



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**
"Procurement That Delivers"

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

MBALE CITY COUNCIL

APRIL 2024

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ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQs	Bill of quantities
FY	Financial Year
LPO	Local Purchase Order
LTD	Limited
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SRVCS	Services
SPLS	Supplies
UGX	Uganda Shillings
USMID	Uganda Support to Municipal Infrastructure Development Program
VAT	Value Added Tax
WRKS	WORKS

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Mbale City Council that covered a representative sample worth UGX 7,980,844,396 which included 22 procurement transactions under the Financial Year 2022/23.

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

From the findings of the procurement audit exercise, the performance of Mbale City Council for the Financial Year 2022/23 was **satisfactory** with overall weighted average risk rating of **5%** as detailed in chapter 3 of the report.

Despite the satisfactory performance the following exceptions were noted:

1. The Entity did not have enough space to securely keep the procurement and disposal files and records. The procurement files and documents were packed in one Procurement and Disposal Unit office with documents precariously stacked one on top of the other. This exposes the records to destruction, theft and misplacement which could compromise the principle of accountability of public funds contrary to Section 41 (1) of the PPDA Act, 2003;
2. The Entity did not implement 25% of its previous audit recommendations. Mbale City Council was issued with its previous audit report for the Financial Year 2021 - 2022 in January 2023. Out of eight recommendations made, six representing 75% were fully implemented while two representing 25% were partially implemented;
3. There was political interference in the procurement of revenue collection services where the Leadership in Industrial Division rejected the services of the Best evaluated bidder Star Vision Company Limited without any justifiable reason and consequently Bugwere market was not handed over to the contractor and the Division opted to collect revenue on its own. The Authority was not availed with any record of revenue collected. Thus could lead to financial loss;
4. Failure to conduct disposal. Although the audit revealed that a number items were due for disposal, Mbale City Council did not dispose off any asset during Financial Year 2022/2023 contrary to Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023. This inhibits achievement of value for money as funds are held up in assets and also lost through depreciation; and
5. Irregularities during contract management were noted in two procurements worth UGX 88,839,000 for instance in the procurement for the supply and delivery of road construction materials worth UGX 82,059,000 the Entity had poor storage facilities for materials exposing them to a risk of theft.

Key Recommendations made:

1. The Accounting Officer should;
 - i. Ensure that the Procurement and Disposal Unit is facilitated with sufficient space and filing cabins to properly execute its function in accordance with Section 26 (c) of the PPDA Act, 2003;
 - ii. Put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations;

- iii. Engage the Ministry of Local Government in a bid to resolve the issue of political interference specifically management of market so that leaders adhere to the independence of functions in the procurement processes of the Entity in accordance with Section 38 of the PPDA Act, 2003; and
 - iv. Ensure that the Industrial City Division Clerk provides an accountability report on revenue collection from Bugwere market during Financial Year 2022 – 2023.
2. User departments should;
 - i. initiate the disposal process by submission of a disposal request to the Accounting Officer for approval in accordance with Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023.
 - ii. User departments should ensure effective contract management in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.
 3. The Head of the Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 31 (o) of the PPDA Act, 2003.

Mbale City Council should implement the recommended action plan on page 12.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Mbale City Council that covered a representative sample worth UGX 7,980,844,396 which included 22 procurement transactions under the Financial Year 2022/23.

The audit involved a review of the procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act 2003 and Local Governments (PPDA) Regulations 2006.

1.2 Overall Objective

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Mbale City Council's procurement system and processes with the provisions of the PPDA Act 2003 and Regulations 2006 and assess the level of procurement performance over the audit period.

The specific objectives were:

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

1.3 Audit Scope

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Mbale City Council that covered a representative sample worth UGX 7,980,844,396 which included 22 procurement transactions under the Financial Year 2022/23. The list of sampled transactions is contained in **Annex 3**. Table 1 below details the distribution of the transaction population and sample.

Table 1: Distribution of the transaction population and sample FY 2022-2023

Procurement method	Popn Value (UGX)	Sample Value (UGX)	% Value	Popn no	Sample no	% no
Open National bidding	2,712,029,989	2,190,609,090	81	50	19	38
Selective National bidding	21,026,415	21,026,415	100	1	1	100
Direct procurement	5,769,208,891	5,769,208,891	100	2	2	100
Total	8,502,265,295	7,980,844,396	94	53	22	41.5

1.4 Methodology

The auditors examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive audit conclusions. This involved a review of the Entity's procurement and disposal planning, initiation, bidding, evaluation, contract placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fit for purpose.

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **20th September 2023** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **6th December 2023** with a request to submit a management response by **14th December 2023**, which was submitted on **15th December 2023**. The exit meeting was held on **15th December 2023** at PPDA Eastern Regional Offices.

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

CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

2.1 Level of compliance by the Entity with the general provisions of the PPDA Act, 2003 and Local Governments (PPDA) Regulations, 2006 with regard to the performance of the procurement structures and conduct of procurement and disposal processes.

2.1.1 Procurement Structure of the Entity

The key players in the procurement structure at Mbale City Council included the Town Clerk as Accounting Officer, the Contracts Committee (CC), the Procurement and Disposal Unit (PDU) and the User Departments.

i) Accounting Officer

Section 26 of the PPDA Act 2003 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The City Clerk; Mr. Ambrose Ochen was designated as the Accounting Officer of the Entity during the Financial Year 2022-23 and is still the Accounting Officer in the FY 2023-24.

ii) Composition of the Contracts Committee

During the audit period, the Entity's Contracts Committee was fully constituted as per the provisions of Section 27 of the PPDA Act, 2003 and Regulation 15 of the Local Governments (PPDA) Regulations 2006 that require the Accounting Officer to nominate five members among the public officers of the Procuring and Disposing Entity for approval by the Secretary to the Treasury. The Authority noted that Contracts committee for the period under review was comprised of the members and served for three Financial Years (from FY 2020-21 to 2022-23) as shown in Table 2 below.

Table 2: List of Contracts Committee Members during Financial Year 2022 - 2023

No	Name	Job Title	Committee Position	Appointment Date
1	Ms. Annet Wabule	Ag. Senior Assistant Town Clerk	Chairperson	26 th October 2020
2	Ms. Angela Neumbe	Community Development Officer	Member	26 th October 2020
3	Dr Massa Simon	Veterinary Officer	Member	26 th October 2020
4	Ms. Wakoli Juliet	Deputy Head Teacher	Member	26 th October 2020
5	Mr. Kamuli Boaz Mayeku	Municipal Education Officer	Member	26 th October 2020

The Authority also noted that the Entity constituted a new Contracts Committee after the tenure of the previous one elapsed. Details of the new Contracts Committee as shown in Table 3 below;

Table 3: List of current Contracts Committee Members FY 2023-24

No	Name	Job Title	Committee Position	Tenure	Appointment Date
1.	Ms. Annet Wabule	Senior Assistant Town Clerk	Chairperson	Third Term	17 th October 2023
2.	Dr Moses Mugonyi	City Medical Officer	Member	First Term	21 st September 2023
3.	Ms. Wakoli Juliet	Ag.Head Teacher	Member	Third Term	17 th October 2023
4.	Ms. Halima Namubiru	Principal Agricultural Officer	Member	First Term	7 th November 2023
5.	Mr. Isaac Gidudu	Statistician	Member	First Term	7 th November 2023

iii) Staffing of the Procurement and Disposal Unit

The Authority noted that the Procurement and Disposal Unit was fully constituted with a Senior Procurement Officer (Head Procurement and Disposal Unit) and an Assistant Procurement Officer as shown in table 4 below:

Table 4: Staff in the Procurement and Disposal Unit

No.	Name	Position	Qualifications	Date of appointment
1	Mr. Fredrick Stuma	Head PDU /SPO	<ul style="list-style-type: none"> • Graduate Diploma CIPS • PGD in Purchasing & Supply Chain Management • BBA (Accounting) 	May 2008
2	Mr. Ali Wodero	Procurement Officer	<ul style="list-style-type: none"> • PGD in Procurement and Supply Chain Management • Bachelor's degree in Procurement and Supply Chain Management 	July 2014

2.1.2 Inadequate facilitation of the Procurement and Disposal Unit

The audit noted that the Entity did not have enough space to securely keep the procurement and disposal files and records in accordance with Section 31 (o) of the PPDA Act, 2003. The procurement files and documents were packed in one Procurement and Disposal Unit office with documents precariously stacked one on top of the other as evidenced in the Table 5 below:

Table 5: Inadequate storage space



Implication

Failure to have ample and safe storage of procurement records exposes the records to destruction, theft and misplacement which could compromise the principle of accountability of public funds.

Management Response

Management acknowledged the anomaly and stated that the Entity has been expecting funds from the Government of Uganda for office expansion due to the increased number of staff however this has not been possible and thus the Entity is considering use of Local Revenue to resume construction of the stalled administration block.

Recommendation

The Accounting Officer should ensure that the Procurement and Disposal Unit is facilitated with sufficient space and filing cabins to properly execute its function in accordance with Section 31 (o) of the PPDA Act, 2003.

2.1.3 Failure to implement 25% of the previous audit recommendations

Mbale City Council was issued with its previous audit report for the Financial Year 2021 - 2022 in January 2023. Out of eight recommendations made, six representing 75% were fully implemented while two representing 25% were partially implemented as detailed in the Table 6 below:

Table 6: Implementation of Previous Audit Recommendations

No.	Recommended Action	Status	Management response
1.	The Accounting Officer should ensure that the Procurement and Disposal Unit is facilitated with sufficient space and filing cabins to properly execute its function in accordance with Section 26 (c) of the PPDA Act, 2003.	Not implemented	Management acknowledged the anomaly and stated that it is planning to rent out the land in Bulambuli District to raise money to complete the annexed administration block
2.	The Accounting Officer and Internal Auditor should monitor implementation of audit recommendations made by the Authority in accordance with Regulation 27 PPDA (PDEs) Regulations, 2023 and ensure that a strong mechanism is put in place to implement recommendations made by the Authority so as to improve the Entity's performance.	Not implemented	Management stated that it has always followed up the audit recommendations made by the Internal Auditor and the Authority and strong mechanisms are put in place from time to time to improve the Entity's performance and measures are in place to implement the outstanding issues of office space and disposal.

Implication

Implementation of audit recommendations strengthens internal controls within the Entity and where recommendations are not implemented, it implies that there is no willingness within the Entity to improve the performance of the procurement and disposal function.

Recommendation

The Authority takes note of the Entity's response, however, the Accounting Officer should be more vigilant to ensure that the few recommendations not addressed are fully implemented to better the Entity's performance.

2.1.4 Failure to hand over the market to the Contractor in the procurement for revenue collection services at Bugwere market.

The Authority noted that the procurement of revenue collection from Bugwere market worth UGX 17,040,000, the Entity failed to handover the market to the best evaluated bidder, star vision company limited which compromised the principle of independence of functions in the procurement processes of the Entity in accordance with Section 38 of the PPDA Act, 2003.

Implications

- Failure to efficiently manage local revenue in the Entity is an indicator of fraudulent and unethical tendencies which result into financial loss to the Government of Uganda and failure to deliver services to the intended beneficiaries.
- This may lead to litigation
- This may lead to low bidder participation.

Management Response

Management acknowledged the anomaly and stated that several attempts were made to handover the market to the contractor, however the Industrial City Division Political leadership led by the speaker frustrated the handover.

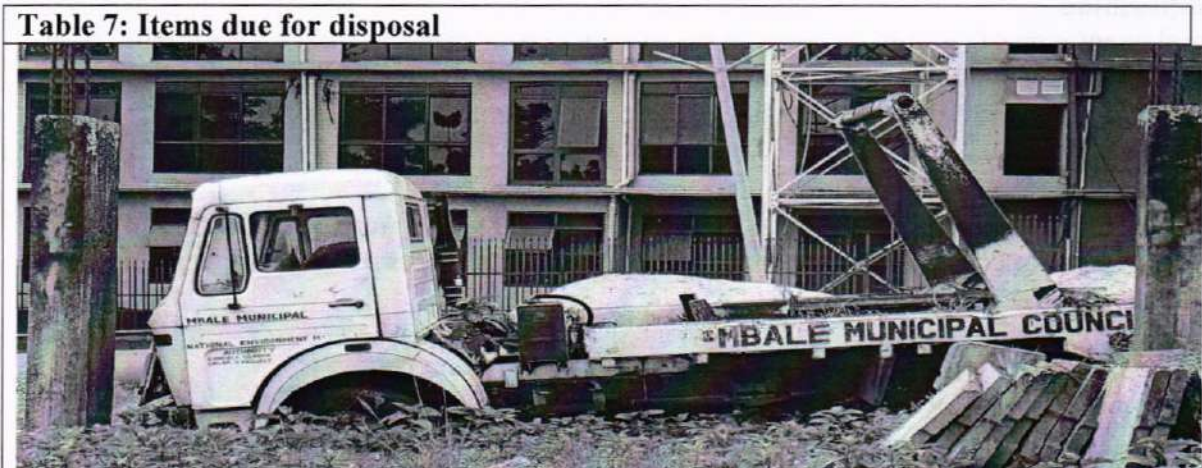
Recommendations

- The Accounting Officer should engage the Ministry of Local Government to help resolve this political leadership crisis of Industrial City Division and ensure independence of functions in the procurement processes of the Entity in accordance with Section 38 of the PPDA Act, 2003.
- The Accounting Officer should Ensure that the Industrial City Division Clerk provides an accountability report on revenue collection from Bugwere market during Financial Year 2022 – 2023.

2.2 Compliance of the Entity's disposal process with the provisions of the PPDA Act, 2003 as amended and Local Governments (PPDA) Regulations, 2006.

2.2.1 Failure to conduct disposal

Although the audit revealed that a number items were due for disposal, Mbale City Council did not dispose off any asset during Financial Year 2022/2023 contrary to Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023 Table 7 below shows some of the assets due for disposal;



**Implication**

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

Management Response

Management acknowledged the anomaly and stated that the Entity had always desired to dispose off obsolete assets especially the trucks, however, whenever it always sought for log books from National Environment Management Authority and Kampala Capital City Authority to enable disposal proceedings, there was no clear response that came through. Management pledged that it would dispose obsolete assets that are within its control as recommended by the board of survey report.

Recommendation

User departments that are responsible for the management of the obsolete assets should initiate the disposal process by submission of a disposal request to the Accounting Officer for approval in accordance with Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023.

2.3 Level of efficiency and effectiveness in contract implementation including the application of environmental, social, health, and safety (ESHS) requirements in the procurement process

2.3.1 Irregularities during contract management

The Authority noted irregularities during contract management in two procurements worth UGX 88,839,000 as indicated in the table 8 below:

Table 8: Transactions with irregularities at contract management

No.	Subject of procurement	Contract Value (UGX)	Irregularities	Management response
1.	Supply and Delivery of Motorcycle	6,780,000	No payment records on file	Management acknowledged the anomaly and stated that the payment was made on IFMIS at the end of the financial year, however the Ministry of Finance Planning and Economic Development did not approve the payment and funds were reverted to the consolidated fund. Management further stated that it has requested for the funds and will pay as soon as funds are sent.
2.	Supply and delivery of road construction materials	82,059,000	Poor storage facilities for materials exposing them to a risk of theft.	Management acknowledged the anomaly and stated that the Entity still has a challenge of space, however we are planning to construct stores for safe keeping of road construction materials.
Total		88,839,000		

Implication

This affects the audit trail and compromises proper accountability of the activities conducted.

Recommendations

- User departments should ensure effective contract management in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.
- The Head of the Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 31 (o) of the PPDA Act, 2003.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.1 Overall Audit Conclusion

The performance of Mbale City Council for the Financial Year 2022/2023 was **satisfactory** with overall weighted average risk rating of **5%**.

The risk rating is as follows:

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

3.2 Entity's Risk Assessment

Table 9 below shows the Entity's performance per risk category based on the sampled procurements:

Table 9: Summary of risk assessment of Mbale City Council

Risk Category	Number of Sampled Procurements	%Number	Value (UGX)	% Value
High	1	4.5	17,040,000	0.2
Medium	2	9.1	89,139,000	1.1
Low	0	0	0	0
Satisfactory	19	86.4	7,874,665,396	98.7
Total	22	100	7,980,844,396	100

3.3 Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in table 10 below:

Table 10: Weighted risk assessment of Mbale City Council

Risk category	Rating (By Number)	Weights	Total weighted Average	Rating (By Value)	Weights	Total weighted Average
High	4.5	0.6	2.7	0.2	0.6	0.12
Medium	9.1	0.3	2.73	1.1	0.3	0.33
Low	0	0.1	0	0	0.1	0
Satisfactory	86.4	0	0	98.7	0	0
Total	100	1	5.43	100	1	0.45

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{5.43}{60} \times 100 = 9.1\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{0.45 \times 100}{60} = 0.8$$

$$\text{Combined Weighted Average} = \frac{9.1 + 0.8}{2} = 5\%$$

Figure 1: Graphical representation of the entity's risk assessment by number

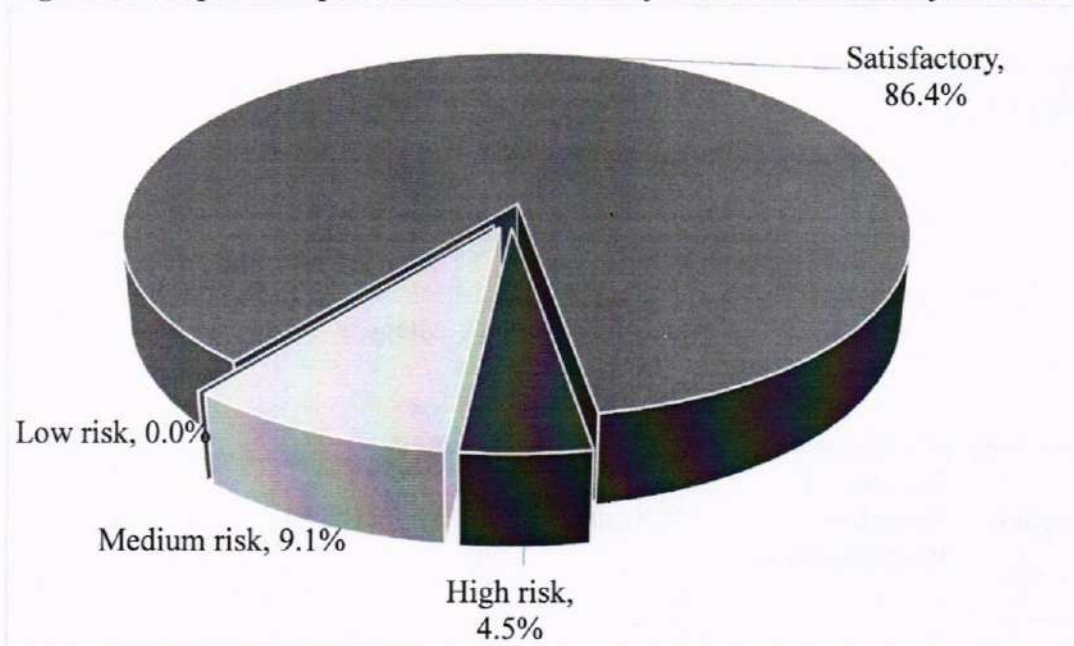
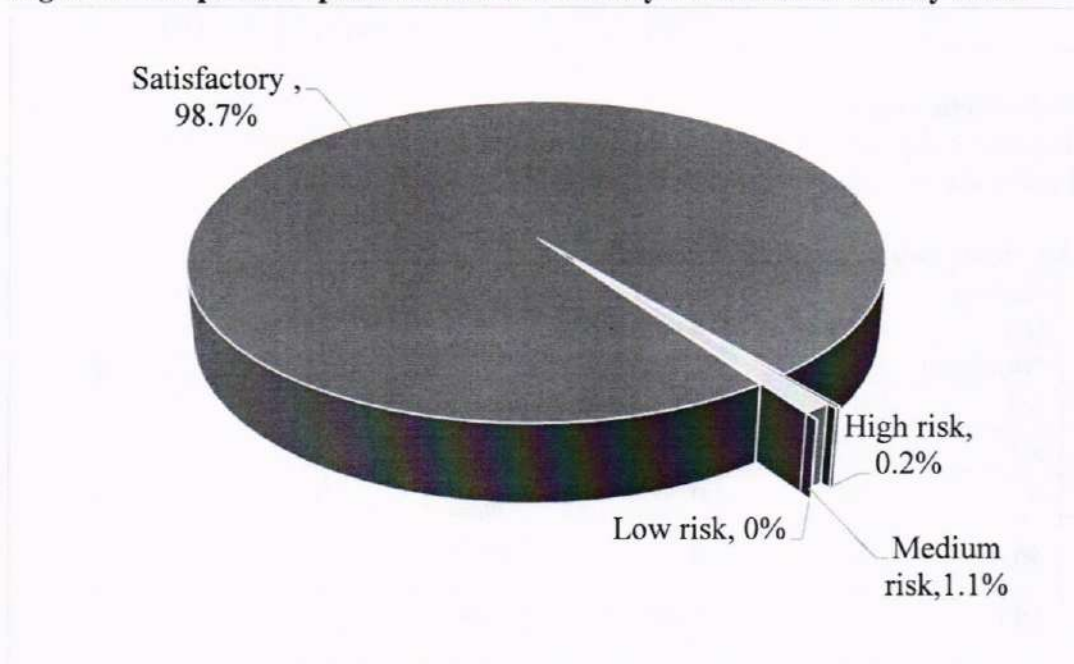


Figure 2: Graphical representation of the entity's risk assessment by value



3.4 Recommended Action Plan

Mbale City Council should implement the following recommendations indicated in table 11 within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 11: Recommended Action plan

No.	Recommendation	Target Date
1.	The Accounting Officer should ensure that the Procurement and Disposal Unit is facilitated with sufficient space and filing cabins to properly execute its function in accordance with Section 26 (c) of the PPDA Act, 2003.	August 2024
2.	The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations.	August 2024
3.	The Accounting Officer engage the Ministry of Local Government in a bid to resolve the issue of political interference specifically management of market so that leaders adhere to the independence of functions in the procurement processes of the Entity in accordance with Section 38 of the PPDA Act, 2003.	April 2024
4.	The Accounting Officer should task the Industrial City division clerk to provide an accountability report on revenue collection from Bugwere market during Financial Year 2022 – 2023.	August 2024
5.	The Accounting Officer should ensure disposal of obsolete assets as recommended by the board of survey report in accordance with Section 26 (fb) and (g) of the PPDA Act, 2003.	August 2024
6.	User departments should ensure effective contract management in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.	August 2024
7.	The Head of the Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 31 (o) of the PPDA Act, 2003.	August 2024

Annex 1: Case by case findings and risk rating.

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	Revenue collection from Bugwere Market Ref; BAL608/SVCS/2022-23/0000011. Initiation amount 1,320,000 per month Initiation date: 28 th /06/2022 Contract signing date; 30/09/2022 Contract amount; UGX 1,420,000 per month Contractor; M/s Star Vision Company Ltd.	Failure to handover the market to the contractor and failure to realise local revenue.

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
	Supply and Delivery of Motorcycle, UG BOSS 125cc Ref; MBAL 608/SUPPLS/2022-23/000029 Contract signing date; 14/6/2023 Initiation date; 29/5/23 Contract amount; UGX 6,780,000 Contractor; M/s Simba Automotives Limited	No payment records on file
1.	MBAL608/SUPLS/22-23/00019 Supply and delivery of road construction materials Open National Bidding Sandland investments Limited Kyamakys Uganda Limited Kukiboxs Investments Limited UGX 82,059,000	Poor storage facilities for materials exposing them to a risk of theft.

No.	SATISFACTORY CONTRACTS	REASON FOR SATISFACTORY PERFORMANCE
1.	Completion of Fencing of IUIU primary school Ref; MBAL 608/wrks/2022-23/000024 Initiation date; 10/01/2023. Initiation amount; 21,389,150 Contract signing date; 30/04/2023 Contract amount; UGX 21,026,415 Contractor; M/s Central Elgon consult Ltd.	No exceptions
2.	MBAL608/SUPLS/22-23/03 Supply and delivery of school furniture Open National Bidding Delta Communications Limited UGX 12,600,000 UGX 10,150,000 UGX 2,975,000	No exceptions
3.	MBAL608/WRKS/22-23/00003	No exceptions

No.	SATISFACTORY CONTRACTS	REASON FOR SATISFACTORY PERFORMANCE
	Construction of a two-classroom block at Lwasso Primary School Open National Bidding Bamwise Stationers and General Supplies Limited UGX 92,000,000	
4.	MBAL608/SUPLS/22-23/0002/01/02/03 Supply and installation of solar street lights in; Industrial Division worth UGX 135,000,000 by Bugema Technical Services Limited Taxi Park in industrial City Division by Bugema Technical Services worth UGX 36,000,000 Northern City Division by Samanga Solutions worth UGX 90,000,000	No exceptions
5.	Revenue collection from Advertisements/Bilboards Ref; BAL608/SVCS/2022-23/00005. Initiation amount 10,000,000 per month Initiation date: 28 th /06/2022 Contract signing date; 30/09/2022 Contract amount; UGX 10,060,000 per month Contractor; M/s Double spot ltd.	No exceptions
6.	Collection of revenue from tipper lorries park Open National Bidding BAL608/SVCS/2022-23/00008 Mbale Tipper Lorry Drivers Association UGX 18,480,000	No exceptions
7.	Revenue collection from Industrial City Abattoir Ref; BAL608/SVCS/2022-23/00006. Initiation date: 28 th /06/2022 Contract signing date; 30/09/2022 Contract amount; UGX 4,550,000 per month Contractor; M/s Bangoma investments ltd.	No exceptions
8.	REPAIRS AND SPARES AND MAINTENANCE OF VEHICLES ROAD EQUIPMENT Ref; MBAL 608/SRVCS/2022-23/000020	No exceptions

No.	SATISFACTORY CONTRACTS	REASON FOR SATISFACTORY PERFORMANCE
	Contract signing date; 4 th /11/2023 Initiation date; 28 th /06/23 by Masaba Johnson, Senior Assistant Eng officer, mechanical Call of order Amount; UGX 5,200,000, dated 12/6/2023 Call of order Amount; UGX 2,120,000, dated 27/02/2023 Contractor; M/s ELEGANT AUTOSPAN LIMITED	
9.	MBAL608/SRVCS/22-23/00009 Collection of revenue from Soroti Road market Open National Bidding Bangoma Investments Limited UGX 3,010,000 per month UGX 36,120,000	No exceptions
10.	MBAL608/WRKS/22-23/00001 Construction of a maternity ward at Busamaga Health Centre III Open National Bidding African Construction Technicians and constructors UGX 257,160,350	No exceptions
11.	MBAL608/SUPLS/22-23/00002 Supply and delivery of 4WD double cabin pick up Open National Bidding The Cooper Motor Corporation (U) Ltd UGX 175,729,465	No exceptions
12.	MBAL608/SUPLS/22-23/00020 Supply of fuel Open National Bidding Stabex International UGX 330,998,599	No exceptions
13.	MBAL608/WRKS/22-23/00027 Additional works for completion of infrastructure sub projects in Mbale Direct Procurement Dott Services Limited UGX 5,762,428,891	No exceptions
14.	MBAL608/SVCS/2022-23/00013. Enforcement and collection of Revenue from Hotel Tax Initiation date: 28 th /07/2022 Contract signing date; 30/09/2022 Contract amount; 10% commission	No exceptions

No.	SATISFACTORY CONTRACTS	REASON FOR SATISFACTORY PERFORMANCE
	Contractor; M/s Bangoma investments ltd.	
15.	<p>Supply of Assorted office stationery Ref; MBAL 608/SUPPLS/2022-23/000015 Call off order amount; UGX 1,183,000 Contractor; M/s Ms Golden Strike Investments. LTD.</p> <p>Call order reference; MBAL 608/SUPPLS/2022-23/000015/03 Contract signing date for; 4/11/2022 Initiation date; 30/032023 Call off order Date; 24th /4/2023 Call off order amount; UGX 2,920,000 Contractor; M/s Ms JW STATIONERY & SECRETARY SERVICES. LTD. Call off order amount; UGX 1,183,000</p> <p>Contractor; M/s Ms Delta communications. LTD. Call off order Date; 24th /4/2023 Call off order amount; UGX 664,000</p>	No exceptions
16.	<p>Supply and Delivery of station wagon for Mayor's office and a double Cabin pick up for the Town clerk's office Ref; MBAL 608/SUPPLS/2022-23/000025 Contract signing date; 8/6/2023 Initiation date; 28/12/22 Contract amount; UGX 517,000,000 Contractor; M/s SUMABOLT LOGISTICS. LTD.</p>	No exceptions
17.	<p>Supply of Assorted Tyres, Tubes and Batteries Ref; MBAL 608/SUPPLS/2022-23/000021 Call off order amount; UGX 20,719,800,000 for six (6) motor grader tyre 17.5x25 at a unit cost of UGX 3,453,300 Contractor; M/s DAVIRENE ENGINEERING. LTD.</p>	No exceptions
18.	<p>Frame work Supply of computers, printers, Tonners, cameras, scanners, Tvs, Point of sales machines, IPADS and GPS.</p>	No exceptions

No.	SATISFACTORY CONTRACTS	REASON FOR SATISFACTORY PERFORMANCE
	Ref; MBAL 608/SUPPLS/2022-23/000018 Call off order Date; 7 th /6/23 Call off order amount; UGX 37,500,000 Contractor; M/s DELTA COMMUNICATIONS. LTD.	
19.	Construction of A 2 class room block at Nanyunza Primary school Ref; BAL/608/WRKS/2022-23/00004. Initiation date; 20/07/2022. Initiation amount; 88,819,190 Contract amount value; UGX 84,839,876. Contractor; M/s Nami Hardware ltd. Contract signing date; 17 th /11/2022	No exceptions

Annex 2: Procurement and Disposal audit sample list for Mbale City Council Financial Year 2022/2023

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
1.	MBAL608/WRKS/22-23/00027/	Additional works for completion of infrastructure sub projects in Mbale city	Direct procurement	Dott services Ltd.	5,762,428,891	Satisfactory
2.	MBAL608/SUPLS/22-23/00025	Supply and delivery of station wagon and double cabin pick up	Open national Bidding	Sumabolt Logistics Limited	517,000,000	Satisfactory
3.	MBAL608/SUPLS/22-23/00004	Supply and delivery of double cabin pick up	Open national Bidding	Cooper Motor Corporation (U) Ltd	171,729,465	Satisfactory
4.	MBAL608/WRKS/22-23/00001	Construction of maternity ward at Busamaga Health Centre III	Open national Bidding	African Construction Technicians and Constructors Limited	257,160,350	Satisfactory
5.	MBAL608/WRKS/22-23/00003	Construction of two classroom block at Lwaso Primary School	Open national Bidding	Bamwise Stationers and General Supplies Limited	92,00,000	Satisfactory
6.	MBAL608/WRKS/22-23/00004	Construction of two classroom block at Nanyunza Primary School	Open national Bidding	Nami Hardware Limited	84,839,876	Satisfactory
7.	MBAL608/WRKS/22-23/00024	Fencing of IUIU Primary School in Northern City Division	Selective National Bidding	Central Elgon Consult Limited	21,026,415	Satisfactory

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
8.	MBAL608/SUPLS/22-23/00021/01	Supply and Delivery of motor grader tyres	Open national Bidding	Davirene Engineering ltd	20,719,800	Satisfactory
9.	MBAL608/SUPLS/22-23/00027/02	Supply & delivery of motorcycle for education department	Direct procurement	Simba Automotives ltd	6,780,000	Medium
10.	MBAL608/SUPLS/22-23/00022/01/02/03	Supply and installation of solar street lights in industrial division	Open national Bidding	Bugema Technical services Limited	135,000,000	Satisfactory
		Supply and installation of solar street lights in Taxi Park in industrial city division		Bugema Technica services Limited	36,000,000	
		Supply and installation of solar street lights in Northern city Division		Samanga solutions Limited	90,000,000	
11.	MBAL608/SUPLS/22-23/00018/03/01/02	Supply and delivery of toner cartridge	Open national Bidding	Delta communications and IT Ltd	2,250,000	Satisfactory
		Supply and Delivery of laptops and printers			37,500,000	
					10,000,000	
12.	MBAL608/SUPLS/22-23/00019/01/02	Supply and delivery of road	Open national Bidding	Sandland investments	54,150,000	Medium

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
		materials in the city		Limited		
				Kyamakysh Uganda Limited	17,625,000	
				Kukiboxs Investments Limited	10,584,000	
13.	MBAL856/SUPLS/22-23/00020/36/28/31/19/24	Fuel (Diesel) for massive road works by Ministry of Works and Transport	Open national Bidding	Stabex international	65,000,000	Satisfactory
		Fuel (Diesel) and lubricants for quarter one FY 2022/2023 for road maintenance under URF			61,999,800	
		Fuel (Diesel) for engineering department			64,000,800	
		Fuel and lubricants to be put in road unit/unit			60,000,000	
		Fuel (Diesel) for management of PHC 2 nd Quarter activities			59,999,999	
		Fuel for managing Gabbage at the composite site			19,998,000	

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
14.	MBAL608/SRVS/22-23/0000026/03/02/01	Repairs and spares on Gabbage Truck No. LG 0003 - 126	Open national Bidding	M/s Elegant Auto span ltd.	15,000,000	Satisfactory
		Repairs & spares of motor grader			5,200,000	
		Repairs & spares of motor grader			2,120,000	
15.	MBAL608/SUPLS/22-23/00015/02/03	Supply and delivery of office stationery	Open national Bidding	JW stationery & secretarial services ltd.	2,920,000	Satisfactory
				Golden Strike Investments Limited	1,183,000	
				Delta communications and IT ltd	644,000	
16.	MBAL608/SUPLS/22-23/00023/03	Supply and Delivery of School furniture	Open national Bidding	Delta communications and IT ltd	12,600,000	Satisfactory
					10,150,000	
					2,975,000	
17.	MBAL608/SRVS/22-23/00005	Collection of revenue from advertising fees/ Bill boards	Open national Bidding	Double spot ltd.	125,520,000	Satisfactory
18.	MBAL608/SRVS/22-23/000011	Revenue collection from Bugwere road market	Open national Bidding	Star Vision Company Limited	17,040,000	High

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
19.	MBAL608/SRVS/22-23/00009	Revenue collection from Soroti road market	Open national Bidding	Bangoma Investments Limited	36,120,000	Satisfactory
20.	MBAL608/SRVS/22-23/00006	Revenue collection from City Abattoir in Industrial City Division	Open national Bidding	Bangoma Investments Limited	54,600,000	Satisfactory
21.	MBAL608/SRVCS/22-23/00008	Collection of revenue from tipper lorries park	Open national Bidding	Mbale tipper Lorry Drivers Association	18,480,000	Satisfactory
22.	MBAL608/SRVS/22-23/000013	Enforcement of collection of Hotel tax arrears in Mbale city	Open national Bidding	Bangoma Investments Limited	110,500,000 (10% commission)	Satisfactory
		Total			7,980,844,396	

Annex 3: Risk rating criteria

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

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

RISK	DESCRIPTION	AREA	IMPLICATION
	improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

SATISFACTORY

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