satisfactory
25.	HMC771/ SUPLS /018-019/00001	Supply of Construction materials (Cement)	Open bidding	Joshua Hardware	8,919,000	90	79.7	85	Satisfactory
26.	HMC771/ SUPLS /018-019/00004	Fuel and lubricants	Open bidding	Hoima service station	27,619,900	50	50.6	50	Unsatisfactory
27.	HMC 771/WRKS/18-	Supply of 3 Laptop Computers	Selective Bidding	Nina-Maali (U) Ltd	9,400,000	37.5	20.5	29	Highly Unsatisfactory

No	Procurement reference number	Subject of Procurement	Procurement method	Provider	Contract value (UGX)	Compliance rating (%)	Performance rating (%)	Overall score (%)	Rating
	19/000								
28.	HMC771/WRKS/18-19/00002	Supply of 12 Office tables and 12 Office chairs to Bujumbura Division	Selective Bidding	Basingo Construction Co	6,591,480	30	34	32	Unsatisfactory
29.	HMC771/ SRVCS /18-19/00002	Motor vehicle repair & maintenance	Open bidding	Jakim Auto Services	17,754,700	20.6	36.1	28	Highly unsatisfactory
30.	HMC771/ SUPLS /18-19/00005	Stationary for departments(Finance, production, statutory bodies, Administration,& Procurement and Disposal Unit	Open bidding	Kev mark Gen Agencies Ltd & Finest Quality Enterprises	8,117,300	89	93.4	91	Highly satisfactory

### Annex 2: List of persons in the Procurement and Disposal Unit

No	Name	Job Title	Academic Qualification	Procurement Certification	Years of Experience
1.	Kanyoro Benard	Senior Procurement Officer	Masters in Procurement and Supply Chain Management, PGD in Project Planning and CIPS	MCIPS	14
2.	Atugonza Judith	Procurement Officer	Bachelors' Degree in Procurement and Logistics	-	9

### Annex 3: List of the Contracts Committee members

No	Name	Job Title	Position on Contracts Committee	Appointment Date	Date of Expiry
1.	Mugisa Ahmed	Senior Assistant Town Clerk	Chairperson	3 <sup>rd</sup> November 2016	2 <sup>nd</sup> November 2019
2.	Hope Susan	Principle Community	Member	3 <sup>rd</sup> November 2016	2 <sup>nd</sup> November 2019

No	Name	Job Title	Position on Contracts Committee	Appointment Date	Date of Expiry
		Development Officer			
3.	Akuha Evelyne	Senior Human Resource Officer	Member	3 <sup>rd</sup> November 2016	2 <sup>nd</sup> November 2019
4.	Musiime Francis	Senior Economic Planner	Member	3 <sup>rd</sup> November 2016	2 <sup>nd</sup> November 2019
5.	Kinimi Charles	Senior Education Officer	Member	3 <sup>rd</sup> April 2018	2 <sup>nd</sup> April 2021

#### Annex 4: List of User Departments

No	User Department	Job Title	Head of Department
1.	Health	Principle Health Inspector	Mugano Felix
2.	Works and Engineering	Ag. Principal Executive Engineer	KiizaBoniventure
3.	Finance	Principal Finance Officer	Kambubi N Annet
4.	Administration	Deputy Town Clerk	Kaseregenyi Daniel
5.	Statutory	Senior Assistant Town Clerk	Kabiri Charles
6.	Production and Marketing	Production Officer	KajumaSwalleh
7.	Social Development Community	Principal Community Development Officer	Hope Susan
8.	Education	Principal Education Officer	Kusiima JohnsonBaigana
9.	Internal Audit	Internal Auditor	Kaahwa Andrew

#### Annex 5: List of people met during entry meeting

No	Name of person	Job Title
1.	Kyasanku David	Accounting Officer
2.	Mugisa Ahmed	Chairperson Contracts Committee
3.	Kambubi N Annet	Principal Treasurer
4.	KanyoroBenard	Senior Procurement Officer
5.	Tumusiime Ronald	Treasurer
6.	KyomuhendoCarolyne	Education Officer
7.	Akula Evelyn	Senior Human Resource Officer
8.	Mugisa Brian	Member PDU
9.	KirungiTwalibu	Member PDU

<b>No</b>	<b>Name of person</b>	<b>Job Title</b>
10.	Asiimwe Ritah	PDU Intern