



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

ARUA CITY COUNCIL

MARCH 2024

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ACRONYMS

| | |
|----------|--|
| FY | Financial Year |
| GCC | General Conditions of Contract |
| IRAS | Integrated Revenue Administration System |
| Ltd | Limited |
| PDU | Procurement and Disposal Unit |
| PPDA | Public Procurement and Disposal of Public Assets Authority |
| PPDA Act | Public Procurement and Disposal of Public Assets Act |
| PRN | Payment Registration Number |
| SCC | Special Conditions of Contract |
| TCC | Tax Clearance Certificate |
| UGX | Uganda Shillings |

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the procurement and disposal audit of Arua City Council that covered a sample of 21 procurement transactions under Financial Year 2022/23. The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Arua City Council's procurement system and processes with the provisions of the PPDA Act, 2003 and the PPDA Regulations, 2006 and assess the level of procurement performance over the audit period.

From the findings of the audit exercise, the performance of Arua City Council for Financial Year 2022/23 was **moderately satisfactory** with an average weighted risk rating of **52.5%** as per the ranking in table 30 in Chapter 3 of this audit report.

The following key exceptions were noted:

1. The Entity did not fully implement 57.6% of the previous audit recommendations for FY 2021/2022.
2. The Entity did not dispose of unserviceable assets as was recommended in the board of survey report dated 30th August 2022.
3. The Entity incurred financial losses of:
 - i) UGX 1,900,000 in undetected arithmetic errors in the bid True Stars Investment (U) Limited that should have reduced the bid price from UGX 134,900,000 to UGX 133,000,000 for the supply of plastic recycling machine/plastic bank.
 - ii) UGX 21,762,651 in VAT payment to the contractor, True Stars Investment (U) Limited, yet the bidder was not registered for VAT for the construction of a semi-detached staff house at Riki Health Centre III in Oluko Ward.
 - iii) UGX 5,750,847 in VAT payment to the supplier, Goodmax Services Limited, yet the bidder was not registered for VAT for supply of two units of motorcycles for Planning and Commercial Department.
 - iv) UGX 1,944,000 in VAT payment to Ziku & Bros Joint Repair Ltd yet the supplier was not VAT registered for supply of tree seedlings under the Mayor's Migration Council for Institutional Greening.
 - v) UGX 2,524,600 in contingency fees to the contractor, Zopa Timber and Civil Works Ltd yet there was no justification and accountability for the payment in the construction of a five stance latrine at Aroi Health Center III.
 - vi) UGX 90,000,000 in unremitted revenues from Betai Enterprises Ltd for the management and collection of revenue from Arua Main market for FY 2022/2023.
 - vii) UGX 112,000,000 in unremitted revenues from Arua Central Division for the management and revenue collection from Arua Taxi Park for FY 2022/2023.
 - viii) UGX 32,172,380 paid in excess to Right Way Enterprises Uganda Limited for the hire of equipment for feeder roads. The Entity irregularly paid UGX 68,170,380 instead of UGX 36,000,000 as per the hire schedule submitted by the contractor.
 - ix) UGX 6,662,920 paid in excess to RightWay Enterprises Uganda Limited for the hire of equipment for feeder roads. The Entity irregularly paid UGX 118,762,920 instead of UGX 112,100,000 as per the hire schedule submitted by the contractor.
4. Inefficiencies in the procurement process:
 - i) User Departments took an average of 90 working days to initiate three procurement requirements worth UGX 232,212,016.

- ii) The Procurement and Disposal Unit took an average of 41 working days to prepare bid advertisements and invitation notices of six procurements worth UGX 383,269,070.
- 5. Bidding documents of 13 procurements worth UGX 1,993,621,983 had ambiguous and inadequate specifications, terms of reference and bid evaluation criteria requirements, for example, some supplies did not have technical specifications, eligibility documents like the tax clearance certificate did not specify the tax period required, failure to indicate the type of equipment required and the documentation needed to demonstrate capability to perform the works, failure to include the qualification and experience needed for key personnel, among others.
- 6. Evaluation committees irregularly evaluated bidders as compliant without satisfying the requirements of the evaluation criteria in 12 procurements worth UGX 1,326,193,333, for example, some best evaluated bidders submitted forged tax clearance certificates while others did not submit registered Powers of Attorney, equipment, specific experience and past performance in similar supplies/works, among others.
- 7. Nine procurements worth UGX 1,026,335,433 had contract management anomalies, for example, execution of works on expired contracts, delayed completion of works, shoddy works, and partial payments, among others.
- 8. Anomalies in USMID road projects:
 - i) School Road (1,220 metres): The road name sign post was not fixed; 17,211 road studs (embedded glass) worth UGX 63,112,737 and all the 54 trash cans worth UGX 61,805,376 were not fixed.
 - ii) Adroa Road (1,060 metres): The road name sign post was not fixed; some drainage covers were broken; 230 road studs (embedded glass) worth UGX 843,410 and all the 43 trash cans worth UGX 49,202,019 were not fixed.
 - iii) Construction of Go Down road (1.050Km): Execution of works on expired contracts. The contracts expired on 9th and 4th September 2023 for the Contractor and Supervising Consultant respectively yet works are still ongoing; unapproved personnel on site for the Supervising Consultant; shoddy works, among others.

In light of the above findings, the Authority recommends that:

- 1. The Accounting Officer should:
 - i) Take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Section 9 (1) (a) of the PPDA Act, 2003.
 - ii) Dispose of all unserviceable assets to avoid further depreciation and attain value for money in accordance with the PPDA (Disposal of Public Assets) Regulations, 2023.
 - iii) Recover and submit to the Authority evidence of recovery of:
 - a) UGX 1,900,000 in undetected arithmetic errors in the bid True Stars Investment (U) Limited that should have reduced the bid price from UGX 134,900,000 to UGX 133,000,000 for the supply of plastic recycling machine/plastic bank.
 - b) UGX 21,762,651 in VAT payment to the contractor, True Stars Investment (U) Limited, yet the bidder was not registered for VAT for the construction of a semi-detached staff house at Riki Health Centre III in Oluko Ward.
 - c) UGX 5,750,847 in VAT payment to the supplier, Goodmax Services Limited, yet the bidder was not registered for VAT for supply of two units of motorcycles for Planning and Commercial Department.

- d) UGX 1,944,000 in VAT payment to Ziku& Bros Joint Repair Ltd yet the supplier was not VAT registered for supply of tree seedlings under the Mayor's Migration Council for Institutional Greening.
 - e) UGX 2,524,600 in contingency fees to the contractor, Zopa Timber and Civil Works Ltd yet there was no justification and accountability for the payment in the construction of a five stance latrine at Aroi Health Center III.
 - f) UGX 90,000,000 in unremitted revenues from Betai Enterprises Ltd for the management and collection of revenue from Arua Main market for FY 2022/2023.
 - g) UGX 112,000,000 in unremitted revenues from Arua Central Division for the management and revenue collection from Arua Taxi Park for FY 2022/2023.
 - h) UGX 32,172,380 paid in excess to RightWay Enterprises Uganda Limited for the hire of equipment for feeder roads. The Entity irregularly paid UGX 68,170,380 instead of UGX 36,000,000 as per the hire schedule submitted by the contractor.
 - i) UGX 6,662,920 paid in excess to RightWay Enterprises Uganda Limited for the hire of equipment for feeder roads. The Entity irregularly paid UGX 118,762,920 instead of UGX 112,100,000 as per the hire schedule submitted by the contractor.
- iv) Seek the Solicitor General's guidance on how to handle the execution of the pending works since the contracts expired.
 - v) Task China Railway Seventh Group Co. Limited to correct the anomalies on School road and Adroa and Adumi roads.
2. The Procurement and Disposal Unit should:
- i) Immediately after receipt of approval by the Contracts Committee, prepare bid adverts and invite bidders to participate in the Entity's bidding processes to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.
 - ii) Ensure that the bidding documents evaluation criterion considers all the appropriate factors and that the method of application of these factors is clear in accordance with Regulation 42 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
3. Evaluation Committee members should adhere to the evaluation criteria set out in the bidding documents during evaluation of bids in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023. Where a bid is not substantially compliant and responsive to the bidding documents, it should be rejected by the Entity in accordance with Regulations 16 (2) and 19 (4) of the PPDA (Evaluation) Regulations, 2023.
4. User Departments should:
- i) Put in place functional monitoring mechanisms for their work plans and initiate procurements according to the procurement plan time schedules to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.
 - ii) Prevail over contract managers to ensure that each provider meets all performance or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.
 - iii) Prevail over contract managers to appraise the performance of the providers and report on the performance of the providers to the Procurement and Disposal Unit in accordance with Regulation 52 (2) (f) of the PPDA (Contracts) Regulations, 2023.

5. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.

Arua City Council should implement the recommended action plan on Pages 74 - 75 of this report.

CHAPTER 1: INTRODUCTION

1.1 Structure of the Entity

According to Section 26 of the PPDA Act, 2003, the Accounting Officer has the overall responsibility for the successful execution of procurement, disposal and contract management in Arua City Council. The Accounting Officer of Arua City Council during the Financial Year under audit was Mr. Paul Batanda. The composition of the Procurement and Disposal Unit; the Contracts Committee and the User Departments are detailed in Appendices 10, 11 and 12 respectively.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the procurement and disposal audit of Arua City Council that covered a sample of 21 procurement transactions under Financial Year 2022/23. The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Arua City Council's procurement system and processes with the provisions of the PPDA Act, 2003 and PPDA Regulations, 2006 and assess the level of procurement performance over the audit period.

1.3 Objective of the audit

The primary objective of the audit exercise was to provide assurance on full and correct application of the PPDA Act, Regulations and Guidelines by Arua City Council.

The specific objectives were to:

1. Establish the level of compliance of the Entity with the general provisions of the PPDA Act, 2003, Regulations, 2006 and Guidelines with regard to the performance of the procurement structures and conduct of procurement processes;
2. Establish the level of compliance of the Entity's disposal process with the provisions of the PPDA Act, 2003 and Regulations, 2006; and
3. Assess the level of achievement of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements in the procurement process.

1.4 Scope of the audit exercise

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The audit covered a representative sample of 19 procurement transactions conducted in the Financial Year 2022/2023 and a follow up of two USMID projects (FY 2019/2020 and FY 2021/2022). The list of sampled transactions is contained in **Appendix 1**. The distribution of the transaction population and sample is as shown in Table 1 below:

Table 1: Analysis of population and sample selected for audit of FY 2022/2023

| Procurement method | Population Value (UGX) | Sample Value (UGX) | % by Value | Population Number | Sample Number | % by Number |
|--------------------|------------------------|----------------------|--------------|-------------------|---------------|--------------|
| Open Bidding | 2,460,946,757 | 1,634,223,773 | 66.4% | 29 | 11 | 37.9% |
| Selective Bidding | 184,309,600 | 184,309,600 | 100% | 6 | 6 | 100% |
| Direct Procurement | 912,000,000 | 912,000,000 | 100% | 2 | 2 | 100% |
| Total | 3,557,256,357 | 2,730,533,373 | 76.8% | 37 | 19 | 51.4% |

1.5 Procurement and Disposal Audit Methodology

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

During the audit, the auditors met with the staff from the Procurement and Disposal Unit (PDU), Contracts Committee, Internal Audit and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

A debrief meeting to discuss preliminary findings that arose during the audit was held with the Entity management and staff on **13th December 2023** before the auditors could embark on preparation of the management letter. The management letter was sent to the Entity on **11th January 2024** with a requirement to submit a management response by **19th January 2024**. The exit meeting was held on **9th February 2024** at PPDA Head Office situated on the PPDA-URF Towers, on Plot 39 Nakasero Road.

This report presents the key findings and conclusions arising from the procurement and disposal audit exercise.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1. COMPLIANCE OF THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003, REGULATIONS, 2006 AND GUIDELINES WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT PROCESSES

2.1.1 Procurement plan implementation

The Authority found that the Entity's procurement plan implementation rate for FY 2022/2023 was 43% with a variance of UGX 2,091,858,404 as summarized in table 2.

Table 2: Analysis of procurement spend for FY 2022/2023

| | |
|---|---------------|
| Procurement Plan Value (UGX) | 3,695,020,037 |
| Procurement Spend (Quarterly Reports Value) UGX | 1,603,161,633 |
| Procurement Plan Implementation Rate (%) | 43% |
| Variance (UGX) | 2,091,858,404 |

Implication

Failure to report to the Authority all procurements undertaken by the Entity contravenes the principles of transparency and accountability in public procurement.

Management Response

Management noted that the variance was due to the following reasons:

- i) The actual expenditure figures were not the same as the figures approved in procurement plan, vide Appendix 3;*
- ii) The user departments did not communicate changes in the bill of quantities values;*
- iii) Failure to report micro-procurement by user departments and Divisions; and*
- iv) Some of the procurements that were planned were not implemented due to funding shortfalls.*

However, the Accounting Officer has notified user departments on their obligation to submit monthly reports to the Procurement and Disposal Unit.

Recommendations

1. User departments should inform the Procurement and Disposal Unit to update the procurement plan, in the event that amendments are made to the departmental work plans, in accordance with Section 58 (4) of the PPDA Act, 2003.
2. The Accounting Officer should notify the Secretary to the Treasury and the Authority of any changes made to its procurement plan and submit the updated and approved plan to the Authority in accordance with Section 58 (5) of the PPDA Act, 2003.
3. The Head Procurement and Disposal Unit should for each month submit to the Authority a report on the procurement activities including micro procurements undertaken by the Entity not later than the fifteenth day of the following month in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.2 Failure to fully implement the PPDA audit recommendations for FY 2021/2022

The Entity was issued with the previous procurement and disposal audit report for Financial Year 2021/2022 on 27th April 2023 and out of the 33 recommendations made, 14(42.4%) were implemented, 14 (42.4%) were partially implemented and five (15.2%) were not implemented as indicated in table 3:

Table 3: Partially implemented and unimplemented previous audit recommendations for FY 2021/2022

| Audit Recommendation | Status of Implementation | Management response |
|--|---|---|
| <p>The Accounting Officer should:</p> <ol style="list-style-type: none"> 1. Regularly conduct or designate persons to regularly conduct a review of the procurement plan to harmonize it with the existing circumstances at the Entity. 2. Take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006. 3. Expedite the disposal process in order to avoid further depreciation of the assets and attain value for money in accordance with Part IX of the Local Governments (PPDA) Regulations, 2006. 4. Ensure that the total acquisition cost of a procurement is committed prior to contract placement in accordance with Regulation 87 (5) of the Local Governments (PPDA) Regulations, 2006. 5. Organize bidder capacity building exercises in order to increase bidder responsiveness in the Entity. 6. Not make any payment to a provider without receipt of the deliverables specified in the contract in accordance with Regulation 116 (1) of the Local Governments (PPDA) Regulations, 2006. 7. Recover UGX 231,500,000 from Betai Enterprises Ltd for management and revenue collection from the main market in Arua City for FY 2021/2022. 8. Adhere to Circular No. 3 of 2012 to Local Governments on the application of the use of Force Account Mechanism to ensure value for money. | <p>Not implemented</p> <p>Partially implemented</p> <p>Not implemented</p> <p>Partially implemented</p> <p>Not implemented</p> <p>Partially implemented</p> <p>Not implemented</p> <p>Partially implemented</p> | <ol style="list-style-type: none"> 1. <i>This is noted and accordingly the Head Procurement and Disposal Unit has been assigned this task in conjunction with the user departments.</i> 2. <i>All core stakeholders were trained on the roles and responsibilities of stakeholders in procurement i.e procurement planning, bid evaluation and the legal frameworks of public procurement and disposal in August 2023 by PPDA.</i> 3. <i>The Accounting Officer has written to the Chief Government Valuer to establish reserve values for the assets to be disposed of.</i> 4. <i>This has been taken up and is being implemented.</i> 5. <i>The Entity has tasked the City Engineer and the Procurement and Disposal Unit to undertake this capacity building for bidders.</i> 6. <i>This has been taken up and currently the Entity is implementing it.</i> 7. <i>Management has tasked the Division authorities to investigate and submit a report on this matter.</i> 8. <i>The works department</i> |

| Audit Recommendation | Status of Implementation | Management response |
|--|--|---|
| | | <i>has been issued with the guidelines for Force Account Mechanism and it is being implemented.</i> |
| <p>The Head Procurement should:</p> <ol style="list-style-type: none"> 1. Submit to the Authority quarterly procurement and disposal reports and performance data of all procurement transactions undertaken by the Entity not later than the fifteenth day of the first month of the next quarter in accordance with Regulation 7 (1) of the Local Governments (PPDA) Regulations, 2006. 2. Prior to issuance of bidding documents, conduct quality assurance for appropriateness of all the required documentation in accordance with Regulation 48 (2) and (4) of the Local Governments (PPDA) Regulations, 2006. 3. See to it that the contract and documents forming part of the contract are representative of the bidding document that was issued to bidders. | <p>Partially implemented</p> <p>Partially implemented</p> <p>Partially implemented</p> | <ol style="list-style-type: none"> 1. <i>The PDU is now making timely submissions of reports to all stake holders.</i> 2. <i>This has been corrected and is being implemented.</i> 3. <i>This is now being implemented in the current procurements.</i> |
| <p>User Departments should:</p> <ol style="list-style-type: none"> 1. Abide by the procurement plan time schedules of the procurement requirements to promote economy and efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003. 2. Prevail over contract supervisors to prepare contract implementation plans and forward copies to the Head of the User Department, Secretary Contracts Committee, Internal Audit Department and Accounting Officer for monitoring purposes, in accordance with Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006. 3. Each provider meets all performance or delivery obligations as per the terms and conditions of a | <p>Partially implemented</p> <p>Not implemented</p> <p>Partially implemented</p> | <ol style="list-style-type: none"> 1. <i>Management tasked the user departments who are now complying by following the procurement plan schedules.</i> 2. <i>Management tasked contract supervisors to prepare contract implementation plans and this is being undertaken.</i> 3. <i>The Entity has taken this up and is already implementing this as per terms and conditions of contract.</i> 4. <i>The Entity has taken this</i> |

| Audit Recommendation | Status of Implementation | Management response |
|---|---|--|
| <p>contract, in accordance with Regulation 119 (10) (a) (i) of the Local Governments (PPDA) Regulations, 2006.</p> <p>4. The Entity meets all payment and other obligations as per the terms and conditions of a contract in accordance with Regulation 119 (10) (a) (iii) of the Local Governments (PPDA) Regulations, 2006.</p> | Partially implemented | <i>up and is already implementing this as per terms and conditions of a contract.</i> |
| <p>The Contracts Committee should:</p> <p>1. Scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.</p> <p>2. Play its oversight role of quality assurance of contract documents such that the draft contract documents, terms and conditions are appropriate and complete before approval in accordance with Section 28 (1) (c) of the PPDA Act, 2003.</p> | <p>Not implemented</p> <p>Partially implemented</p> | <p>1. <i>This will be improved upon since a training has been organized for staff and the Contracts Committee members by PPDA.</i></p> <p>2. <i>This shall be improved upon since a training has been scheduled for the new Contracts Committee.</i></p> |
| <p>Evaluation Committee members should:</p> <p>1. Always check the bills of quantities/price schedule for correctness and completeness when determining the total evaluated price of each bid.</p> <p>2. Adhere to the criteria set out in the solicitation document during bid evaluation in accordance with Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006.</p> | <p>Partially implemented</p> <p>Partially implemented</p> | <p>1. <i>This is being done for the new procurements.</i></p> <p>2. <i>This is noted and is being implemented.</i></p> |

Implication

Failure to fully implement the Authority’s audit recommendations is a red flag for weak internal controls and affects the performance of the procurement and disposal function in the Entity.

Management response

Management has been emphasizing this to all the stake holders and although the implementation is not for all recommendations, the Entity pledges to put more effort to enforce total implementation.

The Entity lacked some key personnel, but they have now been recruited eg the City Engineer and Internal Auditor. There was also a lack of capacity of the staff and this was addressed by the training undertaken by PPDA last August 2023.

Recommendation

The Accounting Officer should take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Section 9 (1) (a) of the PPDA Act, 2003.

2.1.3 Irregular advancement of funds to Entity staff to procure items

The Authority found that funds worth UGX 148,272,156, vide Appendix 5, were irregularly paid to Entity Staff for procurement of items. In addition:

- i) There was no evidence that the Accounting Officer delegated the procurement process to the Entity staff to purchase the items;
- ii) The procurement of each of the items was not carried out in accordance with the rules set out in the PPDA Act, Regulations and Guidelines made under the PPDA Act contrary to Section 55 of the PPDA Act, 2003; and
- iii) There was no certainty of value for money for the procured items since there was no accountability submitted to the audit team at the time of the audit on 4th December 2023, contrary to Section 45 of the PPDA Act, 2003.

Implication

Public resources worth UGX 148,272,156 were subjected to the risk of potential fraud and abuse by individuals without backstopping.

Management response

The anomaly on delegation is noted and shall ensure that this is not repeated. However, most of the payments have accountabilities.

Authority's comment

A review of the documents submitted by the Entity revealed that the principle of maximization of competition to ensure value for money was not adhered to since the staff engaged individual providers directly.

Recommendations

1. The Accounting Officer should formally delegate authority to user departments to undertake micro procurements up to the maximum value specified in the PPDA Guidelines or the limit set by the Contracts Committee which should be lower than the value in the guidelines in accordance with Regulation 22 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. Users with delegated authority to conduct micro procurements should make a comparison for at least three quotations in accordance with Regulation 23 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.4 Failure to include timelines in the procurement plan

The Authority found that the Entity's procurement plan for FY 2022/23 lacked timelines/dates for some stages in the procurement cycle contrary to Regulation 62 4 (d) of

the Local Governments (PPDA) Regulations, 2006. The procurement stages that lacked timelines were: bid invitation; bid closing; bid opening; evaluation; Contracts Committee award; Solicitor General's clearance of draft contract; contract signing; and contract completion.

Implication

Failure to include lead times/ dates in the procurement plan, hinders orderly execution of annual procurement activities and exposes the Entity to the risk of delayed service delivery.

Management response

The procurement plan template that was down loaded was not the right one and the PDU had challenges with inputting information in it, but the right template was downloaded and used for the current financial year.

Authority's comment

The Entity has not submitted its FY 2023/2024 procurement plan to the Authority.

Recommendation

The Procurement and Disposal Unit should in preparation of the procurement plan include the estimated time for each stage of the procurement in accordance with Regulation 6 (d) of the PPDA (Procurement Planning) Regulations, 2023.

2.1.5 Delays at the initiation stage

i) Delay by the Contracts Committee to approve the procurement method and bidding document

The Authority found that the Contracts Committee took 117 working days to approve the procurement method and bidding document for the construction of a five-stance latrine at Aroi Health Center III worth UGX 27,770,600. Whereas the Accounting Officer approved the requisition form (LG PP Form 1) on 8th July 2022; the Contracts Committee approved the procurement method and bidding document on 19th December 2022, after 117 working days.

Implication

Delayed approval of the procurement method and bidding document delayed the bidding process stage and this ultimately delayed service delivery to the intended beneficiaries.

Management response

This is noted and corrective measures have been undertaken to avoid recurrence of the same. However, the Contracts Committee could not approve the request from PDU because the BOQs were not in place due to staffing gaps that have now been addressed by recruitment.

Recommendation

The Contracts Committee should within ten working days, issue a decision on any matter or request submitted to it by the Procurement and Disposal Unit in accordance with Regulation 7 (3) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

ii) Delay by User Departments to initiate procurement requirements

The Authority found that User Departments took an average of 90 working days to initiate three procurement requirements worth UGX 232,212,016 indicated in table 4, contrary to Section 48 of the PPDA Act, 2003.

Table 4: Procurements with delayed initiation requisitions

| No. | Subject of procurement | Planned Bid invitation date | Actual initiation date | Delay in working days |
|--------------------------------------|---|--------------------------------|--------------------------------|-----------------------|
| 1. | Maintenance of two storey classroom block at Arua Public Primary School worth UGX 22,975,400 | 1 st September 2022 | 11 th April 2023 | 159 |
| 2. | Fencing of Anyafio Primary School worth UGX 66,570,350 | 2 nd September 2022 | 19 th December 2022 | 77 |
| 3. | Construction of a semi - detached staff house at Riki Health Centre III in Oluko Ward worth UGX 142,666,266 | 1 st September 2022 | 18 th October 2022 | 34 |
| Average delay in working days | | | | 90 |

Implication

Delay to raise procurement requisitions increases the procurement lead times thereby delaying service delivery to the intended beneficiaries and increasing the risk of returning funds to the consolidated fund.

Management response

Management noted this concern and urged user departments to take note of this and adhere to the time lines in the procurement plan. Delays have been the case because funds are not disbursed timely hence the departments initiate procurements after funds are received.

Recommendation

User Departments should put in place functional monitoring mechanisms for their work plans and initiate procurements according to the procurement plan time schedules to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.

2.1.6 Ambiguous and inadequate requirements in the issued bidding documents

The Authority found that the bidding documents of 13 procurements worth UGX 1,993,621,983 had ambiguous and inadequate specifications, terms of reference and bid evaluation criteria requirements as detailed in table 5 below:

Table 5: Procurements with inappropriate bidding document requirements

| No | Subject of procurement | Exceptions |
|----|---|---|
| 1. | Supply of plastic recycling machine/plastic banks worth UGX 134,900,000 | <p>i) Failure to include the technical specifications of the items to be procured under Column B of the Specifications and Compliance Sheet</p> <p>The Authority found that the User Department proposed technical specifications of the items to be procured on 6th February 2023 that were attached to the LG PP Form 1 submission. However, the Specification and Compliance Sheet in the issued bidding document did not include the technical specifications of the items as required under Column B of the bidding document; for example, parameters like size, volume, material type, capacity, dimensions, industry standard, among others were not indicated under Column B.</p> |

| No | Subject of procurement | Exceptions | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|---|--|--|--|---|---|---|---------|--|--|---------------|--|--|-----------------|--|--|-----------------|--|--|---------------|--|--|
| | | <p>The table below shows an extract of the Technical Specification and Compliance Sheet in the issued bidding document with Column B left blank hence leaving room for assumption by the bidders:</p> <table border="1" data-bbox="608 524 1378 1070"> <thead> <tr> <th data-bbox="608 524 783 752"></th> <th data-bbox="783 524 1007 752">Column B states the minimum technical specification of the item(s) required by the PDE</th> <th data-bbox="1007 524 1378 752">The bidder is to complete Column C with the technical specification of the item(s) offered and to state “comply” or not comply and give details of the areas of non-compliance</th> </tr> <tr> <th data-bbox="608 752 783 786">A</th> <th data-bbox="783 752 1007 786">B</th> <th data-bbox="1007 752 1378 786">C</th> </tr> </thead> <tbody> <tr> <td data-bbox="608 786 783 819">Crusher</td> <td data-bbox="783 786 1007 819"></td> <td data-bbox="1007 786 1378 819"></td> </tr> <tr> <td data-bbox="608 819 783 853">Plastic baler</td> <td data-bbox="783 819 1007 853"></td> <td data-bbox="1007 819 1378 853"></td> </tr> <tr> <td data-bbox="608 853 783 931">Float sink tank</td> <td data-bbox="783 853 1007 931"></td> <td data-bbox="1007 853 1378 931"></td> </tr> <tr> <td data-bbox="608 931 783 999">Washing machine</td> <td data-bbox="783 931 1007 999"></td> <td data-bbox="1007 931 1378 999"></td> </tr> <tr> <td data-bbox="608 999 783 1070">Plastic Banks</td> <td data-bbox="783 999 1007 1070"></td> <td data-bbox="1007 999 1378 1070"></td> </tr> </tbody> </table> <p><u>Management response</u> <i>Management takes note of this. It was as a result of lack of technical capacity, but the departments have been urged to provide detailed technical specifications in future procurements. Also, this was a new and rare procurement so getting the technical specifications was a challenge.</i></p> <p>ii) Ambiguous experience and equipment evaluation criteria</p> <ul style="list-style-type: none"> • Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 required bidders to submit: <ul style="list-style-type: none"> ➤ 5.1 (e) - Evidence of specific experience and past performance in similar supplies be attached. ➤ 5.1 (f) - Evidence of general experience in general supplies be attached. <p>However, the Authority found this requirement was ambiguous since the number of years required for specific and general experience was not indicated; the time frame within which the experience ought to be gained was not indicated; the number and contract amounts or LPOs required were not indicated, whether completion certificates and /or recommendation letters were required or not was not indicated, etc.</p> <p><u>Management response</u> <i>This is noted and corrective measures have been undertaken in preparation of current bid documents.</i></p> | | Column B states the minimum technical specification of the item(s) required by the PDE | The bidder is to complete Column C with the technical specification of the item(s) offered and to state “comply” or not comply and give details of the areas of non-compliance | A | B | C | Crusher | | | Plastic baler | | | Float sink tank | | | Washing machine | | | Plastic Banks | | |
| | Column B states the minimum technical specification of the item(s) required by the PDE | The bidder is to complete Column C with the technical specification of the item(s) offered and to state “comply” or not comply and give details of the areas of non-compliance | | | | | | | | | | | | | | | | | | | | | |
| A | B | C | | | | | | | | | | | | | | | | | | | | | |
| Crusher | | | | | | | | | | | | | | | | | | | | | | | |
| Plastic baler | | | | | | | | | | | | | | | | | | | | | | | |
| Float sink tank | | | | | | | | | | | | | | | | | | | | | | | |
| Washing machine | | | | | | | | | | | | | | | | | | | | | | | |
| Plastic Banks | | | | | | | | | | | | | | | | | | | | | | | |

| No | Subject of procurement | Exceptions |
|----|------------------------|---|
| | | <ul style="list-style-type: none"> <li data-bbox="539 230 1347 472"> <p>• Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 (g) required bidders to submit “ <i>Evidence of equipment capability.</i>” However, the Authority found that the type of equipment required and the documentation required to demonstrate capability were not indicated hence creating room for assumption by the bidders.</p> <p><u>Management response</u> <i>This omission has been corrected in the current bidding documents.</i></p> <li data-bbox="539 651 1347 896"> <p>• Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 (h) required bidders to submit “<i>Qualification and experience of key personnel.</i>” However, the Authority found that the academic documents required and the number, type and experience of key personnel required were not indicated in the issued bidding document hence creating room for assumption by the bidders.</p> <p><u>Management response</u> <i>This is noted and corrective measures have been undertaken in preparation of the current bid documents.</i></p> <p data-bbox="539 1070 1347 1314">iii) Ambiguous income tax clearance certificate requirement The Authority found that Section 3 Part B: Preliminary Examination Criteria Item No. 3.2 (c) required bidders to submit “<i>A copy of the bidder’s annual income tax clearance certificate or original transaction tax clearance certificate addressed to the Entity</i>”; however, the tax period required was not stated hence creating room for assumption by the bidders.</p> <p data-bbox="539 1350 1347 1417"><u>Management response</u> <i>This has been corrected in the current bid documents.</i></p> <p data-bbox="539 1453 1347 1621">iv) Inappropriate eligibility requirement The Authority found that Section 3 Part B: Preliminary Examination Criteria Item No. 3.2 (m) stated that “<i>NITA Certification is a requirement</i>”. However, this requirement was inappropriate for the procurement in question.</p> <p data-bbox="539 1657 1347 1758"><u>Management response</u> <i>Management acknowledges that this was a copy and paste error that shall not be repeated.</i></p> <p data-bbox="539 1794 1347 1883">v) Contradictory delivery period The Authority found contradictory delivery periods in the issued bidding document i.e. GCC 12.1 stated that “<i>The items should be</i></p> |

| No | Subject of procurement | Exceptions |
|----|---|--|
| | | <p><i>delivered within five months</i>"; however, the Delivery and Completion Schedule stated that <i>"The delivery/ completion period is three months."</i></p> <p><u>Management response</u> <i>Management acknowledges this contradiction and pledges that care shall be taken to ensure that it does not happen again.</i></p> |
| 2. | Supply and installation of 25 KW three phase solar at recycling plant worth UGX 137,254,900 | <p>i) Inappropriate eligibility requirement The Authority found that Section 3 Part B: Preliminary Examination Criteria Item No. 3.2 (m) stated that <i>"NITA Certification is a requirement"</i>. However, this requirement was inappropriate for the procurement in question.</p> <p><u>Management response</u> <i>Management acknowledges that this was a copy and paste error that shall not be repeated.</i></p> <p>ii) Ambiguous income tax clearance certificate requirement The Authority found that Section 3 Part B: Preliminary Examination Criteria Item No. 3.2 (c) required <i>"A copy of the bidder's annual income tax clearance certificate or original transaction tax clearance certificate addressed to the Entity"</i>; however, the tax period required was not indicated.</p> <p><u>Management response</u> <i>This has been corrected in the current bid documents.</i></p> <p>iii) Ambiguous experience and equipment evaluation criteria</p> <ul style="list-style-type: none"> • Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 required bidders to submit: <ul style="list-style-type: none"> ➤ <i>5.1 (e) - Evidence of specific experience and past performance in similar supplies be attached</i> ➤ <i>5.1 (f) - Evidence of general experience in general supplies be attached</i> <p>However, the Authority found this requirement ambiguous since the number of years required for specific and general experience was not indicated; the time frame within which the experience ought to be gained was not indicated; the number and contract amounts or LPOs required were not indicated, whether completion certificates and /or recommendation letters were required or not was not indicated, etc.</p> <p><u>Management response</u> <i>Corrective measures have been undertaken in the current bid documents.</i></p> |

| No | Subject of procurement | Exceptions |
|----|---|--|
| | | <ul style="list-style-type: none"> Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 (g) required bidders to submit “<i>Evidence of equipment capability.</i>” However, the Authority found that the type of equipment required and the documentation needed to demonstrate capability were not indicated hence creating room for assumption by the bidders. <u>Management response</u> <i>This has been corrected in the current bid documents.</i> Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 (h) required bidders to submit “<i>Qualification and experience of key personnel.</i>” However, the Authority found that the academic documents required and the number, type and experience of key personnel required were not indicated in the issued bidding document hence creating room for assumption by the bidders. <u>Management response</u> <i>This is noted. Corrective measures have been undertaken in the current bid documents.</i> |
| 3. | Supply of tree seedlings worth UGX 12,744,000 | <p>i) Requirement of an expired Income Tax Clearance Certificate (TCC) The Authority found that under Documents Evidencing Eligibility; the Entity required bidders to submit copies of “<i>A valid income tax clearance certificate or equivalent for the last financial year (FY 2021/2022)</i>”; yet the bidding period was from 12th to 25th April 2023 implying bidders were requested to submit expired TCCs. <u>Management response</u> <i>This is noted and has been corrected in the current bid documents.</i></p> <p>ii) Ambiguous technical specifications The Authority found that the Entity did not include specifications such as size, height, growth period stage, germination capacity, etc in the description of the tree seedlings required under Part 2: Statement of Requirements: Specification and Compliance Sheet. The issued bidding document only stated the types of trees as indicated in the table below, hence leaving room for assumption by the bidders on the exact tree seedlings required.</p> |

| No | Subject of procurement | Exceptions | | | | | | | | | | | | | | |
|----------------------------------|--|--|----------------------------------|-------------------------------------|----------|--|------|--|--------|--|-----------|--|---------|--|--------------|--|
| | | <table border="1" data-bbox="608 383 1337 674"> <thead> <tr> <th data-bbox="608 383 970 450">Technical Specification Required</th> <th data-bbox="970 383 1337 450">Compliance of Specification Offered</th> </tr> </thead> <tbody> <tr> <td data-bbox="608 450 970 488">Mahogany</td> <td data-bbox="970 450 1337 488"></td> </tr> <tr> <td data-bbox="608 488 970 526">Teak</td> <td data-bbox="970 488 1337 526"></td> </tr> <tr> <td data-bbox="608 526 970 564">Musizi</td> <td data-bbox="970 526 1337 564"></td> </tr> <tr> <td data-bbox="608 564 970 602">Jackfruit</td> <td data-bbox="970 564 1337 602"></td> </tr> <tr> <td data-bbox="608 602 970 640">Mangoes</td> <td data-bbox="970 602 1337 640"></td> </tr> <tr> <td data-bbox="608 640 970 674">MarkjamiaSpp</td> <td data-bbox="970 640 1337 674"></td> </tr> </tbody> </table> <p data-bbox="608 712 1414 808"> <u>Management response</u> <i>The user departments have been urged to provide detailed technical specifications in future procurements.</i> </p> | Technical Specification Required | Compliance of Specification Offered | Mahogany | | Teak | | Musizi | | Jackfruit | | Mangoes | | MarkjamiaSpp | |
| Technical Specification Required | Compliance of Specification Offered | | | | | | | | | | | | | | | |
| Mahogany | | | | | | | | | | | | | | | | |
| Teak | | | | | | | | | | | | | | | | |
| Musizi | | | | | | | | | | | | | | | | |
| Jackfruit | | | | | | | | | | | | | | | | |
| Mangoes | | | | | | | | | | | | | | | | |
| MarkjamiaSpp | | | | | | | | | | | | | | | | |
| 4. | Supply of laptop computers and tablet computers worth UGX 32,182,070 | <p data-bbox="608 815 1414 882"> i) Failure to request for a NITA-U certification under eligibility documents </p> <p data-bbox="608 882 1414 1160"> The Authority found that the Entity issued a bidding document that did not require bidders to submit a NITA-U certification yet this was an IT procurement, contrary to Regulation 3 (1) of the National Information Technology Authority, Uganda (Certification of Providers of Information Technology Products and Services) Regulations, 2016 which provides that “<i>A person shall not provide information technology products or services unless that person is certified.</i>” </p> <p data-bbox="608 1200 1414 1301"> <u>Management response</u> <i>This is noted. The requirement will be included in subsequent IT procurements.</i> </p> <p data-bbox="608 1341 1414 1375"> ii) Ambiguous Income tax clearance certificate requirement </p> <p data-bbox="608 1375 1414 1543"> The Authority found that Section 3 Part B: Preliminary Examination Criteria Item No. 3.2 (c) required “<i>A copy of the bidder’s annual income tax clearance certificate or original transaction tax clearance certificate addressed to the Entity</i>”; however, the tax period required was not indicated. </p> <p data-bbox="608 1583 1414 1650"> <u>Management response</u> <i>This has been corrected in the current bid documents.</i> </p> <p data-bbox="608 1691 1414 1722"> iii) Ambiguous experience and personnel evaluation criteria </p> <ul data-bbox="608 1722 1414 1921" style="list-style-type: none"> • Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 required bidders to submit: <ul style="list-style-type: none"> ➤ 5.1 (e) - Evidence of specific experience and past performance in similar supplies be attached ➤ 5.1 (f) - Evidence of general experience in general supplies be attached <p data-bbox="608 1921 1414 2056"> However, the Authority found this requirement ambiguous since the number of years required for specific and general experience was not indicated; the time frame within which the experience ought to be gained was not indicated; the number </p> | | | | | | | | | | | | | | |

| No | Subject of procurement | Exceptions |
|----|---|--|
| | | <p>and contract amounts or LPOs required were not indicated, whether completion certificates and /or recommendation letters were required or not was not indicated, etc.</p> <p><u>Management response</u> <i>This has been taken up and corrective measures have been undertaken in the current bid documents.</i></p> <ul style="list-style-type: none"> Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 (h) required bidders to submit “<i>Qualification and experience of key personnel.</i>” However, the Authority found that the academic documents required and the number, type and experience of key personnel required were not indicated in the issued bidding document hence creating room for assumption by the bidders. <p><u>Management response</u> <i>Corrective measures have been undertaken in the current bid documents.</i></p> |
| 5. | Renovation of house and store in Oli Health Centre IV worth UGX 38,417,500 | <p>Requirement of an expired Income Tax Clearance Certificate (TCC) The Authority found that under Documents Evidencing Eligibility, the Entity required bidders to submit copies of “<i>A valid income tax clearance certificate or equivalent for the previous year i.e FY 2021/2022</i>”; yet the bidding period was from 22nd November 2022 to 7th December 2022.</p> <p><u>Management response</u> <i>This has been corrected in the current bid documents.</i></p> |
| 6. | Revenue collection from loading and offloading in Central Division worth UGX 23,500,000 per month | <p>i) Contradictory bid security requirement The Authority found that ITB 19.1 in the issued bidding document was contradictory i.e it stated that “<i>A bid security shall be required. Where a bid security is required, the amount shall be UGX 3,000,000 and the security shall be: N/A.</i>”</p> <p><u>Management response</u> <i>Management has corrected this in the current bid documents.</i></p> <p>ii) Inadequate terms of reference The Authority found that the terms of reference in the issued bidding document lacked important information such as the bank account where the money collected should be remitted, the schedule of payment of revenues, waste disposal, among others.</p> <p><u>Management response</u> <i>These days payments are made through the Integrated Revenue Administration System (IRAS) where bank account numbers are</i></p> |

| No | Subject of procurement | Exceptions | | | | | | |
|----------------------|--|--|----------------------|--------------------|----------|--|----------|--|
| | | <p><i>not required, but a Payment Registration Number (PRN) is used instead.</i></p> <p>Authority's comment The Entity's response is noted; however, other requirements like schedule of payments, waste disposal, etc were lacking in the terms of reference.</p> <p>iii) Incomplete clauses under the Special Conditions of the Contract The Authority found that the issued bidding document had incomplete clauses under the Special Conditions of Contract as indicated in the table below:</p> <table border="1" data-bbox="611 869 1342 1155"> <thead> <tr> <th data-bbox="611 869 778 976">GCC Clause Reference</th> <th data-bbox="778 869 1342 976">Special Conditions</th> </tr> </thead> <tbody> <tr> <td data-bbox="611 976 778 1010">GCC 22.3</td> <td data-bbox="778 976 1342 1010"><i>The payment schedule shall be... ..</i></td> </tr> <tr> <td data-bbox="611 1010 778 1155">GCC 24.3</td> <td data-bbox="778 1010 1342 1155"><i>The payment shall be made by the Procuring and Disposing Entity within... .. days within receipt of the invoice and relevant documentation.</i></td> </tr> </tbody> </table> <p><u>Management response</u> <i>Management has ensured that this is corrected in the current bid documents.</i></p> <p>iv) Ambiguous experience requirement The bidding document required bidders to submit past experience, however, the Authority found that the number of years for specific and general experience required were not indicated, the time frame within which the experience ought to be obtained was indicated; the number and contract amounts or LPOs required were not indicated, whether completion certificates and /or recommendation letters were required or not, etc.</p> <p><u>Management response</u> <i>Corrective measures have been made in the current bid documents.</i></p> | GCC Clause Reference | Special Conditions | GCC 22.3 | <i>The payment schedule shall be... ..</i> | GCC 24.3 | <i>The payment shall be made by the Procuring and Disposing Entity within... .. days within receipt of the invoice and relevant documentation.</i> |
| GCC Clause Reference | Special Conditions | | | | | | | |
| GCC 22.3 | <i>The payment schedule shall be... ..</i> | | | | | | | |
| GCC 24.3 | <i>The payment shall be made by the Procuring and Disposing Entity within... .. days within receipt of the invoice and relevant documentation.</i> | | | | | | | |
| 7. | Revenue collection from Abattoir worth UGX 15,000,000 per month | <p>i) Contradictory bid security requirement The Authority found that ITB 19.1 in the issued bidding document was contradictory i.e it stated that "<i>A bid security shall be required. Where a bid security is required, the amount shall be UGX 3,000,000 and the security shall be: N/A.</i>"</p> <p><u>Management response</u> <i>Management has undertaken corrective measures.</i></p> | | | | | | |

| No | Subject of procurement | Exceptions | | | | | | | | | | | | | | |
|----------------------|---|---|----------------------|--------------------|----------|--|----------|---|----------|--|----------|---|----------|--|----------|---|
| | | <p>Inadequate terms of reference The Authority found that the terms of reference in the issued bidding document lacked important information such as the bank account where the money collected should be remitted, the schedule of payment of revenues, waste disposal, among others.</p> <p>Management response <i>These days payments are made through the IRAS where bank account numbers are not required. The PRNs are used instead.</i></p> <p>ii) Incomplete clauses under the Special Conditions of the Contract The Authority found that the issued bidding document had incomplete clauses under the Special Conditions of Contract as indicated in the table below:</p> <table border="1" data-bbox="539 766 1273 1388"> <thead> <tr> <th data-bbox="545 775 715 889">GCC Clause Reference</th> <th data-bbox="721 775 1267 889">Special Conditions</th> </tr> </thead> <tbody> <tr> <td data-bbox="545 898 715 925">GCC 22.3</td> <td data-bbox="721 898 1267 925"><i>The payment schedule shall be:</i></td> </tr> <tr> <td data-bbox="545 934 715 961">GCC 24.3</td> <td data-bbox="721 934 1267 1070"><i>The payment shall be made by the Procuring and Disposing Entity within days with in receipt of the invoice and relevant documentation."</i></td> </tr> <tr> <td data-bbox="545 1079 715 1106">GCC 24.2</td> <td data-bbox="721 1079 1267 1170"><i>The following documentation shall be required to support invoices requesting for payments:</i></td> </tr> <tr> <td data-bbox="545 1179 715 1206">GCC 25.4</td> <td data-bbox="721 1179 1267 1247"><i>The Procuring and Disposing Entity's prior approval is also required for:</i></td> </tr> <tr> <td data-bbox="545 1256 715 1283">GCC 28.3</td> <td data-bbox="721 1256 1267 1324"><i>The total liability under the contract shall be:</i></td> </tr> <tr> <td data-bbox="545 1333 715 1360">GCC 35.3</td> <td data-bbox="721 1333 1267 1388"><i>The forms of acceptable performance security are:</i></td> </tr> </tbody> </table> <p>Management response <i>This has been corrected in the current bid documents.</i></p> | GCC Clause Reference | Special Conditions | GCC 22.3 | <i>The payment schedule shall be:</i> | GCC 24.3 | <i>The payment shall be made by the Procuring and Disposing Entity within days with in receipt of the invoice and relevant documentation."</i> | GCC 24.2 | <i>The following documentation shall be required to support invoices requesting for payments:</i> | GCC 25.4 | <i>The Procuring and Disposing Entity's prior approval is also required for:</i> | GCC 28.3 | <i>The total liability under the contract shall be:</i> | GCC 35.3 | <i>The forms of acceptable performance security are:</i> |
| GCC Clause Reference | Special Conditions | | | | | | | | | | | | | | | |
| GCC 22.3 | <i>The payment schedule shall be:</i> | | | | | | | | | | | | | | | |
| GCC 24.3 | <i>The payment shall be made by the Procuring and Disposing Entity within days with in receipt of the invoice and relevant documentation."</i> | | | | | | | | | | | | | | | |
| GCC 24.2 | <i>The following documentation shall be required to support invoices requesting for payments:</i> | | | | | | | | | | | | | | | |
| GCC 25.4 | <i>The Procuring and Disposing Entity's prior approval is also required for:</i> | | | | | | | | | | | | | | | |
| GCC 28.3 | <i>The total liability under the contract shall be:</i> | | | | | | | | | | | | | | | |
| GCC 35.3 | <i>The forms of acceptable performance security are:</i> | | | | | | | | | | | | | | | |
| 8. | Construction of a semi - detached staff house at Riki Health Centre III in Oluko Ward worth UGX 142,666,266 | <p>i) Ambiguous evaluation criteria The Authority found that the bidding document required bidders to submit a copy of the income tax clearance certificate and a trading license; however, the required period for each particular requirement was not indicated.</p> <p>Management response <i>Corrective measures have been made in the current bid documents.</i></p> <p>ii) Incomplete evaluation criteria requirements The Authority found that Part 1: Section 3 Evaluation</p> | | | | | | | | | | | | | | |

| No | Subject of procurement | Exceptions | | | | | | | | | | | | | | | | | | | | | |
|----------|---|---|----------|------------|-------------|-------|-------------------------------------|--|-------|--------------------|---|-------|----------------------------------|--|-------|-------------------------|---|-------|--------------------|---|-------|---------------------|--|
| | | <p>Methodology and Criteria under 6.2: Qualification required bidders to submit the following information; however, the requirements were incomplete as indicated below:</p> <table border="1" data-bbox="628 539 1326 1823"> <thead> <tr> <th data-bbox="628 539 746 607">Item No.</th> <th data-bbox="746 539 943 607">Sub Factor</th> <th data-bbox="943 539 1326 607">Requirement</th> </tr> </thead> <tbody> <tr> <td data-bbox="628 607 746 773">6.2.1</td> <td data-bbox="746 607 943 773">History of non-performing contracts</td> <td data-bbox="943 607 1326 773">Performance of a contract did not occur within the lastyears prior to the deadline for submission.</td> </tr> <tr> <td data-bbox="628 773 746 1006">6.2.2</td> <td data-bbox="746 773 943 1006">Pending litigation</td> <td data-bbox="943 773 1326 1006">All pending litigation shall in total not represent more than..... percent of the bidder's net worth and shall be treated as resolved against the bidder.</td> </tr> <tr> <td data-bbox="628 1006 746 1204">6.2.4</td> <td data-bbox="746 1006 943 1204">Historical Financial performance</td> <td data-bbox="943 1006 1326 1204">Submission of audited accounts or other financial statements acceptable to the employer for the lastyears.</td> </tr> <tr> <td data-bbox="628 1204 746 1401">6.2.5</td> <td data-bbox="746 1204 943 1401">Average annual turnover</td> <td data-bbox="943 1204 1326 1401">Minimum average annual turnover of Calculated from total certified payments received for contracts in progress.</td> </tr> <tr> <td data-bbox="628 1401 746 1598">6.2.7</td> <td data-bbox="746 1401 943 1598">General experience</td> <td data-bbox="943 1401 1326 1598">Experience under contracts in the role of contractor, subcontractor for at least the last..... years prior to the bid submission.</td> </tr> <tr> <td data-bbox="628 1598 746 1823">6.2.8</td> <td data-bbox="746 1598 943 1823">Specific experience</td> <td data-bbox="943 1598 1326 1823">Participation as contractor, management contractor, or subcontractor, in at least contracts within the lastyears, each with a value of at least.....</td> </tr> </tbody> </table> <p data-bbox="608 1862 895 1896"><u>Management response</u></p> <p data-bbox="608 1896 1414 1964"><i>Management has undertaken staff training to build capacity and this has solved this problem.</i></p> | Item No. | Sub Factor | Requirement | 6.2.1 | History of non-performing contracts | Performance of a contract did not occur within the lastyears prior to the deadline for submission. | 6.2.2 | Pending litigation | All pending litigation shall in total not represent more than..... percent of the bidder's net worth and shall be treated as resolved against the bidder. | 6.2.4 | Historical Financial performance | Submission of audited accounts or other financial statements acceptable to the employer for the lastyears. | 6.2.5 | Average annual turnover | Minimum average annual turnover of Calculated from total certified payments received for contracts in progress. | 6.2.7 | General experience | Experience under contracts in the role of contractor, subcontractor for at least the last..... years prior to the bid submission. | 6.2.8 | Specific experience | Participation as contractor, management contractor, or subcontractor, in at least contracts within the lastyears, each with a value of at least..... |
| Item No. | Sub Factor | Requirement | | | | | | | | | | | | | | | | | | | | | |
| 6.2.1 | History of non-performing contracts | Performance of a contract did not occur within the lastyears prior to the deadline for submission. | | | | | | | | | | | | | | | | | | | | | |
| 6.2.2 | Pending litigation | All pending litigation shall in total not represent more than..... percent of the bidder's net worth and shall be treated as resolved against the bidder. | | | | | | | | | | | | | | | | | | | | | |
| 6.2.4 | Historical Financial performance | Submission of audited accounts or other financial statements acceptable to the employer for the lastyears. | | | | | | | | | | | | | | | | | | | | | |
| 6.2.5 | Average annual turnover | Minimum average annual turnover of Calculated from total certified payments received for contracts in progress. | | | | | | | | | | | | | | | | | | | | | |
| 6.2.7 | General experience | Experience under contracts in the role of contractor, subcontractor for at least the last..... years prior to the bid submission. | | | | | | | | | | | | | | | | | | | | | |
| 6.2.8 | Specific experience | Participation as contractor, management contractor, or subcontractor, in at least contracts within the lastyears, each with a value of at least..... | | | | | | | | | | | | | | | | | | | | | |
| 9. | Maintenance of two storey classroom block | <p data-bbox="608 1964 999 1998">Ambiguous evaluation criteria</p> <p data-bbox="608 1998 1414 2066">The Authority found that the bidding document required bidders to submit a copy of the income tax clearance certificate and</p> | | | | | | | | | | | | | | | | | | | | | |

| No | Subject of procurement | Exceptions |
|-----|--|--|
| | at Arua Public Primary School worth UGX 22,975,400 | evidence of social security contributions; however, the required period for each particular requirement was not indicated. <u>Management response</u> <i>Corrective measures have been undertaken in the current bid documents.</i> |
| 10. | Supply of two units of motorcycles for Planning and Commercial Department worth UGX 37,700,000 | Ambiguous evaluation criteria The Authority found that the bidding document required bidders to submit a copy of the income tax clearance certificate and evidence of social security contributions; however, the required period for each particular requirement was not indicated. <u>Management response</u> <i>Corrective measures have been undertaken in the current bid documents.</i> |
| 11. | Construction of a 5 stance lined latrine at Division Headquarters worth UGX 44,702,100 | Ambiguous evaluation criteria The Authority found that the bidding document required bidders to submit a copy of the income tax clearance certificate and evidence of social security contributions; however, the required period for each particular requirement was not indicated <u>Management response</u> <i>Corrective measures have been undertaken in the current bid documents.</i> |
| 12. | Supply of two units of double cabin pick up motor vehicles for City Mayor and Central Division worth UGX 494,250,000 | i) Ambiguous evaluation criteria a) The Authority found that the bidding document required bidders to submit a copy of the income tax clearance certificate and evidence of social security contributions; however, the required period for each particular requirement was not indicated. <u>Management response</u> <i>Corrective measures have been undertaken in the current bid documents.</i> b) The Authority found that Section 3 Part C: Detailed Evaluation Criteria required bidders to submit: <ul style="list-style-type: none"> • “Evidence of specific experience and past performance in similar supplies be attached.” • “Evidence of general experience in general supplies be attached.” However, the number of years required for specific and general experience was not indicated; the time frame within which the experience ought to be gained was not indicated; the number and contract amounts or LPOs required were not indicated, whether completion certificates and /or recommendation letters were required or not was not indicated, etc. |

| No | Subject of procurement | Exceptions |
|-----|--|---|
| | | <p><u>Management response</u> <i>Corrective measures have been undertaken in the current bid documents.</i></p> <p>ii) Contradictory warranty requirement The Authority found that GCC 28.3 stated that “<i>The period of the warranty shall be one year</i>”, however, under the Technical Specifications, the warranty requirement was “<i>100,000 km or three years whichever comes first.</i>”</p> <p><u>Management response</u> <i>Management has put up corrective measures and this contradiction has been corrected in the current bid documents.</i></p> |
| 13. | Construction of Administration block, 3 classroom block and two units of two classroom blocks at Anyara Cope Primary worth UGX 433,829,747 | <p>Ambiguous evaluation criteria The Authority found that the bidding document required bidders to submit a copy of the income tax clearance certificate and evidence of social security contributions; however, the required period for each particular requirement was not indicated.</p> <p><u>Management response</u> <i>Corrective measures have been undertaken in the current bid documents. .</i></p> |

Implications

- Inadequate statement of requirements creates assumptions by bidders of the requirements of the Entity and this could lead to procurement of items that are not fit for purpose hence failure to meet the objectives of the procurement.
- Ambiguous and inadequate evaluation criteria lead to unfair and inadequate assessment of bidders’ compliance to the Entity’s requirements and may further increase the risk of submission of non-responsive bids.

Recommendations

1. The Head Procurement and Disposal Unit should ensure that the bidding documents’ evaluation criterion considers all the appropriate factors and that the method of application of these factors is clear in accordance with Regulation 42 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.

2.1.7 Low bidder participation

The Authority found that the Entity received less than 3 bids under the selective bidding procurement method in four procurements worth UGX 101,190,000 indicated in table 6 contrary to Section 46 of the PPDA Act, 2003.

Table 6: Procurements with low bidder response rate at the bidding stage

| No | Subject of procurement | No. of bidders invited | No. of bids received |
|----|---|------------------------|----------------------|
| 1. | Supply of tree seedlings worth UGX 12,744,000 | 2 | 1 |
| 2. | Construction of a five-stance latrine at Aroi Health Center III worth UGX 27,770,600 | 3 | 1 |
| 3. | Maintenance of two storey classroom block at Arua Public Primary School worth UGX 22,975,400 | 3 | 2 |
| 4. | Supply of two units of motorcycles to Planning and Commercial Department worth UGX 37,700,000 | 2 | 2 |

Implication

Limited competition denies the Entity the chance to maximize competition in the bidding process which ultimately hinders the achievement of value for money.

Management response

Some of the procurements at the Entity fail to attract providers right from the time of prequalification, but Management shall use the Authority's list of providers as advised.

Recommendations

1. The Head Procurement and Disposal Unit should consider including providers from the Authority's Registrar of Providers, another Entity's list of prequalified providers or market knowledge to increase competition in the bidding process at the Entity in accordance with Regulation 53 (3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. The Accounting Officer should organize bidder conferences in order to obtain information on the causes of limited participation by bidders in the bidding processes of the Entity and also to increase bidder awareness.

2.1.8 Delayed invitation of bidders

The Procurement and Disposal Unit took an average of 41 working days to prepare bid advertisements and invitation notices which delayed invitation of bidders to participate in the Entity's bidding processes of six procurements worth UGX 383,269,070 in table 7, contrary to Section 48 of the PPDA Act, 2003.

Table 7: Procurements with delayed invitation of bidders

| No. | Subject of procurement | Contracts Committee approval date | Date of invitation of bidders | Delay in working days |
|-----|--|-----------------------------------|-------------------------------|-----------------------|
| 1. | Construction of a five stance latrine at Aroi Health Center III worth UGX 27,770,600 | 19 th December 2022 | 14 th March 2023 | 62 |
| 2. | Supply of laptop computers and tablet computers worth UGX 32,182,070 | 19 th December 2022 | 10 th March 2023 | 60 |
| 3. | Supply of plastic recycling machine/plastic bank worth UGX 134,900,000 | 24 th February 2023 | 27 th April 2023 | 45 |
| 4. | Supply of tree seedlings worth | 24 th February | 12 th April 2023 | 34 |

| No. | Subject of procurement | Contracts Committee approval date | Date of invitation of bidders | Delay in working days |
|-------------------------------------|---|-----------------------------------|--------------------------------|-----------------------|
| | UGX 12,744,000 | 2023 | | |
| 5. | Supply and installation of 25 KW three phase solar at Recycling plant worth UGX 137,254,900 | 23 rd March 2023 | 27 th April 2023 | 26 |
| 6. | Renovation of house and store in Oli Health Centre IV worth UGX 38,417,500 | 25 th October 2022 | 22 nd November 2022 | 21 |
| Average Delay (working days) | | | | 41.3 |

Implication

Delay to prepare bid advertisements delays the bidding process stage which ultimately delays service delivery.

Management response

User departments often prepare and submit procurement requisitions when the bills of quantities, specifications and drawings are not ready. The Procurement and Disposal Unit thus finds it difficult to invite bidders without these documents hence leading to the above delays. It should, however, be noted that this was as a result of understaffing, but with the recent recruitment of additional staff, the situation has now changed.

Recommendation

The Procurement and Disposal Unit should, immediately after receipt of approval by the Contracts Committee, prepare bid advertisements and invite bidders to participate in the Entity's bidding processes to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.

2.1.9 Anomalies at the bid evaluation stage

i) Failure to detect arithmetic errors

The Authority found that evaluation committee members did not detect arithmetic errors in three procurements worth UGX 315,266,266 as detailed in table 8:

Table 8: Procurements with undetected arithmetic errors

| No. | Subject of procurement | Exceptions | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------|--|--|----------------------------|-------------------------------|---------------------------|----------------------------|-------------------------------|----------------|---------|---|------------|------------|------------|---------|---------------|---|------------|------------|------------|---------|-------|---|------------|------------|------------|---------|
| 1. | Supply of plastic recycling machine/plastic bank worth UGX 134,900,000 | The Authority found that the evaluation committee did not detect arithmetic errors worth UGX 1,900,000 in the bid for the best evaluated bidder, True Stars Investment (U) Limited, that should have reduced the bid price from UGX 134,900,000 to UGX 133,000,000 as indicated in the table below: | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th>Item</th> <th>Quantity</th> <th>Bidder's unit price (UGX)</th> <th>Bidder's Total Price (UGX)</th> <th>Authority's computation (UGX)</th> <th>Variance (UGX)</th> </tr> </thead> <tbody> <tr> <td>Crusher</td> <td>1</td> <td>25,000,000</td> <td>25,500,000</td> <td>25,000,000</td> <td>500,000</td> </tr> <tr> <td>Plastic baler</td> <td>1</td> <td>38,000,000</td> <td>38,300,000</td> <td>38,000,000</td> <td>300,000</td> </tr> <tr> <td>Float</td> <td>1</td> <td>15,000,000</td> <td>15,400,000</td> <td>15,000,000</td> <td>400,000</td> </tr> </tbody> </table> | Item | Quantity | Bidder's unit price (UGX) | Bidder's Total Price (UGX) | Authority's computation (UGX) | Variance (UGX) | Crusher | 1 | 25,000,000 | 25,500,000 | 25,000,000 | 500,000 | Plastic baler | 1 | 38,000,000 | 38,300,000 | 38,000,000 | 300,000 | Float | 1 | 15,000,000 | 15,400,000 | 15,000,000 | 400,000 |
| Item | Quantity | Bidder's unit price (UGX) | Bidder's Total Price (UGX) | Authority's computation (UGX) | Variance (UGX) | | | | | | | | | | | | | | | | | | | | | |
| Crusher | 1 | 25,000,000 | 25,500,000 | 25,000,000 | 500,000 | | | | | | | | | | | | | | | | | | | | | |
| Plastic baler | 1 | 38,000,000 | 38,300,000 | 38,000,000 | 300,000 | | | | | | | | | | | | | | | | | | | | | |
| Float | 1 | 15,000,000 | 15,400,000 | 15,000,000 | 400,000 | | | | | | | | | | | | | | | | | | | | | |

| No. | Subject of procurement | Exceptions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|---------------------------|----------------------------|-------------------------------|------------------|-------------|------|-----|---------------------------|----------------------------|-------------------------------|----------------|---|----|-----|-------|---------|---------|---------|---------------------------|----|---|-------|--------|--------|----------|--------------------|--|--|--|--|--|----------------|
| | | sink tank | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Washing machine | 1 | 25,000,000 | 25,500,000 | 25,000,000 | 500,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Plastic Banks | 80 | 375,000 | 30,200,000 | 30,000,000 | 200,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Financial loss | | 134,900,000 | 133,000,000 | 1,900,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <p>Implication The Entity incurred a financial loss of UGX 1,900,000 by signing a contract and irregularly advancing the total contract sum of UGX 134,900,000 to the supplier, True Stars Investment (U) Limited, on 28th June 2023.</p> <p>Management response <i>Management has undertaken trainings for staff to build capacity so that such mistakes do not reoccur in the subsequent procurements.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Construction of a semi-detached staff house at Riki Health Centre III in Oluko Ward worth UGX 142,666,266 | <p>i) The Authority found that the evaluation committee did not detect arithmetic errors worth UGX 220,000 in the bid of the best evaluated bidder, True Stars Investment (U) Limited, that could have increased the bid price from UGX 142,666,266 to UGX 142,886,266 as indicated in the table below:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>Unit</th> <th>Qty</th> <th>Bidder's unit price (UGX)</th> <th>Bidder's Total Price (UGX)</th> <th>Authority's computation (UGX)</th> <th>Variance (UGX)</th> </tr> </thead> <tbody> <tr> <td>Excavate oversite average 200mm deep to remove vegetable top soil</td> <td>SM</td> <td>250</td> <td>3,000</td> <td>500,000</td> <td>750,000</td> <td>250,000</td> </tr> <tr> <td>Excavate for column bases</td> <td>CM</td> <td>6</td> <td>5,000</td> <td>60,000</td> <td>30,000</td> <td>(30,000)</td> </tr> <tr> <td colspan="6">Total Error</td> <td>220,000</td> </tr> </tbody> </table> <p>Management response <i>Manage has undertaken trainings for staff to build capacity so that such mistakes do not reoccur in the subsequent procurements.</i></p> <p>ii) The Authority found that the best evaluated bidder, True Stars Investment (U) Limited, charged VAT worth UGX 21,762,651 yet the bidder's TIN No. 1000507677 was deactivated from VAT. The evaluation committee did not detect and deduct this VAT amount from the evaluated price before recommending the contractor for contract award.</p> <p>Implication</p> | | | | | Description | Unit | Qty | Bidder's unit price (UGX) | Bidder's Total Price (UGX) | Authority's computation (UGX) | Variance (UGX) | Excavate oversite average 200mm deep to remove vegetable top soil | SM | 250 | 3,000 | 500,000 | 750,000 | 250,000 | Excavate for column bases | CM | 6 | 5,000 | 60,000 | 30,000 | (30,000) | Total Error | | | | | | 220,000 |
| Description | Unit | Qty | Bidder's unit price (UGX) | Bidder's Total Price (UGX) | Authority's computation (UGX) | Variance (UGX) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Excavate oversite average 200mm deep to remove vegetable top soil | SM | 250 | 3,000 | 500,000 | 750,000 | 250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Excavate for column bases | CM | 6 | 5,000 | 60,000 | 30,000 | (30,000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Error | | | | | | 220,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No. | Subject of procurement | Exceptions |
|-----|--|---|
| | | <p>The Entity incurred a financial loss of UGX 21,762,651 in VAT payment to the contractor, True Stars Investment (U) Limited, because the bidder is not registered for VAT.</p> <p><u>Management response</u> <i>Management was not aware of this issue concerning VAT. When the Entity gives contracts without VAT, other audit institutions like the Office of the Auditor General also query that.</i></p> <p><u>Authority's comment</u> The Entity's response is noted. Inclusion of VAT to bidders that are not VAT registered during financial evaluation is for purposes of comparison. In the event that such a bidder emerges as the best evaluated bidder, then the Entity should sign a contract that is exclusive of VAT since the bidder does not pay VAT to Uganda Revenue Authority.</p> |
| 3. | Supply of two units of motorcycles for Planning and Commercial Department worth UGX 37,700,000 | <p>The Authority found that the best evaluated bidder, Goodmax Services Limited, charged VAT worth UGX 5,750,847 yet the bidder is not registered for VAT according to the certificate of registration in the submitted bid; however, the evaluation committee did not deduct the charged VAT amount from the evaluated price before recommending the supplier for contract award.</p> <p><u>Implication</u> The Entity incurred a financial loss worth UGX 5,750,847 in VAT payment to the supplier, Goodmax Services Limited, because the bidder is not registered for VAT.</p> <p><u>Management response</u> <i>Management was not aware of this issue concerning VAT. When the Entity gives contracts without VAT, other audit institutions like the Office of the Auditor General also query that.</i></p> <p><u>Authority's comment</u> The Entity's response is noted. Inclusion of VAT to bidders that are not VAT registered during financial evaluation is for purposes of comparison. In the event that such a bidder emerges as the best evaluated bidder, then the Entity should sign a contract that is exclusive of VAT since the bidder does not pay VAT to Uganda Revenue Authority.</p> |

Recommendations

1. The Accounting Officer should recover and submit to the Authority evidence of recovery of:
 - i) UGX 1,900,000 from True Stars Investment (U) Limited since the money was advanced to the provider for the supply of plastic recycling machine/plastic bank.

- ii) UGX 21,762,651 in VAT payment to the contractor, True Stars Investment (U) Limited, because the bidder is not registered for VAT for the construction of a semi-detached staff house at Riki Health Centre III in Oluko Ward.
 - iii) UGX 5,750,847 in VAT payment to the supplier, Goodmax Services Limited, because the bidder is not registered for VAT for the supply of two units of motorcycles for Planning and Commercial Department.
2. Evaluation Committee members should conduct financial evaluation of bids in accordance with Regulation 21 (2) of the PPDA (Evaluation) Regulations, 2023.

ii) Non-compliant best evaluated bidders

The Authority found that evaluation committees irregularly evaluated bidders as compliant without satisfying the requirements of the evaluation criteria in 12 procurements worth UGX 1,326,193,333 as detailed in table 9 below:

Table 9: Procurements with non-compliant best evaluated bidders

| No | Subject of procurement | Exceptions |
|----|--|---|
| 1. | Supply of plastic recycling machine/plastic bank worth UGX 134,900,000 | <p>i) Non submission of specific experience The Authority found that the best evaluated bidder, True Stars Investments (U) Ltd, did not submit any specific experience in regards to the procurement requirement in question contrary to Section 3 Part C: Detailed Evaluation Criteria Item No. 5.1 (e) that required bidders to submit “<i>Evidence of specific experience and past performance in similar supplies be attached.</i>”</p> <p>However, the evaluation committee irregularly evaluated the bidder as compliant to submission of specific experience.</p> <p><u>Management response</u> <i>The evaluation committee evaluated the bidder as compliant based on the fact that the bidder was shortlisted as a provider with the Entity and has made several supplies.</i></p> <p><u>Authority’s comment</u> The Entity submitted two notices of prequalification of the provider that were not specific to the experience required for the procurement in question i.e</p> <ul style="list-style-type: none"> • Notice of prequalification for supply of computers and computer accessories, photocopiers, cameras and networking for FY 2023/2024; and • Notice of prequalification for supply of ordinary furniture, desks, executive office equipment, office furniture, fittings and filing cabinets for FY 2022/2023. <p>ii) Failure to verify the accuracy, validity and authenticity of the Manufacturer’s authorization letter The Authority found that the best evaluated bidder, True Stars Investments (U) Ltd submitted a manufacturer’s authorization letter from Guangzhou Tyrone Environmental Technology Co.Ltd</p> |

| No | Subject of procurement | Exceptions | | | | | | | | | | | | | | | | | | | | | |
|-----------------|--|---|--|--|--|---|---|---|---------|--|--------|---------------|--|--------|-----------------|--|--------|-----------------|--|--------|---------------|--|--------|
| | | <p>dated 14th May 2023, but signed on 6th May 2023 and not on a Manufacturer's letter head; however, the evaluation committee did not verify the accuracy, validity and authenticity of the submitted letter.</p> <p><u>Management response</u> <i>Management needs guidance on how to do this since the supplier is foreign based.</i></p> <p>Authority's comment The Entity should in writing request the Manufacturer to confirm the validity, accuracy and authenticity of Manufacturer's authorization letter submitted by the bidder. The Entity can use the address information contained in the Manufacturer's authorization letter to contact the Manufacturer.</p> <p>iii) Purported conduct of technical evaluation The Authority found that the evaluation committee irregularly stated in the evaluation report that the best evaluated bidder, True Stars Investments (U) Ltd, was responsive to the technical criteria; however, there were no specifications (Column B) in the issued bidding document and as such the bidder did not also indicate what they were offering as shown below:</p> <table border="1" data-bbox="582 1182 1310 1780"> <thead> <tr> <th data-bbox="582 1182 783 1496"></th> <th data-bbox="783 1182 975 1496">Column B states the minimum technical specification of the item(s) required by the PDE</th> <th data-bbox="975 1182 1310 1496">The bidder is to complete Column C with the technical specification of the item(s) offered and to state "comply" or not comply and give details of the areas of non-compliance</th> </tr> <tr> <th data-bbox="582 1496 783 1529">A</th> <th data-bbox="783 1496 975 1529">B</th> <th data-bbox="975 1496 1310 1529">C</th> </tr> </thead> <tbody> <tr> <td data-bbox="582 1529 783 1563">Crusher</td> <td data-bbox="783 1529 975 1563"></td> <td data-bbox="975 1529 1310 1563">Comply</td> </tr> <tr> <td data-bbox="582 1563 783 1597">Plastic baler</td> <td data-bbox="783 1563 975 1597"></td> <td data-bbox="975 1563 1310 1597">Comply</td> </tr> <tr> <td data-bbox="582 1597 783 1675">Float sink tank</td> <td data-bbox="783 1597 975 1675"></td> <td data-bbox="975 1597 1310 1675">Comply</td> </tr> <tr> <td data-bbox="582 1675 783 1742">Washing machine</td> <td data-bbox="783 1675 975 1742"></td> <td data-bbox="975 1675 1310 1742">Comply</td> </tr> <tr> <td data-bbox="582 1742 783 1780">Plastic Banks</td> <td data-bbox="783 1742 975 1780"></td> <td data-bbox="975 1742 1310 1780">Comply</td> </tr> </tbody> </table> <p><u>Management response</u> <i>Management takes note of this. This was as a result of lack of technical capacity, but the departments have been urged to provide detailed technical specifications in the future procurements.</i></p> | | Column B states the minimum technical specification of the item(s) required by the PDE | The bidder is to complete Column C with the technical specification of the item(s) offered and to state "comply" or not comply and give details of the areas of non-compliance | A | B | C | Crusher | | Comply | Plastic baler | | Comply | Float sink tank | | Comply | Washing machine | | Comply | Plastic Banks | | Comply |
| | Column B states the minimum technical specification of the item(s) required by the PDE | The bidder is to complete Column C with the technical specification of the item(s) offered and to state "comply" or not comply and give details of the areas of non-compliance | | | | | | | | | | | | | | | | | | | | | |
| A | B | C | | | | | | | | | | | | | | | | | | | | | |
| Crusher | | Comply | | | | | | | | | | | | | | | | | | | | | |
| Plastic baler | | Comply | | | | | | | | | | | | | | | | | | | | | |
| Float sink tank | | Comply | | | | | | | | | | | | | | | | | | | | | |
| Washing machine | | Comply | | | | | | | | | | | | | | | | | | | | | |
| Plastic Banks | | Comply | | | | | | | | | | | | | | | | | | | | | |
| 2. | Supply and installation of 25 KW three | <p>i) Non-submission of Powers of Attorney The Authority found that the best evaluated bidder, Greenery (U) Ltd did not submit registered Powers of Attorney as was required</p> | | | | | | | | | | | | | | | | | | | | | |

| No | Subject of procurement | Exceptions |
|----|--|--|
| | phase solar at Recycling plant worth UGX 137,254,900 | <p>under Section 3 Part B: Preliminary Examination Criteria Item No. 3.2 (j) of the bidding document. However, the evaluation committee irregularly evaluated the bidder as compliant to submission of registered Powers of Attorney.</p> <p><u>Management response</u> <i>The bidder did not attach the Power of Attorney in error and this being a historical document, the evaluation committee inquired and the bidder was able to submit copy.</i></p> <p>Authority's comment The bidder submitted a Board resolution of the company instead of a registered Powers of Attorney.</p> <p>ii) Failure to authenticate the accuracy, validity and authenticity of the Manufacturer's authorization letter The Authority found that the best evaluated bidder, Glenergy (U) Ltd, submitted a manufacturer's authorization letter from Foshan Tanfan Energy Technology Co. Ltd dated 4th May 2023, but signed on 6th May 2023 and not on a Manufacturer's letter head; however, the evaluation committee did not verify the accuracy, validity and authenticity of this letter.</p> <p><u>Management response</u> <i>Management needs guidance on how to do this since the supplier is foreign based.</i></p> <p>Authority's comment The Entity should in writing request the Manufacturer to confirm the validity, accuracy and authenticity of Manufacturer's authorization letter submitted by the bidder. The Entity can use the address information contained in the Manufacturer's authorization letter to contact the Manufacturer.</p> |
| 3. | Supply of tree seedlings worth UGX 12,744,000 | <p>i) Non-submission of bidding document eligibility documents The Authority found that the evaluation committee evaluated the best evaluated bidder, Ziku& Bros Joint Repair Limited, as compliant to the bidding document eligibility requirements yet:</p> <p>a) The bidder submitted an expired trading license for the year ending 31st December 2022 yet the bidding period was from 12th to 25th April 2023 and also contrary to the bidding document requirement of submission of a valid trading license;</p> <p>b) The bidder did not submit a registered Powers of Attorney; and</p> <p>c) The bidder did not submit an income tax clearance certificate contrary to the bidding document requirement of submission of a valid income tax clearance certificate.</p> <p><u>Management response</u> <i>Being a lone bidder, the evaluation committee waived those</i></p> |

| No | Subject of procurement | Exceptions |
|----|--|--|
| | | <p><i>conditions so that the supplies are made since the financial year was coming to an end.</i></p> <p>ii) Irregular evaluation of a bidder on criteria not stated in the bidding document The Authority found that the evaluation committee irregularly evaluated the best evaluated bidder, Ziku & Bros Joint Repair Limited, as compliant to the following requirements that were not part of the evaluation criteria in the bidding document and the bidder in his bid submission did not have them:</p> <ul style="list-style-type: none"> a) Acceptable bid security; b) Evidence of specific experience and past performance in similar supplies; c) Evidence of general experience in general supplies; d) Evidence of equipment capability; and e) Qualification and experience of key personnel. <p><u>Management response</u> <i>Management takes note of this error by the evaluation committee. Management is planning for another training for staff on procurement to enhance capacity in handling procurement activities.</i></p> |
| 4. | Fencing of Anyafio Primary School worth UGX 66,570,350 | <p>Reference to an invalid ITB for bid validity period The best evaluated bidder, Uguja Investments and Services Limited, in its bid submission sheet under Item (f) stated that “<i>Our valid shall be valid until the date specified in ITB and shall remain binding upon us and may be accepted at any time before the expiration of that period.</i>”</p> <p>However, the Authority found that the bidder did not specify the ITB reference number hence making this reference vague/non-existent, but the evaluation committee irregularly evaluated the bidder as compliant to a bid validity period of 120 days.</p> <p><u>Management response</u> <i>This was an over sight by the evaluation committee. Management is planning for another training for staff on procurement to enhance capacity in handling procurement activities.</i></p> |
| 5. | Supply of laptop computers and tablet computers worth UGX 32,182,070 | <p>Failure to verify the accuracy, validity and authenticity of the Manufacturer’s authorization letter The Authority found that the best evaluated bidder, Service and Computer Industries (U) Ltd submitted two manufacturer’s authorization letters from HP Europe B.V dated 20th October 2022 and Dell Merging Markets (EMEA) Limited dated 13th December 2022, however, the evaluation committee did not verify the accuracy, validity and authenticity of these two letters before recommending contract award to the bidder.</p> |

| No | Subject of procurement | Exceptions | | | | | | | | | | | | |
|------------------------|--|---|------|--|---|------------------------|-------------------------------------|-------------------------------------|------------|--------------------------|--------------------------|------------|------------|------------|
| | | <p><u>Management response</u> <i>Management needs guidance on how to do this since the supplier is foreign based.</i></p> <p><u>Authority's comment</u> The Entity should in writing request the Manufacturer to confirm the validity, accuracy and authenticity of Manufacturer's authorization letter submitted by the bidder. The Entity can use the address information contained in the Manufacturer's authorization letter to contact the Manufacturer.</p> | | | | | | | | | | | | |
| 6. | Construction of five stance latrine at Aroi Health Centre III worth UGX 27,770,600 | <p><u>Submission of a suspected forged Tax Clearance Certificate (TCC)</u> The Authority found that the best evaluated bidder, Zopa Timber and Civil Works Limited submitted a suspected forged TCC Reference Number: AR01220345104 where the tax period and issue date were tampered with as indicated in the table below:</p> <table border="1" data-bbox="512 790 1321 1111"> <thead> <tr> <th data-bbox="512 790 703 898">Area</th> <th data-bbox="703 790 1002 898">Original TCC as per details on the URA website</th> <th data-bbox="1002 790 1321 898">Suspected Forged TCC in the submitted bid</th> </tr> </thead> <tbody> <tr> <td data-bbox="512 898 703 1005">Tax Payer's Legal Name</td> <td data-bbox="703 898 1002 1005">ZOPA TIMBER AND CIVIL WORKS LIMITED</td> <td data-bbox="1002 898 1321 1005">ZOPA TIMBER AND CIVIL WORKS LIMITED</td> </tr> <tr> <td data-bbox="512 1005 703 1077">Tax Period</td> <td data-bbox="703 1005 1002 1077">01/05/2022 to 30/06/2022</td> <td data-bbox="1002 1005 1321 1077">01/07/2023 to 30/06/2023</td> </tr> <tr> <td data-bbox="512 1077 703 1111">Issue Date</td> <td data-bbox="703 1077 1002 1111">23/06/2022</td> <td data-bbox="1002 1077 1321 1111">23/03/2023</td> </tr> </tbody> </table> <p><u>Management response</u> <i>Management has taken note of this forgery and shall implement the Authority's recommendation in such incidences.</i></p> | Area | Original TCC as per details on the URA website | Suspected Forged TCC in the submitted bid | Tax Payer's Legal Name | ZOPA TIMBER AND CIVIL WORKS LIMITED | ZOPA TIMBER AND CIVIL WORKS LIMITED | Tax Period | 01/05/2022 to 30/06/2022 | 01/07/2023 to 30/06/2023 | Issue Date | 23/06/2022 | 23/03/2023 |
| Area | Original TCC as per details on the URA website | Suspected Forged TCC in the submitted bid | | | | | | | | | | | | |
| Tax Payer's Legal Name | ZOPA TIMBER AND CIVIL WORKS LIMITED | ZOPA TIMBER AND CIVIL WORKS LIMITED | | | | | | | | | | | | |
| Tax Period | 01/05/2022 to 30/06/2022 | 01/07/2023 to 30/06/2023 | | | | | | | | | | | | |
| Issue Date | 23/06/2022 | 23/03/2023 | | | | | | | | | | | | |
| 7. | Revenue collection from loading and offloading in Central Division worth UGX 23,500,000 per month. | <p><u>i) Signing and submission of a bid by an unauthorized person</u> The Authority found that an unauthorized person, Mr. Jackson Abiria, acted on behalf of the best evaluated bidder, Eyere Company SMC Limited, by signing and submitting a bid yet the Powers of Attorney were granted to Mr. Stephen Juria. However, the evaluation committee irregularly evaluated this bid as compliant and recommended Eyere Company SMC Limited for contract award.</p> <p><u>Management response</u> <i>The Entity acknowledges that this anomaly was not detected by the evaluation committee and pledges not to repeat this mistake in subsequent procurements.</i></p> <p><u>ii) Suspected conflict of interest.</u> The Authority found that Mr. Jackson Abiria signed the bids for Eyere Company SMC Limited (best evaluated bidder) and Beta Enterprises Ltd (another bidder) yet both companies were participating in the same procurement process hence breaching the</p> | | | | | | | | | | | | |

| No | Subject of procurement | Exceptions | | | | | | |
|---------------------------|---|--|--------------|-----------------------------------|---------------------------|------|-----------------------|-----|
| | | <p>Code of Ethical Conduct in Business for Bidders and Providers. In addition, the Authority found that Mr. Jackson Abiria had shares in both companies as indicated below:</p> <table border="1" data-bbox="580 517 1382 663"> <thead> <tr> <th data-bbox="580 517 1018 584">Company Name</th> <th data-bbox="1018 517 1382 584">Shares held by Mr. Jackson Abiria</th> </tr> </thead> <tbody> <tr> <td data-bbox="580 584 1018 622">Eyere Company SMC Limited</td> <td data-bbox="1018 584 1382 622">100%</td> </tr> <tr> <td data-bbox="580 622 1018 663">Betai Enterprises Ltd</td> <td data-bbox="1018 622 1382 663">98%</td> </tr> </tbody> </table> <p><u>Management response</u> <i>It is true that this anomaly was not detected by the evaluation committee. Management will ensure that this is corrected in the future procurements.</i></p> <p>iii) Non-submission of lease agreements The Authority found that the best evaluated bidder, Eyere Company SMC Limited, indicated in its bid submission that the required equipment was hired; however, the bidder did not submit any evidence of the lease agreements, but the evaluation committee evaluated the bidder as compliant to this criterion.</p> <p><u>Management response</u> <i>Management takes note of this error by the evaluation committee. Efforts are being made to build capacity of staff so that such errors do not happen again.</i></p> <p>iv) Submission of a suspected forged Income Tax Clearance Certificate (TCC) The Authority found that another participating bidder, Arua Central Division Tax Operators and Drivers Co-operative Society Limited, submitted a suspected forged tax clearance certificate Reference Number: AR0120004506887 that was invalid/non-existent on the URA website portal. In addition, the Authority found that the TIN Number: 1008804484 on the Tax Clearance Certificate belonged to Harizona Head Carriers (U) Limited. However, the evaluation committee did not detect this forgery and evaluated the bidder as compliant.</p> <p><u>Management response</u> <i>Management has taken note of this forgery and shall implement the Authority's recommendation in such incidences.</i></p> | Company Name | Shares held by Mr. Jackson Abiria | Eyere Company SMC Limited | 100% | Betai Enterprises Ltd | 98% |
| Company Name | Shares held by Mr. Jackson Abiria | | | | | | | |
| Eyere Company SMC Limited | 100% | | | | | | | |
| Betai Enterprises Ltd | 98% | | | | | | | |
| 8. | Revenue collection from Abattoir worth UGX 15,000,000 per month | <p>Failure to offer a bid validity period The Authority found that the best evaluated bidder, Arua Livestock Traders and Meat Sellers Association, did not offer any bid validity period in its bid submission sheet i.e it was silent, contrary to ITB 18.1 in the issued bidding document; however, the evaluation committee evaluated the bidder as compliant to the bid validity period requirement of 120 days.</p> | | | | | | |

| No | Subject of procurement | Exceptions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|----------|--|--|----------|------------|------------------------|-------|-------------------------------------|--------|-------|--------------------|---------|-------|---|---------|-------|----------------------------------|---|-------|-------------------------|---|-------|---------------------|---------------------------|-------|--------------------|---|-------|---------------------|---|-------|---------------------|--|
| | | <p><u>Management response</u> <i>Being a lone bidder, the evaluation committee waived that condition so that a service provider was available to collect revenues since the financial year was coming to an end.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | <p>Construction of a semi-detached staff house at Riki Health Centre III in Oluko Ward worth UGX 142,666,266</p> | <p><u>Non-compliance to the bidding document template forms</u> The Authority found that the best evaluated bidder, True Stars Investment (U) Limited did not adhere to the use of the templates provided in Part 1: Section 3 Evaluation Methodology and Criteria under 6.2: Qualification, which required bidders to submit the following information using the templates in the bidding document. However, the evaluation committee evaluated the bidder as compliant. The templates were:</p> <table border="1" data-bbox="542 683 1300 1780"> <thead> <tr> <th data-bbox="542 683 662 750">Item No.</th> <th data-bbox="662 683 1029 750">Sub Factor</th> <th data-bbox="1029 683 1300 750">Documentation required</th> </tr> </thead> <tbody> <tr> <td data-bbox="542 750 662 828">6.2.1</td> <td data-bbox="662 750 1029 828">History of non-performing contracts</td> <td data-bbox="1029 750 1300 828">Form 5</td> </tr> <tr> <td data-bbox="542 828 662 862">6.2.2</td> <td data-bbox="662 828 1029 862">Pending litigation</td> <td data-bbox="1029 828 1300 862">Form 5a</td> </tr> <tr> <td data-bbox="542 862 662 1019">6.2.3</td> <td data-bbox="662 862 1029 1019">Declaration: Environmental, Social, Health and Safety (ESHS) past performance</td> <td data-bbox="1029 862 1300 1019">Form 5b</td> </tr> <tr> <td data-bbox="542 1019 662 1097">6.2.4</td> <td data-bbox="662 1019 1029 1097">Historical Financial performance</td> <td data-bbox="1029 1019 1300 1097">Form 6 and audited financial statements</td> </tr> <tr> <td data-bbox="542 1097 662 1176">6.2.5</td> <td data-bbox="662 1097 1029 1176">Average annual turnover</td> <td data-bbox="1029 1097 1300 1176">Form 7 and audited financial statements</td> </tr> <tr> <td data-bbox="542 1176 662 1254">6.2.6</td> <td data-bbox="662 1176 1029 1254">Financial resources</td> <td data-bbox="1029 1176 1300 1254">Form 8 and line of credit</td> </tr> <tr> <td data-bbox="542 1254 662 1444">6.2.7</td> <td data-bbox="662 1254 1029 1444">General experience</td> <td data-bbox="1029 1254 1300 1444">Form 9 and certificates of completion or substantial completion</td> </tr> <tr> <td data-bbox="542 1444 662 1624">6.2.8</td> <td data-bbox="662 1444 1029 1624">Specific experience</td> <td data-bbox="1029 1444 1300 1624">Form 9 and certificates of completion or substantial completion</td> </tr> <tr> <td data-bbox="542 1624 662 1780">6.2.9</td> <td data-bbox="662 1624 1029 1780">Specific experience</td> <td data-bbox="1029 1624 1300 1780">Form 10 and copies of the contracts providing the scope of the works</td> </tr> </tbody> </table> <p><u>Management response</u> <i>Non-compliance on the side of the bidder is acknowledged. Bidders will be educated in pre bid meetings to ensure compliance.</i></p> | Item No. | Sub Factor | Documentation required | 6.2.1 | History of non-performing contracts | Form 5 | 6.2.2 | Pending litigation | Form 5a | 6.2.3 | Declaration: Environmental, Social, Health and Safety (ESHS) past performance | Form 5b | 6.2.4 | Historical Financial performance | Form 6 and audited financial statements | 6.2.5 | Average annual turnover | Form 7 and audited financial statements | 6.2.6 | Financial resources | Form 8 and line of credit | 6.2.7 | General experience | Form 9 and certificates of completion or substantial completion | 6.2.8 | Specific experience | Form 9 and certificates of completion or substantial completion | 6.2.9 | Specific experience | Form 10 and copies of the contracts providing the scope of the works |
| Item No. | Sub Factor | Documentation required | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.1 | History of non-performing contracts | Form 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.2 | Pending litigation | Form 5a | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.3 | Declaration: Environmental, Social, Health and Safety (ESHS) past performance | Form 5b | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.4 | Historical Financial performance | Form 6 and audited financial statements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.5 | Average annual turnover | Form 7 and audited financial statements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.6 | Financial resources | Form 8 and line of credit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.7 | General experience | Form 9 and certificates of completion or substantial completion | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.8 | Specific experience | Form 9 and certificates of completion or substantial completion | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6.2.9 | Specific experience | Form 10 and copies of the contracts providing the scope of the works | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No | Subject of procurement | Exceptions |
|-----|--|--|
| 10. | Maintenance of two storey classroom block at Arua Public Primary School worth UGX 22,975,400 | <p>i) Non-compliance to the bidding document requirements The Authority found that the evaluation committee evaluated the best evaluated bidder, Quks Enterprises, as compliant yet:</p> <p>a) The bidder offered a bid validity period of 90 days contrary to the bidding document requirement of a bid validity period of 120 days; and</p> <p>b) The bidder indicated a commencement date of two weeks from the date of signing the contract contrary to Part 1 (Statement of Requirements) that provided that <i>“The commencement shall be immediately after signing the contract.”</i></p> <p><u>Management response</u> <i>The non-compliance is noted. Bidders will be educated in pre-bid meetings and management has organized training for staff so that the mistakes are not repeated.</i></p> <p>ii) Irregular introduction of new criteria during bid evaluation The Authority found that the evaluation committee irregularly evaluated bidders on evidence of submission audited accounts for the last three years contrary to the bidding document requirement under Part 1 No. 4 (Administrative Compliance Criteria) which required bidders to submit <i>“Evidence of financial capacity (copies of audited financial accounts for the previous year be attached.”</i></p> <p><u>Management response</u> <i>This anomaly is noted. Management has undertaken trainings for staff to build capacity so that such mistakes do not reoccur in the subsequent procurements.</i></p> |
| 11. | Supply of two units of motorcycles for Planning and Commercial Department worth UGX 37,700,000 | <p>i) Submission of unsigned Powers of Attorney The Authority found that the best evaluated bidder, Goodmax Services Limited, submitted Powers of Attorney that did not contain specimen signatures of both the donee and the donor; however, the evaluation committee irregularly evaluated the bidder as compliant.</p> <p><u>Management response</u> <i>This was not detected by the evaluation committee but management will ensure that staff that were trained are the ones selected on the evaluation committee so that such mistakes are not repeated.</i></p> <p>ii) Irregular introduction of new criteria during bid evaluation The Authority found that the evaluation committee irregularly introduced the following new criteria during bid evaluation yet it was not part of the evaluation criteria in the issued bidding document:</p> |

| No | Subject of procurement | Exceptions |
|-----|--|--|
| | | <p>a) Evidence of specific experience and past performance in similar supplies; b) Evidence of general experience in general supplies; c) Evidence of equipment capability; and d) Qualification and experience of key personnel.</p> <p>Implication: This led to elimination of the lowest priced bid by Mechatronic Engineering Limited (UGX 35,000,000) and award of contract to Goodmax Services Limited (UGX 37,700,000) thereby denying the Entity a cost saving of UGX 2,700,000.</p> <p>Management response <i>Management has noted this irregularity and evaluation committee members shall be tasked to ensure that the same mistakes are not repeated in the next procurements.</i></p> |
| 12. | Construction of Administration block, 3 classroom block and two units of two classroom blocks at Anyara Cope Primary worth UGX 384,329,747 | <p>i) Failure to comply with the bid validity period requirement Whereas ITB 19.1 in the issued bidding document required a bid validity period of up to 22nd March 2023, the Authority found that the best evaluated bidder, Hope Engineering and Construction Works offered a bid validity period of 180 days and the evaluation committee evaluated the bidder as compliant to the bid validity requirement.</p> <p>Management response <i>The evaluation committee failed to detect the non-compliance and management has enhanced the capacity of staff so that such errors do not occur again.</i></p> <p>ii) The Code of Ethical Conduct in Business for Bidders and Providers was signed by an unauthorized person The Authority found that the <i>Code of Ethical Conduct in Business for Bidders and Providers</i> submitted by the best evaluated bidder, Hope Engineering and Construction Works, was signed by an unauthorized person, Mr. Rashid Buma instead of Mr. Kasongo Majid who was granted the Powers of Attorney.</p> <p>Management response <i>Management has noted this and staff that will be nominated on the evaluation committee shall be tasked to avoid these common mistakes.</i></p> |

Implications

- Passing non-compliant bidders exposed the Entity to the risk of contracting providers that could fail to execute the works/supplies with competence.
- Failure to verify the validity, accuracy and authenticity of documents submitted by the bidders exposed the Entity to the risk of contracting providers that could be unreliable and/or ineligible to conduct business with the Government of Uganda.

- Dealing with unauthorized Powers of Attorney put the Entity at a risk of no recourse in case of non-performance by the contracted providers.

Recommendations

1. Evaluation Committee members should:
 - i) Adhere to the evaluation criteria set out in the bidding documents during evaluation of bids in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023.
 - ii) Always verify the accuracy, validity and authenticity of the documents submitted by the bidders before recommending them for contract award.
2. Where a bid is not substantially compliant and responsive to the bidding documents, it should be rejected by the Entity in accordance with Regulations 16 (2) and 19 (4) of the PPDA (Evaluation) Regulations, 2023.

2.1.10 Irregularities at the contracting stage

i) Failure to obtain the Solicitor General’s approval of draft revenue contracts

The Authority found that the Entity entered into framework agreements for revenue centres indicated in table 10 without obtaining clearance from the Solicitor General despite the fact that the estimated collections exceeded the threshold of UGX 200 million contrary to Statutory Instrument No.97 of the Constitution of Uganda.

Table 10: Contracts without the Solicitor General’s approval

| No. | Revenue Source | Provider | Contract Amount per month (UGX) | Total Expected Collection (UGX) |
|--------------|--|-----------------------|---------------------------------|---------------------------------|
| 1. | Management and revenue collection from Arua Main market for 12 months | Betai Enterprises Ltd | 60,000,000 | 720,000,000 |
| 2. | Revenue collection from loading and offloading in Central Division for 12 months | Eyere Company SMC Ltd | 23,500,000 | 235,000,000 |
| Total | | | | 955,000,000 |

Implication

By failing to seek the Attorney General’s approval of the contracts, the Entity did not adequately mitigate risks that could potentially arise during execution of such high value contracts.

Management response

Management has taken note of this. This has been the case at the Entity because it was the contract award value that was considered and not the total sum to be collected, but management shall comply with that requirement in the subsequent procurements.

Recommendation

The Accounting Officer should submit draft revenue contracts whose estimated value exceeds the threshold of UGX 200,000,000 to the Solicitor General for approval before contracts are signed with providers in accordance with Statutory Instrument No. 97 of the

Constitution (Exemption of Particular Contracts from Attorney General's Legal Advice) Instrument, 2014 and Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.

ii) Contract placement without evidence of confirmation of additional funding by the Accounting Officer

The Authority found that the Entity entered into four contracts worth UGX 345,243,766 in table 11 without evidence of confirmation of additional funds totaling to UGX 42,648,875 by the Accounting Officer as indicated below:

Table 11: Signed contracts without evidence of confirmation of additional funding

| No. | Subject of procurement | Estimated market price at initiation (UGX) | Contract Amount (UGX) | Variance (UGX) |
|---------------|---|--|-----------------------|-------------------|
| 1. | Supply of plastic recycling machine/plastic bank worth UGX 134,900,000 | 112,400,000 | 134,900,000 | 22,500,000 |
| 2. | Construction of a 5 stance lined latrine at Division Headquarters worth UGX 44,702,100 | 30,000,000 | 44,702,100 | 14,702,100 |
| 3. | Construction of a semi-detached staff house at Riki Health Centre III in Oluko Ward worth UGX 142,666,266 | 139,194,891 | 142,666,266 | 3,471,375 |
| 4. | Maintenance of two storey classroom block at Arua Public Primary School worth UGX 22,975,400 | 21,000,000 | 22,975,400 | 1,975,400 |
| Totals | | 302,594,891 | 345,243,766 | 42,648,875 |

Implication

Failure to confirm funds availability before contract placement exposes the Entity to the risk of incurring domestic arrears.

Management response

Management takes note of this anomaly and pledges to ensure compliance in the subsequent contracts.

Recommendation

The Accounting Officer should ascertain that the total acquisition cost of acquiring a procurement is committed prior to contract placement in accordance with Regulation 8 (1) of the PPDA (Contracts) Regulations, 2023.

iii) Irregular change of delivery/completion periods at the contract signing stage

The Authority found that the Entity deviated from the delivery/completion period contract terms and conditions set in the bidding documents at the time of signing six contracts worth UGX 445,300,570 as detailed in table 12 below:

Table 12: Procurements with differing contract terms and conditions

| No | Subject of procurement | Bidding document's delivery period (GCC 12.1)/ completion period (GCC 17.1)/ working hours | Signed contract's delivery period (GCC 12.1)/ completion period (GCC 17.1)/ working hours |
|----|---|--|---|
| 1. | Supply and installation of 25 KW three phase solar at Recycling plant worth UGX 137,254,900 | 3 months | 5 months |
| 2. | Supply of tree seedlings worth UGX 12,744,000 | 14 days | 2 months |
| 3. | Supply of laptop computers and tablet computers worth UGX 32,182,070 | 2 months | 14 days |
| 4. | Renovation of house and store in Oli Health Centre IV worth UGX 38,417,500 | 3 months | 4 months |
| 5. | Construction of a 5 stance lined latrine at Division Headquarters worth UGX 44,702,100 | 3 months | 4 months |
| 6. | Revenue collection from Abattoir worth UGX 15,000,000 per month | 8am to 5pm | 6am to 6pm |

Implication

Change of delivery terms and conditions at contract signing stage was unfair to providers that did not participate in the bidding process due to perceived unfavourable terms and conditions.

Management response

Management acknowledges these variances. Management shall ensure that these anomalies are not repeated in subsequent contracts by making certain that the Legal Officer proof reads the contract documents since the Entity now has that office in place.

Recommendations

1. The Procurement and Disposal Unit should ensure that contract terms are consistent with the bidding document requirements to ensure transparency and fairness in public procurement in accordance with Section 45 of the PPDA Act, 2003.
2. The Contracts Committee should scrutinize all sections of the draft contracts for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.

iv) Failure to obtain Performance and Environment and Social (ES) securities

The Authority found that the Entity did not obtain performance and Environmental and Social (ES) securities in two procurement contracts worth UGX 450,900,097 in table 13 contrary to the following Special Conditions of Contract:

- i) SCC (GCC) 61.1 which provided that "A Performance Security and ES Performance Security shall be required. A Performance Security and ES Performance Security shall be 10 Percent of the Contract Price";and

- ii) SCC (GCC) 61.3 which provided that “*The standard form of performance security and ES security acceptable to the Procuring and Disposing Entity shall be an unconditional bank guarantee in the format presented in section 9 of the bidding document.*”

Table 13: Contracts without performance and ES securities

| No. | Subject of procurement | Contractor | Contract value (UGX) |
|--------------|--|---|----------------------|
| 1. | Fencing of Anyafio Primary School | Uguja Investment & Service Limited | 66,570,350 |
| 2. | Construction of Administration block, 3 classroom block and two units of two classroom blocks at Anyara Cope Primary Note: Hope Engineering and Construction Works submitted a performance security from Excel Insurance Company Limited instead of an unconditional bank guarantee. | Hope Engineering and Construction Works | 384,329,747 |
| Total | | | 450,900,097 |

Implication

Failure to obtain securities exposes the Entity to risks associated with non- performance of the contracts, such as the contractor’s failure to complete or comply with the obligations under the contract.

Management response

Management acknowledges this irregularity and will ensure full compliance in this current year’s procurements as advised by the Authority.

Recommendation

1. The Accounting Officer should always task contractors to fulfil the conditions of contract effectiveness such as obtaining the ES and performance securities if required from the contractors in accordance with Regulation 12 (1) (a) of the PPDA (Contracts) Regulations, 2023.
2. In the event that the contracted provider fails to fulfil the contractual obligations of submitting the required securities, the Accounting Officer should terminate that contract and proceed to award the contract to the next best evaluated bidder in accordance with Regulation 12 (2) and (3) of the PPDA (Contracts) Regulations, 2023.

v) Failure by User Departments to nominate contract managers for appointment by the Accounting Officer

The Authority found that user departments did not nominate contract managers for appointment by the Accounting Officer to oversee the implementation of two procurements worth UGX 462,000,000 listed in table 14 below:

Table 14: Procurements without contract managers

| No | Subject of procurement | Contract Value (UGX) |
|--------------|---|----------------------|
| 1. | Revenue collection from Abattoir worth UGX 15,000,000 per month for 12 months | 180,000,000 |
| 2. | Revenue collection from loading and offloading in Central Division worth UGX 23,500,000 per month for 12 months | 282,000,000 |
| Total | | 462,000,000 |

Implication

Failure to nominate contract managers for appointment by the Accounting Officer hinders effective monitoring and supervision of contracts and exposes the Entity to the risk of breaches in terms and conditions of contract going unabated.

Management response

Management takes note of this anomaly and will ensure full compliance in the subsequent contracts.

Recommendation

User Departments should in writing nominate a member of the user department, with appropriate skills and experience, or a person who is supervised by a member of the user department who has the appropriate skills and experience, to be appointed as contract manager by the Accounting Officer in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.

2.1.12 Incomplete procurement action files

The Authority found that five procurement action files relating to procurement transactions worth UGX 761,142,117 lacked contract management records as indicated in table 15:

Table 15: Missing records

| No | Subject of procurement | Missing records | Management response |
|----|--|---|--|
| 1. | Supply of plastic recycling machine/plastic bank worth UGX 134,900,000 | <ul style="list-style-type: none"> • Evidence of delivery • invoice • Evidence of payment for the shade worth UGX 20,235,000 • Warranty of one year | <p><i>This was an oversight on the side of the Entity concerning obtaining the warranty, but this will be enforced in future supplies.</i></p> <p><i>Evidence of delivery, invoice and payment for the shade is available.</i></p> <p>Authority's comment There was no evidence submitted to that effect.</p> |

| No | Subject of procurement | Missing records | Management response |
|----|--|--|---|
| 2. | Supply and installation of 25 KW three phase solar at Recycling plant worth UGX 137,254,900 | <ul style="list-style-type: none"> Evidence of installation and training of Entity staff Warranty of one year as required under GCC 28.3 of the signed contract. | <ul style="list-style-type: none"> <i>Process of installation is ongoing.</i> <i>This was an oversight on the side of the Entity concerning the warranty, but this will be enforced in the future supplies.</i> |
| 3. | Supply of laptop computers and tablet computers worth UGX 32,182,070 | Evidence of payment of balance of UGX 24,269,129.58. Only UGX 7,912,941 was paid on 28 th June 2023. | <p><i>Evidence of payment available.</i></p> <p>Authority's comment There was no evidence submitted to that effect.</p> |
| 4. | Maintenance of two storey classroom block at Arua Public Primary School worth UGX 22,975,400 | <ul style="list-style-type: none"> Completion certificate Payment records | <p><i>Completion certificate and payment records available.</i></p> <p>Authority's comment There was no evidence submitted to that effect.</p> |
| 5. | Construction of Administration block, 3 classroom block and two units of two classroom blocks at Anyara Cope Primary worth UGX 433,829,747 | <ul style="list-style-type: none"> Progress reports Completion certificate Evidence of handover to the intended beneficiaries | <i>The project is still ongoing.</i> |

Implication

Missing records are a sign of non-transparency and weaknesses in the internal controls of the Entity.

Recommendations







- Contract managers should submit monthly reports on the progress of the contract to the Accounting Officer and to the Procurement and Disposal Unit in accordance with Regulation 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.
- The Head Procurement and Disposal Unit should maintain and archive all documents pertaining to a particular procurement on each respective file in accordance with Section 31 (o) of the PPDA Act, 2003.

2.2 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, 2003 AND REGULATIONS, 2006

2.2.1 Non-disposal of unserviceable assets

The Authority found that the Board of Survey report dated 30th August 2022 recommended assets for disposal, vide Appendix 4; however, the Entity did not prepare a disposal plan for FY 2022/2023 hence the obsolete assets were not disposed of. Figure 1 below shows some of the assets due for disposal found at the City Yard.

Figure 1: Obsolete assets due for disposal

| | |
|---|--|
|  |  |
| Ambulance UBG 367T | |
|  |  |
| Double cabin pick-up UG2706R | Double cabin pick-up LG 0005-112 |
|  |  |
| Bitumen boiler | Pedestrian roller |



Agricultural tractor - LG008-112

Fuel pump

Implication

Assets continue to lose value through depreciation and face risks of loss or vandalism.

Management response

The disposal process has been initiated by Management and the Chief Government Valuer was requested to send a team to value the assets. The Entity is waiting for the response, but also making follow ups.

Recommendation

The Accounting Officer should dispose of all obsolete assets to avoid further depreciation and attain value for money in accordance with the PPDA (Disposal of Public Assets) Regulations, 2023.

2.3 EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION INCLUDING THE APPLICATION OF ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS

2.3.1 Anomalies at contract management

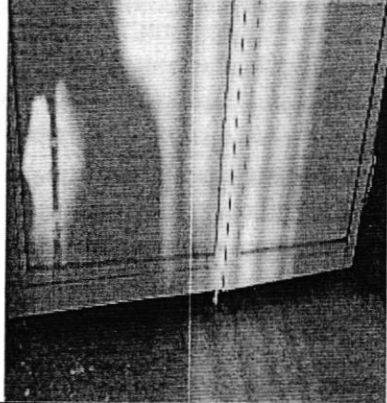
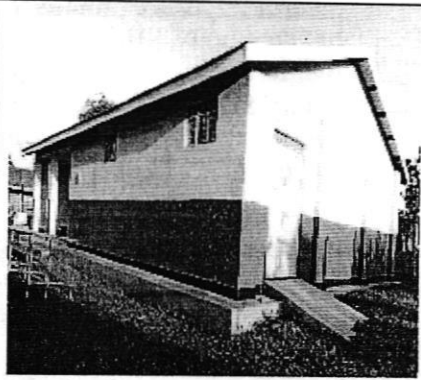
The Authority found that nine procurements worth UGX 1,026,335,433 had contract management anomalies as detailed in table 16 below:

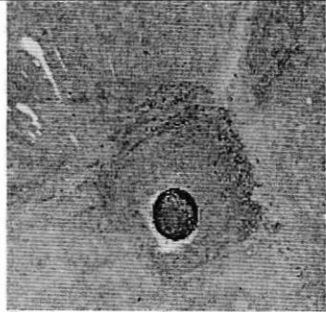
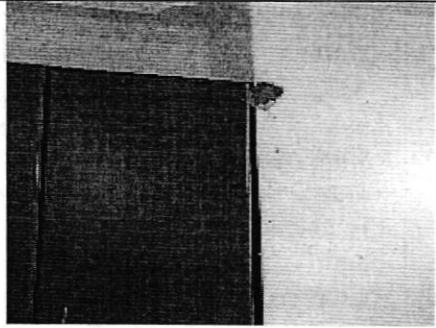

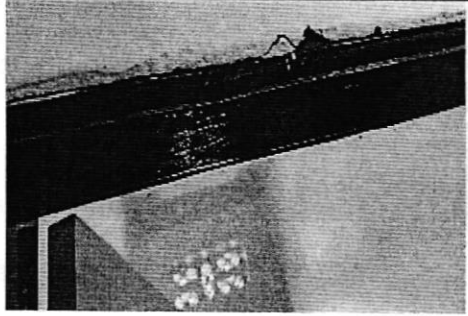
Table 16: Procurements with anomalies during contract implementation

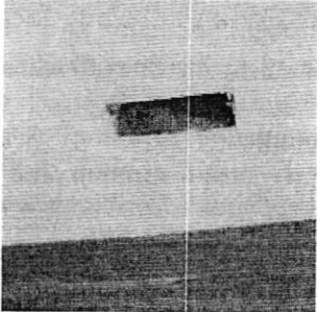

| No | Subject of procurement | Exceptions |
|----|--|---|
| 1. | Supply of plastic recycling machine/plastic bank worth UGX 134,900,000 | <p>i) Irregular advancement of 100% of the contract amount to the Provider without submission of a corresponding payment guarantee</p> <p>The Authority found that the Entity irregularly advanced the entire contract sum amount of UGX 134,900,000 to the supplier, True Stars Investment (U) Limited, on 28th June 2023 before delivery of the items and without evidence of submission of a corresponding payment guarantee contrary to:</p> <p>a) GCC 16.1 of the signed contract which stated that <i>“The terms of payment shall be after delivery of the supplies, installation and training of users.”</i></p> |

| No | Subject of procurement | Exceptions |
|----|---|---|
| | | <p>b) The PPDA Law which provides that <i>“A Procuring and Disposing Entity shall not make an advance payment exceeding thirty percent of the contract price.”</i></p> <p>c) Regulation 115 (4) of the Local Governments (PPDA) Regulations, 2006 which provides that <i>“Where an advance payment is consistent with best practices, an advance payment security shall be required and the requirement for a payment security shall be stated in the contract documents.”</i> The Authority found that the contract was silent on the advance payment and security requirement.</p> <p><u>Management response</u> <i>This was as a result of the financial year coming to an end and to prevent funds from being taken back to the consolidated fund. However, management has taken the guidance by the Authority.</i></p> <p>ii) Expired contract without delivery of the supplies The Authority found that the supplier, True Stars Investment (U) Limited, had not delivered the items by the time of conclusion of the audit exercise on 13th December 2023 yet the contract expired on 8th November 2023 with no evidence of extension of the completion period. This was contrary to GCC 12.1 of the signed contract which stated that <i>“The items should be delivered within five months and the provider shall be required to install and train the users at his/her cost.”</i> The contract was signed on 8th June 2023.</p> <p><u>Management response</u> <i>The items were delivered on 20th September 2023.</i></p> <p>Authority’s comment The Entity did not submit any evidence to support its response.</p> |
| 2. | Supply and installation of 25 KW three phase solar at Recycling plant worth UGX 137,254,900 | <p>Failure to obtain a warranty from the provider The Authority did not find any evidence that the provider, Glenergy (U) Limited, submitted a warranty of the items delivered on 7th December 2023, contrary to GCC 28.3 which required submission of a warranty with a validity of one year.</p> <p><u>Management response</u> <i>Management has noted with concern that the supplier did not submit the warranty as requested. Management pledges to enforce this in future supplies.</i></p> |
| 3. | Supply of tree seedlings under Mayor’s Migration Council for Institutional Greening | <p>Irregular inclusion of VAT worth UGX 1,944,000 to the payment made to contract manager yet the supplier, Ziku&Bros Joint Repair Ltd is not VAT registered The Authority found that the Entity made payment on 28th June 2023 of the full contract sum of UGX 12,744,000 to the contract manager, Ms. Mary Dawaru without deducting VAT worth UGX 1,944,000 that was charged irregularly by the supplier, Ziku&Bros Joint Repair Ltd</p> |

| No | Subject of procurement | Exceptions |
|----|--|---|
| | worth UGX 12,744,000 | that is not VAT registered. <u>Management response</u> <i>The supplier quoted for VAT and was erroneously paid, but Management has written to the supplier to recover the amount.</i> |
| 4. | Fencing of Anyafio Primary School worth UGX 66,570,350 | <p>i) Failure to submit a program for works The Authority found that the contractor, Uguja Investment & Service Limited, did not submit a program of works contrary to GCC 36.1 which provided that <i>"The Contractor shall submit the program for the works within seven days of contract signature."</i></p> <p><u>Management response</u> <i>The program for the works was actually there but on file at the time of audit; however, it is available.</i></p> <p>Authority's comment There was no evidence submitted to that effect.</p> <p>ii) Partial payment The Authority found that only UGX 54,000,000 was paid out of the total contract sum of UGX 66,570,350 as of 1st July 2023. There was no evidence of payment of the balance of UGX 12,570,350 yet works were completed on 12th August 2023 and the defects liability period lapsed.</p> <p><u>Management response</u> <i>The first payment was made on 2nd May 2023 and the balance was paid on 28th June 2023; however, retention is yet to be paid.</i></p> <p>Authority's comment There was no evidence submitted to that effect.</p> |
| 5. | Construction of five stance latrine at Aroi Health Center III worth UGX 27,770,600 | <p>Irregular payment of contingency fees without justification and accountability The Authority found that contingency fees worth UGX 2,524,600 were paid to the contractor Zopa Timber and Civil Works Ltd without any justification and accountability. This implies a potential financial loss of UGX 2,524,600 to the Entity.</p> <p><u>Management response</u> <i>This money was erroneously paid, but the project is still under defects liability period so the money shall be recovered.</i></p> |
| 6. | Renovation of house and store in Oli Health Centre IV worth UGX 38,417,500 | <p>Physical verification findings The Authority found the store locked but observed that the door was not well fixed, there was a gap between the door and the floor as shown in the picture below:</p> |

| No | Subject of procurement | Exceptions |
|----|---|---|
| | | <div style="display: flex; justify-content: space-around;">   </div> <p style="display: flex; justify-content: space-around;"> Gap between door and floor Right side view of the store </p> <p>Management response <i>At the time of the audit these gaps were there and the project was still under defects liability period; however, they have now been addressed as part of the snags.</i></p> <p>Authority's comment There was no evidence submitted to support the Entity's response.</p> |
| 7. | Supply of laptop computers and tablet computers worth UGX 32,182,070 | <p>Partial payment The Authority found that only UGX 7,912,941 was paid out of the total contract sum of UGX 32,182,070 yet the supplier, Service and Computer Industries (U) Limited, delivered all the items on 7th June 2023. There was no evidence of payment of the balance of UGX 24,269,129 to the supplier by the time of conclusion of the audit exercise on 13th December 2023. However, the Authority found that UGX 20,680,000 was irregularly paid to the contract manager, Mr. John Odabo on 28th June 2023 for the delivered computers.</p> <p>Management response <i>The supplies were for four different departments and payments were made at two levels. Since the Divisions are not on IFMS, payments were made at different times directly to the supplier and not to the contract manager.</i></p> <p>Authority's comment There was no evidence of receipt of the funds by the supplier submitted by the Entity.</p> |
| 8. | Construction of a semi-detached staff house at Riki Health Centre III in Oluko Ward worth UGX | <p>i) Failure by the contractor to submit a program for works The Authority found that the contractor, True Stars Investment (U) Limited, did not submit a program for works contrary to GCC 36.1 which required the contractor to submit program for the works within 7 days of contract signature.</p> <p>Management response <i>Management has taken note of this and pledges to enforce it in future</i></p> |

| No | Subject of procurement | Exceptions |
|----|------------------------|---|
| | 142,666,266 | <p><i>procurements.</i></p> <p>ii) Execution of works on an expired contract The Authority found that the contract was signed on 10th January 2023 with a completion period of 6 months i.e 10th July 2023; however, during physical inspection on 8th December 2023, the works were incomplete yet there was no contract extension.</p> <p><u>Management response</u> <i>Much as the contract period expired, the remaining works were put on a snag list to be completed in the defects liability period which is one year.</i></p> <p>iii) Shoddy works: The Authority found that the following works were poorly done:</p> <ul style="list-style-type: none"> • The electrical wiring component worth UGX 3,496,000 was not done; • Bathroom floor drains fixtures not installed; • Poor painting; • Some cracks had developed on the floor and walls; and • There was no provision for a chimney in the kitchen yet the kitchen is inside the house. <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%; text-align: center;">  <p>Bathroom floor drainage hole not covered</p> </div> <div style="width: 50%; text-align: center;">  <p>Poorly fixed wardrobes</p> </div> <div style="width: 50%; text-align: center;">  <p>Poor painting</p> </div> <div style="width: 50%; text-align: center;">  <p>Cracks on walls where the door was fixed</p> </div> </div> |

| No | Subject of procurement | Exceptions |
|----|--|--|
| | | <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Electrical wiring not yet done</p> </div> <div style="text-align: center;">  <p>Cracks on the floor</p> </div> </div> <p><u>Management response</u> <i>There was a workmanship issue but this has been addressed among the list of snags.</i></p> |
| 9. | <p>Construction of Administration block, 3 classroom block and two units of two classroom blocks at Anyara Cope Primary School worth UGX 433,829,747</p> <p>Contractor: Hope Engineering and Construction Works</p> | <p>i) Failure to submit a program for works The Authority found that the contractor Hope Engineering and Construction Works did not submit a program for the works contrary to GCC 36.1 which required the contractor to submit program for the works within 7 days of contract signature.</p> <p><u>Management response</u> <i>This was not on file at the time of audit because the copy was filed with the Engineer.</i></p> <p>Authority's comment There was no evidence submitted to that effect.</p> <p>ii) Execution of works on an expired contract The Authority found that the contract expired on 25th July 2023 with no contract extension, however, works were incomplete and the contractor, Hope Engineering and Construction Works, was not on site at the time of physical inspection by the PPDA team on 8th December 2023.</p> <p><u>Management response</u> <i>The remaining items that were not completed are targeted to be completed in the snag list within the defect's liability period.</i></p> <p>iii) Incomplete works The Authority found that the contractor was paid UGX 367,636,987 with the balance of UGX 66,192,760 unpaid; however, the following works were still pending at the time of physical inspection by the PPDA audit team on 8th December 2023:</p> <p>a) Construction of Administration block, 3 classroom block and two units of two classroom blocks The pending works included the following items in the BOQs that</p> |

| No | Subject of procurement | Exceptions | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----|---|---|-----|------------------|--------------|----|--|-----------|----|--|-----------|---|---|-----------|----|---|-----------|----|---|-----------|----|--|-----------|----|---|-----------|----|--|-----------|----|---------------------------------|-------------------------------|
| | | <p>were not implemented:</p> <table border="1" data-bbox="544 293 1295 1144"> <thead> <tr> <th data-bbox="544 293 619 360">No.</th> <th data-bbox="619 293 1094 360">Item Description</th> <th data-bbox="1094 293 1295 360">Amount (UGX)</th> </tr> </thead> <tbody> <tr> <td data-bbox="544 360 619 434">1.</td> <td data-bbox="619 360 1094 434">Element No.11: Lightening protection for 3 classroom block</td> <td data-bbox="1094 360 1295 434">2,760,000</td> </tr> <tr> <td data-bbox="544 434 619 539">2.</td> <td data-bbox="619 434 1094 539">Element No. 10: Lightening protection for 2 units of 2 classroom block</td> <td data-bbox="1094 434 1295 539">2,760,000</td> </tr> <tr> <td data-bbox="544 539 619 613">3</td> <td data-bbox="619 539 1094 613">Element No.11: Lightening protection for office block</td> <td data-bbox="1094 539 1295 613">2,760,000</td> </tr> <tr> <td data-bbox="544 613 619 687">4.</td> <td data-bbox="619 613 1094 687">Element No. 10: Roof water drainage for 3 classroom block</td> <td data-bbox="1094 613 1295 687">5,233,000</td> </tr> <tr> <td data-bbox="544 687 619 761">5.</td> <td data-bbox="619 687 1094 761">Element 9: Roof water drainage for 2 units of 2 classroom block</td> <td data-bbox="1094 687 1295 761">4,236,000</td> </tr> <tr> <td data-bbox="544 761 619 835">6.</td> <td data-bbox="619 761 1094 835">Element 10: Roof water drainage for office block</td> <td data-bbox="1094 761 1295 835">4,836,000</td> </tr> <tr> <td data-bbox="544 835 619 936">7.</td> <td data-bbox="619 835 1094 936">Environmental protection including planting of 100 mahogany trees and landscaping</td> <td data-bbox="1094 835 1295 936">3,500,000</td> </tr> <tr> <td data-bbox="544 936 619 1010">8.</td> <td data-bbox="619 936 1094 1010">Element 8: Ceiling finishes for office block</td> <td data-bbox="1094 936 1295 1010">3,224,000</td> </tr> <tr> <td data-bbox="544 1010 619 1144">9.</td> <td data-bbox="619 1010 1094 1144">26 gauge galvanized iron sheets</td> <td data-bbox="1094 1010 1295 1144">The contractor used 28 gauge.</td> </tr> </tbody> </table> <div data-bbox="497 1178 1150 1451"> </div> <p data-bbox="512 1451 1177 1480">Works still ongoing with construction materials on site</p> <div data-bbox="497 1496 1136 1783"> </div> <p data-bbox="512 1783 1321 1877">Office block and classroom block with no lightening arrestors and the contractor used 28 gauge instead of 26 gauge galvanized iron sheets</p> | No. | Item Description | Amount (UGX) | 1. | Element No.11: Lightening protection for 3 classroom block | 2,760,000 | 2. | Element No. 10: Lightening protection for 2 units of 2 classroom block | 2,760,000 | 3 | Element No.11: Lightening protection for office block | 2,760,000 | 4. | Element No. 10: Roof water drainage for 3 classroom block | 5,233,000 | 5. | Element 9: Roof water drainage for 2 units of 2 classroom block | 4,236,000 | 6. | Element 10: Roof water drainage for office block | 4,836,000 | 7. | Environmental protection including planting of 100 mahogany trees and landscaping | 3,500,000 | 8. | Element 8: Ceiling finishes for office block | 3,224,000 | 9. | 26 gauge galvanized iron sheets | The contractor used 28 gauge. |
| No. | Item Description | Amount (UGX) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Element No.11: Lightening protection for 3 classroom block | 2,760,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Element No. 10: Lightening protection for 2 units of 2 classroom block | 2,760,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Element No.11: Lightening protection for office block | 2,760,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Element No. 10: Roof water drainage for 3 classroom block | 5,233,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Element 9: Roof water drainage for 2 units of 2 classroom block | 4,236,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Element 10: Roof water drainage for office block | 4,836,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | Environmental protection including planting of 100 mahogany trees and landscaping | 3,500,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | Element 8: Ceiling finishes for office block | 3,224,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | 26 gauge galvanized iron sheets | The contractor used 28 gauge. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No | Subject of procurement | Exceptions |
|----|------------------------|---|
| | | <div data-bbox="564 387 1182 696" data-label="Image"> </div> <p data-bbox="564 696 976 725">Block with no roof water drainage</p> <p data-bbox="549 763 839 792"><u>Management response</u></p> <p data-bbox="549 797 1398 864"><i>The remaining works are listed as snags and will be completed in the defect's liability period.</i></p> <p data-bbox="549 902 1398 1005"><i>All the designs for schools have iron sheets gauge 28 which is the standard for schools from the Ministry of Education but at the time of bidding, the BOQ was erroneously not edited.</i></p> <p data-bbox="549 1043 1398 1111">b) Construction of two units of five stance latrines for boys and girls</p> <p data-bbox="596 1115 944 1144">The pending works included:</p> <ul data-bbox="596 1149 991 1364" style="list-style-type: none"> • Plastering • Roofing • Fixing doors • Construction of a ramp • External and internal finishes • Painting. <p data-bbox="549 1402 839 1431"><u>Management response</u></p> <p data-bbox="549 1435 1398 1503"><i>The remaining works are listed as snags and will be completed in the defect's liability period.</i></p> <p data-bbox="549 1541 1126 1570">iv) Inadequate contract management reports</p> <p data-bbox="549 1574 1398 1744"><i>The Authority found that the contract manager prepared inadequate contract management reports. The progress reports from 25th January 2023 to the last report on file dated 31st July 2023 did not capture the construction of the two units of a 5 stance toilet yet the contract amendment was signed on 30th May 2023.</i></p> <p data-bbox="549 1783 839 1812"><u>Management response</u></p> <p data-bbox="549 1816 1142 1845"><i>The reports were not filed, but are now available.</i></p> <p data-bbox="549 1883 823 1912">Authority's comment</p> <p data-bbox="549 1917 1115 1946"><i>There was no evidence submitted to that effect.</i></p> |

Implications

- There is delayed service delivery to the intended beneficiaries due to delayed completion of projects.
- Poor contract monitoring and supervision led to non-performance by the contractors through breach of contract terms hence failure to achieve value for money.
- Failure by contractors to submit work programs hinders efficient and effective monitoring of the projects.
- Partial payments expose the Entity to the risk of incurring domestic arrears and commercial litigation.
- The Entity does not have financial security in case the supplier, True Stars Investment (U) Limited, fails to meet all the contractual obligations because it irregularly advanced 100% of the contract amounts without obtaining corresponding payment guarantee for the supply of recycling machine/plastic banks worth UGX 134, 900,000; and
- The Entity incurred a financial loss of:
 - UGX 1,944,000 in VAT payment to the supplier Ziku&Bros Joint Repair Ltd yet the company is not VAT registered in the procurement for supply of tree seedlings under Mayor's Migration Council for Institutional Greening.
 - UGX 2,524,600 in contingency payment to the contractor Zopa Timber and Civil Works Ltd, without any justification and accountability in the construction of a five stance latrine at Aroi Health Center III.

Recommendations

1. The Accounting Officer should:
 - i) Fast track the completion, commissioning and handover of the completed projects to the intended beneficiaries.
 - ii) Always obtain an appropriate payment security in cases where payment is made to a provider prior to receipt of deliverables in accordance with Regulation 47 (2) of the PPDA(Contracts) Regulations, 2023.
 - iii) Recover UGX 1,944,000 from Ziku&Bros Joint Repair Ltd because the supplier was not VAT registered for supply of tree seedlings under the Mayor's Migration Council for Institutional Greening.
 - iv) Recover UGX 2,524,600 from the contractor, Zopa Timber and Civil Works Ltd in contingency fees payment made without any justification and accountability for the construction of a five stance latrine at Aroi Health Center III.
2. Contract managers should ensure that:
 - i) Each provider meets all performance or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.
 - ii) The Entity meets all payment and other obligations as per the terms and conditions of a contract in accordance with Regulation 52 (3) (a) (iii) of the PPDA (Contracts) Regulations, 2023.

2.3.2 Non- remittance of revenues

The Authority found that the contracted service providers failed to remit revenues according to the agreed contractual terms and conditions as detailed in table 17:

Table 17: Revenue sources with remittance arrears

| No. | Revenue Source | Exceptions | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------|--|---|-------------------|-----------------------------|-----------------------|---------------|----------------------|-------------|-------------|---|-------------------------|-------------|-------------|------------|-----------------------|-------------|-------------|------------|--------------------|-------------|-------------|---|---------------|--------------------|--------------------|-------------------|
| 1. | <p>Management and revenue collection from the Main market in Arua City worth UGX 60,000,000 per month</p> <p>Provider: Betai Enterprises Ltd</p> | <p>Non- remittance of UGX 90,000,000 by Betai Enterprises Ltd for the management of Arua Main market</p> <p>The Entity contracted Betai Enterprises Ltd to collect revenues from the Main market in Arua City at UGX 60M per month from 1st July 2022 to 30th June 2023 with the following terms:</p> <ul style="list-style-type: none"> • GCC 22.3: Payment Schedule provided that “<i>The payment shall be made for all the three months prior to commencement of the contract.</i>” • GCC 24.3: Payment Period provided that “<i>Remittances shall be made on a quarterly basis by the provider.</i>” <p>However, the Authority did not find any evidence that the provider, Betai Enterprises Ltd, remitted revenues worth UGX 90,000,000 according to the contractual terms and conditions as summarized in the table below:</p> <table border="1" data-bbox="686 996 1380 1646"> <thead> <tr> <th>Period</th> <th>Total Contract Amount (UGX)</th> <th>Amount remitted (UGX)</th> <th>Deficit (UGX)</th> </tr> </thead> <tbody> <tr> <td>July– September 2022</td> <td>180,000,000</td> <td>180,000,000</td> <td>-</td> </tr> <tr> <td>October - December 2022</td> <td>180,000,000</td> <td>120,000,000</td> <td>60,000,000</td> </tr> <tr> <td>January to March 2023</td> <td>180,000,000</td> <td>150,000,000</td> <td>30,000,000</td> </tr> <tr> <td>April to June 2023</td> <td>180,000,000</td> <td>180,000,000</td> <td>-</td> </tr> <tr> <td>TOTALS</td> <td>720,000,000</td> <td>630,000,000</td> <td>90,000,000</td> </tr> </tbody> </table> <p><i>Note: The detailed breakdown per month and payment details are vide Appendix 4.</i></p> <p>Management response <i>The Division management made efforts to follow up with the contractor, Betai Enterprises Ltd, and by the close of FY 2022/2023, the contractor had remitted all the balances to Council.</i></p> <p>Authority’s comment There was no evidence of remittance of the balance of UGX 90,000,000 submitted to support to Entity’s response.</p> | Period | Total Contract Amount (UGX) | Amount remitted (UGX) | Deficit (UGX) | July– September 2022 | 180,000,000 | 180,000,000 | - | October - December 2022 | 180,000,000 | 120,000,000 | 60,000,000 | January to March 2023 | 180,000,000 | 150,000,000 | 30,000,000 | April to June 2023 | 180,000,000 | 180,000,000 | - | TOTALS | 720,000,000 | 630,000,000 | 90,000,000 |
| Period | Total Contract Amount (UGX) | Amount remitted (UGX) | Deficit (UGX) | | | | | | | | | | | | | | | | | | | | | | | |
| July– September 2022 | 180,000,000 | 180,000,000 | - | | | | | | | | | | | | | | | | | | | | | | | |
| October - December 2022 | 180,000,000 | 120,000,000 | 60,000,000 | | | | | | | | | | | | | | | | | | | | | | | |
| January to March 2023 | 180,000,000 | 150,000,000 | 30,000,000 | | | | | | | | | | | | | | | | | | | | | | | |
| April to June 2023 | 180,000,000 | 180,000,000 | - | | | | | | | | | | | | | | | | | | | | | | | |
| TOTALS | 720,000,000 | 630,000,000 | 90,000,000 | | | | | | | | | | | | | | | | | | | | | | | |

| No. | Revenue Source | Exceptions | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------|---|---|--------------------|-----------------------------|-----------------------|---------------|---------------------|------------|------------|------------|-------------------------|------------|---|------------|-----------------------|------------|---|------------|--------------------|------------|------------|--------------|---------------|--------------------|-------------------|--------------------|
| 2. | Management and revenue collection from the Arua Taxi Park worth UGX 16,000,000 per month Provider: Arua Central Division | <p>Non- remittance of UGX 112,000,000 by Arua Central Division for the management of Arua Taxi Park</p> <p>The Entity entrusted Arua Central Division with the collection of revenues from Arua Taxi Park at a reserve price of UGX 16,000,000 per month for 12 months; however, the Authority observed non-performance of the Division as there was no evidence that collections worth UGX 112,000,000 were remitted as indicated in the table below:</p> <table border="1"> <thead> <tr> <th>Period</th> <th>Total Contract Amount (UGX)</th> <th>Amount remitted (UGX)</th> <th>Deficit (UGX)</th> </tr> </thead> <tbody> <tr> <td>July–September 2022</td> <td>48,000,000</td> <td>16,000,000</td> <td>32,000,000</td> </tr> <tr> <td>October - December 2022</td> <td>48,000,000</td> <td>-</td> <td>48,000,000</td> </tr> <tr> <td>January to March 2023</td> <td>48,000,000</td> <td>-</td> <td>48,000,000</td> </tr> <tr> <td>April to June 2023</td> <td>48,000,000</td> <td>64,000,000</td> <td>(16,000,000)</td> </tr> <tr> <td>TOTALS</td> <td>192,000,000</td> <td>80,000,000</td> <td>112,000,000</td> </tr> </tbody> </table> <p><i>Note: The detailed breakdown per month and payment details are vide Appendix 5.</i></p> <p><u>Management response</u> The revenue source was collected by a contractor who remitted all the revenues due to the Council by close of the financial year 2022/2023.</p> <p>Authority's comment There was no evidence of remittance of the balance of UGX 112,000,000 submitted to support to Entity's response.</p> | Period | Total Contract Amount (UGX) | Amount remitted (UGX) | Deficit (UGX) | July–September 2022 | 48,000,000 | 16,000,000 | 32,000,000 | October - December 2022 | 48,000,000 | - | 48,000,000 | January to March 2023 | 48,000,000 | - | 48,000,000 | April to June 2023 | 48,000,000 | 64,000,000 | (16,000,000) | TOTALS | 192,000,000 | 80,000,000 | 112,000,000 |
| Period | Total Contract Amount (UGX) | Amount remitted (UGX) | Deficit (UGX) | | | | | | | | | | | | | | | | | | | | | | | |
| July–September 2022 | 48,000,000 | 16,000,000 | 32,000,000 | | | | | | | | | | | | | | | | | | | | | | | |
| October - December 2022 | 48,000,000 | - | 48,000,000 | | | | | | | | | | | | | | | | | | | | | | | |
| January to March 2023 | 48,000,000 | - | 48,000,000 | | | | | | | | | | | | | | | | | | | | | | | |
| April to June 2023 | 48,000,000 | 64,000,000 | (16,000,000) | | | | | | | | | | | | | | | | | | | | | | | |
| TOTALS | 192,000,000 | 80,000,000 | 112,000,000 | | | | | | | | | | | | | | | | | | | | | | | |

Implications

- Failure by the service providers/division to remit local revenue affects the implementation of the Entity's planned activities funded by local revenue hence failure to deliver services to the intended beneficiaries.
- This is a red flag for potential fraud and collusion between the service providers and the lower local government/ contract supervisors to embezzle public funds as there was no evidence that action was taken against the non-performance.

- There is a total financial loss of UGX 202,000,000 to the Entity.

Recommendations

1. The Accounting Officer should:
 - i) Enforce the use of the Integrated Revenue Administration System (IRAS) across all divisions for ease of revenue monitoring and transfer control.
 - ii) Recover and submit to the Authority evidence of recovery of:
 - UGX 90,000,000 from Betai Enterprises Ltd for the management and collection of revenue from Arua Main market.
 - UGX 112,000,000 from Arua Central Division for the management and revenue collection from Arua Taxi Park.
2. Contract Supervisors should appraise the performance of the provider and report on the performance of the providers to the Procurement and Disposal Unit in accordance with Regulation 52 (2) (f) of the PPDA (Contracts) Regulations, 2023.

3.2.3 Force on Account Mechanism

The Authority reviewed the Uganda Road Fund reports and force account file and found that:

i) Anomalies in issued call off orders and payments

The Authority found anomalies in call off orders issued and payments made to the providers as detailed in table 18 below:

Table 18: Procured equipment and supplies with anomalies

| No | Provider | Items Description | Amount (UGX) | Exceptions | | | | | | | | | | |
|--------------|-------------------------------------|---|---|---|-------------|------------|--------------|-----------|-----------|-----------|--------|-----------|--------|-----------|
| 1. | RightWay Enterprises Uganda Limited | Hire of assorted equipment for road works | 118,762,920 for 51.8km at a unit cost of 2,292,720 For: LG PP Form 1 dated 27 th April 2023 | <p>i) The Entity irregularly issued a Call Off Order with a higher rate of UGX 2,292,720 contrary to the contractor's proforma invoice rates (dry rate per day) and the signed framework agreement rates as shown below:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Rate (UGX)</th> </tr> </thead> <tbody> <tr> <td>Wheel loader</td> <td>1,300,000</td> </tr> <tr> <td>Excavator</td> <td>1,300,000</td> </tr> <tr> <td>Roller</td> <td>1,000,000</td> </tr> <tr> <td>Grader</td> <td>1,300,000</td> </tr> </tbody> </table> <p>Management response The rate in point (UGX 2,292,720) was wet rate not dry rate. The dry rate could not apply as services were distributed to different service providers at their market rates (i.e equipment at dry rate to</p> | Particulars | Rate (UGX) | Wheel loader | 1,300,000 | Excavator | 1,300,000 | Roller | 1,000,000 | Grader | 1,300,000 |
| Particulars | Rate (UGX) | | | | | | | | | | | | | |
| Wheel loader | 1,300,000 | | | | | | | | | | | | | |
| Excavator | 1,300,000 | | | | | | | | | | | | | |
| Roller | 1,000,000 | | | | | | | | | | | | | |
| Grader | 1,300,000 | | | | | | | | | | | | | |

| No | Provider | Items Description | Amount (UGX) | Exceptions |
|----|-------------------------------------|---|--|---|
| | | | | <p><i>RightWay Enterprises, fuel to PAs Oil, Gill petroleum (U) ltd, and Shire Petroleum Co. ltd).</i></p> <p>Authority's comment The Entity's response is noted; however, the requisition raised and call off order issued did not indicate that this was a wet rate. In addition, there was no evidence of how the Entity arrived at this wet rate since the signed contract agreement and proforma invoice only had dry rates for the equipment.</p> <p>ii) The Entity irregularly paid the contractor more by UGX 6,662,920 contrary to the equipment hire schedule for feeder roads submitted by the contractor which totalled to UGX 112,100,000 and not UGX 118,762,920 that the Entity paid to the contractor.</p> <p>Implication The Entity incurred a financial loss of UGX 6,662,920.</p> <p>Management response <i>This error is noted and steps shall be taken to recover the monies.</i></p> |
| 2. | RightWay Enterprises Uganda Limited | Hire of assorted equipment for road works | 68,170,380 for 29.7km at a unit cost of 2,292,720 For: LG PP Form 1 dated 27 th April 2023 | i) There was no justification of how the Entity arrived at the rate used in the hire of a low bed at UGX 14,000,000 for Packwach-Arua road and Town service at UGX 1,000,000 yet these items were neither in the proforma invoice submitted by the contractor nor the signed contract agreement with the Entity. |

| No | Provider | Items Description | Amount (UGX) | Exceptions | | | | | | | | | | |
|--------------|------------|-------------------|--------------|--|-------------|------------|--------------|-----------|-----------|-----------|--------|-----------|--------|-----------|
| | | | | <p><u>Management response</u> <i>The service provider was paid following equipment delivered at site following equipment schedule.</i></p> <p>ii) The Entity irregularly issued a Call Off Order with a higher rate of UGX 2,292,720 contrary to the contractor's proforma invoice rates (dry rate per day) and the signed framework agreement rates as shown below:</p> <table border="1" data-bbox="991 943 1377 1126"> <thead> <tr> <th>Particulars</th> <th>Rate (UGX)</th> </tr> </thead> <tbody> <tr> <td>Wheel loader</td> <td>1,300,000</td> </tr> <tr> <td>Excavator</td> <td>1,300,000</td> </tr> <tr> <td>Roller</td> <td>1,000,000</td> </tr> <tr> <td>Grader</td> <td>1,300,000</td> </tr> </tbody> </table> <p><u>Management response</u> <i>The rate in point (UGX 2,292,720) was wet rate not dry rate. The dry rate could not apply as services were distributed to different service providers at their market rates (i.e equipment at dry rate to RightWay Enterprises, fuel to PAPS Oil, Gill petroleum (U) ltd. and Shire Petroleum Co. ltd).</i></p> <p>Authority's comment The Entity's response is noted; however, the requisition raised and call off order issued did not indicate that this was a wet rate. In addition, there was no evidence of how the Entity arrived at this wet rate since the signed contract agreement and proforma invoice only had dry rates for the equipment.</p> <p>iii) The Entity irregularly paid the contractor more by UGX</p> | Particulars | Rate (UGX) | Wheel loader | 1,300,000 | Excavator | 1,300,000 | Roller | 1,000,000 | Grader | 1,300,000 |
| Particulars | Rate (UGX) | | | | | | | | | | | | | |
| Wheel loader | 1,300,000 | | | | | | | | | | | | | |
| Excavator | 1,300,000 | | | | | | | | | | | | | |
| Roller | 1,000,000 | | | | | | | | | | | | | |
| Grader | 1,300,000 | | | | | | | | | | | | | |

| No | Provider | Items Description | Amount (UGX) | Exceptions |
|----|----------|-------------------|--------------|--|
| | | | | <p>32,172,380 contrary to the equipment hire schedule for feeder roads submitted by the contractor which totalled to only UGX 36,000,000 instead of UGX 68,170,380 that was paid to the contractor.</p> <p>Implication The Entity incurred a financial loss of UGX 32,172,380.</p> <p>Management response <i>This error is noted and the Entity shall investigate and ensure that recoveries are made.</i></p> |

Recommendations

The Accounting Officer should:



1. Task the Arua City Engineer to show cause why disciplinary action should not be taken against him for:
 - i) Using higher rates than what the providers offered in the hire of assorted equipment for road works; and
 - ii) Raising payments for activities not undertaken hence causing a financial loss to the Entity totalling to UGX 38,835,000 in the the hire of assorted equipment for road works.
2. Recover a total of UGX 38,835,300 in excess payments made to RightWay Enterprises Uganda Limited for the hire of assorted equipment for road works.

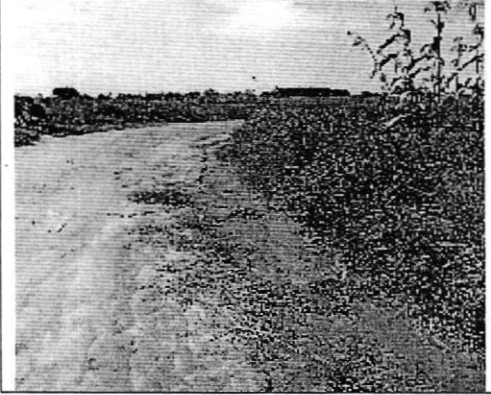

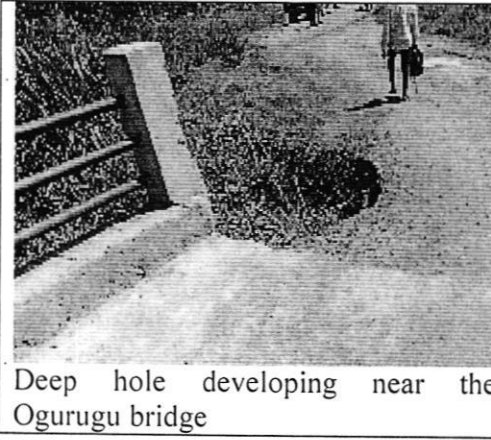


ii) Anomalies found during physical inspection

The Authority inspected two roads implemented under force account mechanism and found the following anomalies as detailed in table 19:

Table 19: Force account roads inspected that had anomalies

| No | Name of road | Exceptions |
|----|---|--|
| 1. | Kebir-Jiako-Odramacaku (16.5km) Amount: UGX 54,749,760 Activities undertaken: <ul style="list-style-type: none"> • Bush clearing • Ditching | <p>Odramacaku Road The Authority found that:</p> <ul style="list-style-type: none"> • Some sections of the road needed culverts. • The water becomes stagnant in some sections of the road so drainage channels are needed. |

| No | Name of road | Exceptions |
|----|---|--|
| | <ul style="list-style-type: none"> • Road camber formation • Back sloping • Compaction  <p data-bbox="352 893 836 961">One of the sections of the road that needs culvert installation</p> | <p data-bbox="874 381 1023 410">Jiako Road</p> <p data-bbox="874 417 1187 446">The Authority found that:</p> <ul style="list-style-type: none"> • The road was bushy • The road was full of potholes • Some sections were found to be impassable during rainy periods.  <p data-bbox="884 1029 1326 1059">Stagnant water after rain downpour.</p> <p data-bbox="874 1104 1166 1134"><u>Management response</u></p> <p data-bbox="874 1140 1399 1340"><i>This is the lowest point along the road without any free disposal for running water on both sides of the road which requires periodic intervention. The available resource only catered for grading.</i></p> |
| 2. | <p data-bbox="347 1349 788 1378">Mvara- Oduluba to Budrabe (7.6km)</p> <p data-bbox="347 1424 671 1453">Amount: UGX 24,970,680</p> <p data-bbox="347 1499 612 1528">Activities undertaken:</p> <ul style="list-style-type: none"> • Bush clearing • Ditching • Road camber formation • Back sloping • Compaction | <p data-bbox="874 1349 1187 1378">The Authority found that:</p> <ul style="list-style-type: none"> • Some sections of the road need culverts and stone pitched drainage channels. • There were sharp corners that were bushy and could easily lead to accidents. • Ogurugu Bridge and some other sections of the road along that bridge had started to collapse into the ground posing a danger to the road users. • The murrum was not well compacted. |

| No | Name of road | Exceptions |
|----|---|--|
| |  <p data-bbox="296 611 783 678">One of the sharp corners with an overgrown bush</p>   <p data-bbox="296 1525 783 1592">Deep hole developing near the Ogurugu bridge</p> |  <p data-bbox="839 712 1334 745">Some impassable areas of the road</p>  <p data-bbox="839 1126 1334 1160">Section of the road collapsing</p> <p data-bbox="839 1200 1334 1435"> <u>Management response</u> <i>We acknowledge these natural hazards which arose due to poor soil texture and heavy rain, however, the scope of intervention was for grading. Management is planning to address these issues under periodic maintenance.</i> </p> |

Management response

The City is at the verge of undertaking comprehensive road inventory covering all features including culverts and general drainage structures. This will inform proper planning and resource allocation to address the problems. The City also recruited road inspectors whose role is to carry out road inspections on regular basis to provide recommendations for follow up remedial actions. These will be reviewed on monthly basis to bridge maintenance gaps.

Recommendations

The Accounting Officer should:

1. Plan for culvert installation and maintenance of the above roads to avoid further deterioration.
2. Task the City Engineer to follow up on feeder roads to avoid gully formation.

3.4 FOLLOW UP ON USMID PROJECTS

3.4.1 Rehabilitation of School Road and Adroa Road (ARUA751/WRKS/USMID/19-20/00001)

The Authority observed the following:

1. Anomalies in the contract variation of the Supervising Consultant

i) Failure to obtain the Solicitor General's approval of the amendment to the Supervising Consultant's contract

The Authority found that the contract for the Supervising Consultant, Joadah Consult Limited, was revised from UGX 930,585,000 to UGX 1,240,496,250; however, the Entity did not seek the Solicitor General's clearance/approval for the variations in table 20 that were made to the original contract of the Supervising Consultant:

Table 20: Amendments made to the Supervising Consultant's contract

| Description | Amount (UGX) |
|--|----------------------|
| Original contract sum | 930,585,000 |
| Variations | |
| 1. Design of Adumi, Arua One View and Ojio roads | 139,362,500 |
| 2. Re-design of School and Adroa roads | 93,000,000 |
| 3. Extension of time for supervision of works | 77,548,750 |
| Revised Contract Sum | 1,240,496,250 |

Management response

We acknowledge the omission to seek the Solicitor General's clearance/approval. This will be corrected in the subsequent contracts.

Recommendation

The Accounting Officer should submit to the Solicitor General for approval of contracts amendments in accordance with Regulation 54 (6) (c) of the PPDA (Contracts) Regulations, 2023.

ii) Irregular variation of the Supervising Consultant's contract by 33.3% of the original contract sum

The Authority found that the contract for the Supervising Consultant (Joadah Consult Limited) was varied by 33.3% from UGX 930,585,000 to UGX 1,240,496,250.

Management response

The re-design of School and Adroa roads and design of Adumi, Arua One View and Ojio roads were independent direct short-term contracts recommended by the joint

Project Support Team and stakeholders meeting as result of Persons Affected by the Project (PAPS) who took the City to court. The meeting recommended a select team to negotiate the costs. Designs costed UGX 139,362,500 and re-designs costed UGX 93 million. The extension cost of UGX 77,548,750 was the equivalent of 1.5 months of initial contract of 18 Months.

Authority's comment

There were no short-term contracts signed between the Entity and the Supervising Consultant.

Recommendation

The Accounting Officer should ensure that a single contract amendment does not increase the total contract price by more than 15% of the original contract price. Where a contract is amended more than once, the cumulative value of all contract amendments should not increase the total contract price by more than 25% of the original contract price in accordance with Regulation 54 (4) and (5) of the PPDA (Contracts) Regulations, 2023.

iii) Failure to prepare and issue a contract amendment to the Supervising Consultant

The Authority found that the Procurement and Disposal Unit did not prepare an amendment to the contract and thus the Entity did not sign a contract amendment with the Supervising Consultant, Joadah Consult Limited, to reflect the variations made in No. (i) above yet the services were undertaken by the Consultant.

Management response

We acknowledge the omission to sign independent direct short-term contracts and a contract amendment agreement for the time extension. This will be corrected in subsequent contracts.

Recommendation

The Head Procurement and Disposal Unit should always prepare a draft amendment to the contract and obtain the necessary approvals before the amendment can be signed with the contractor to reflect the changes made to the original contract.

2. Failure to withhold UGX 500 million for late submission of As-Built drawings

The Authority found that the Entity did not withhold UGX 500 million for late submission of As-Built drawings. Whereas the substantial completion certificate was issued on 20th July 2021 with a defect's liability period of 12 months; the As-Built drawings were submitted by the contractor on 22nd September 2022 contrary to:

- GCC 58.1 which stated that *"The Contractor shall supply all the "as built: information to the Engineer as expeditiously instructed on a monthly basis to enable the Engineer prepare the "as built" drawings. The date by which "as built" drawings are required is: not later than 30 days before completion of the contract period. The date by which operating and maintenance manuals are required is: 30 days before completion of the contract period."*

- GCC 58.2 which stated that “The amount to be withheld for failing to produce “As Built” drawings and/or operating and maintenance manuals by the date required is 500 million Uganda Shillings.”

Management response

Management acknowledges the omission to withhold UGX 500 million. Management may have to recover this money in the next payment under construction of Go-down road since it is the same contractor. This will be corrected in subsequent contracts.

Recommendation

The Accounting Officer should endeavour to invoke the terms and conditions in the signed contracts to enforce compliance and performance as per the agreed terms and conditions of the contract.

3. Physical verification anomalies

The Authority during physical verification found the following:

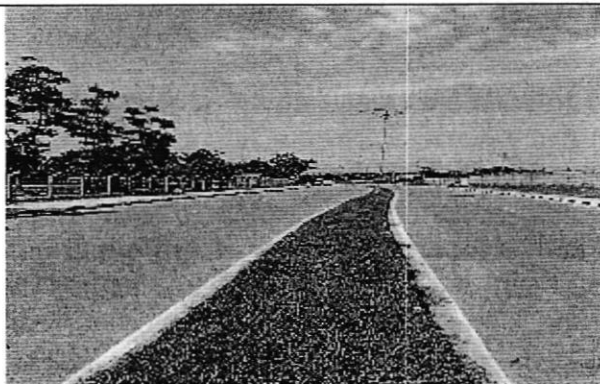
Table 21: School Road and Adroa Road anomalies

1. School Road (1,220 metres)

The Authority found that:

- i) There was no road name installed/fixe; and
- ii) Some items were not fixed and these included:

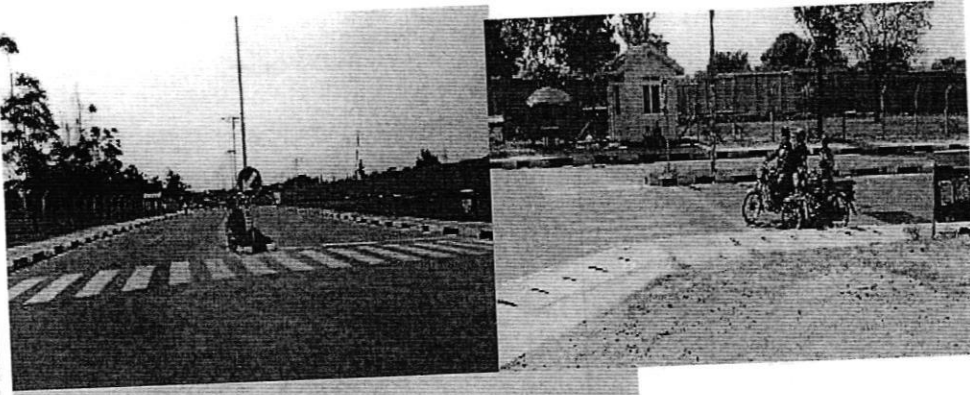
| Item description | Number | Total Amount (UGX) |
|-----------------------------|--------|--------------------|
| Trash cans | 54 | 61,805,376 |
| Road studs (embedded glass) | 17,211 | 63,112,737 |



Section of School road with no road name, road studs, trash cans

Management response

There are no road names installed yet because these were not included in the bidding document; however, markings and some trash cans are available as can be seen in the photos below:



A bus stop shelter on School road (Prisons, Arua Public, Crematory and Andrews)

Authority's comment

The Entity's response is noted; however, the 17,211 road studs were not fixed; the Entity's photographic evidence shows only one trash can out of the 54 required and one bus shelter out of the four required; hence making the Entity's response unsatisfactory.

Recommendation

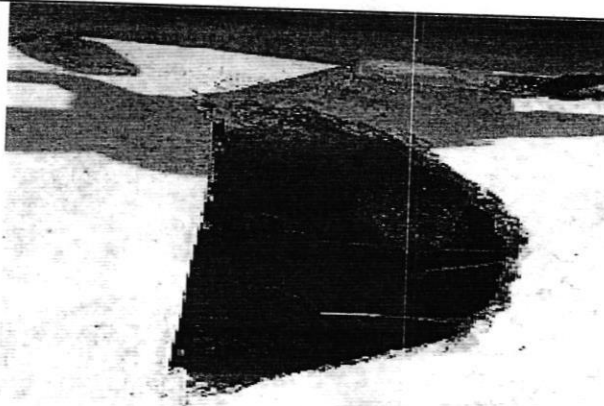
The Accounting Officer should task China Railway Seventh Group Co. Limited to correct the anomalies observed by the Authority.

2. Adroa Road (1,060 metres)

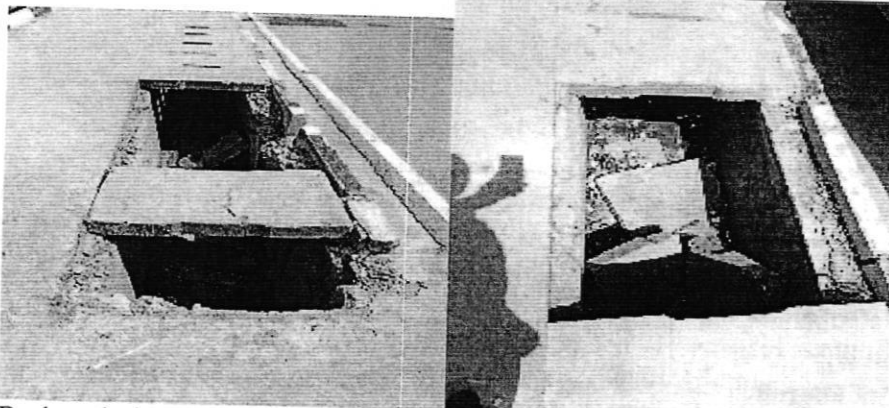
The Authority found that:

- i) There was no road name post installed;
- ii) Some drainage covers were broken; and
- iii) Some items were not fixed and these included:

| Item description | Number | Total Amount (UGX) |
|-----------------------------|---------------|---------------------------|
| Trash cans | 43 | 49,202,019 |
| Bus stop shelters | 6 | 60,182,184 |
| Road studs (embedded glass) | 230 | 843,410 |



Broken and dangerous drainage cover hole that can lead to accidents



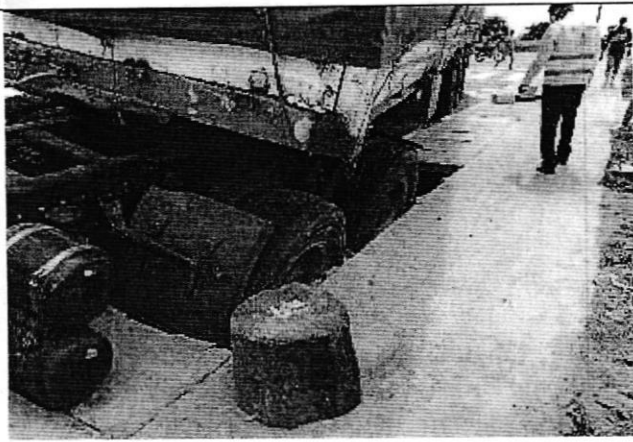
Broken drainage covers on different parts of the road



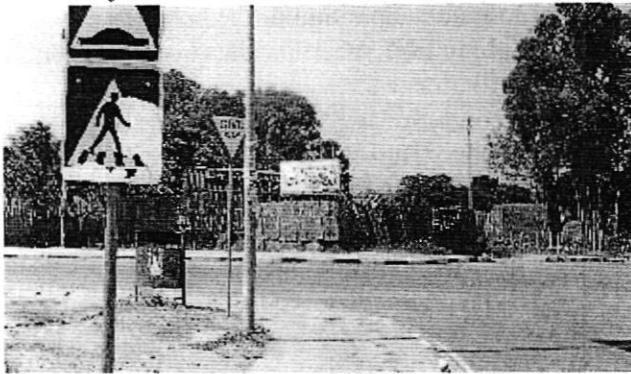
Adumi road with no road signage, road studs and trash cans fixed.

Management response

- *The truck that broke the drainage covers was arrested and charged at the Uganda Police.*



- *The road names were not part of the requirement, but road studs and trash cans were fixed.*



Authority's comment

The Entity's response is noted; however, the 230 road studs were not fixed; the six bus shelters were not fixed; the Entity's photographic evidence shows only one trash can out of the 43 required hence making the Entity's response unsatisfactory.

Recommendation

The Accounting Officer should task China Railway Seventh Group Co. Limited to correct the anomalies observed by the Authority.

3.4.2 Construction of Go-Down road (ARUA-GULU-KITGUM/WRKS/USMID/21-22/00001)

1. Failure by the Contractor to fulfil contractual obligations

The Authority did not find any evidence that the contractor, China Railway Seventh Group Co. Limited, fulfilled the contractual obligations in table 22 as per the signed contract.

Table 22: Contractual obligations not fulfilled

| No | Item Description | Amount (UGX) | Contractual Obligation |
|----|---|--------------|--|
| 1. | BOQ Ref:14.06 Four-wheel drive double cabin pick-up for the Engineer | 176,867,500 | a) Operate and maintain the vehicle provided under 14.06 (a) for an average of 3,000km per month. b) Operate the vehicle specified for travel distance in excess of average 3,000km per month. |
| 2. | BOQ 14.07 Survey Equipment for the Engineer | 70,747,000 | a) Provide specified survey equipment for the Engineer (Equipment to revert to the Employer upon completion of the project). |
| | | 21,224,100 | b) Maintain specified survey equipment for the Engineer for 12 months. |
| 3. | GCC 27.3 Program updates | 30,000,000 | The period between program updates is two months. The amount to be withheld for late submission of an updated program is UGX 30 million. |
| 4. | GCC 7.2 Sub-contracting | 30% works | The following condition shall apply to sub-contracting: 30% works shall be assigned to competent local content contractor to build local capacity (BUBU). |
| 5. | GCC 13.1 The minimum insurance covers shall be: | | a) The minimum insurance cover for insurance of works, plant and materials is 110% of the contract value c) The minimum cover for insurance of equipment is 100% of the value of equipment required for the performance of the contract. e) The minimum cover for insurance of property is UGX 850 million. g) The minimum cover for personal injury or death insurance is UGX 1.7 billion. |

Authority's comment

There was no management response to the above queries.

Recommendation

The Accounting Officer should task the City Engineer to instruct the contractor to meet all performance and/or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023.

2. Contract amendment anomalies

Table 23 shows the chronology of the contract extensions of time for both the Contractor and Supervising Consultant:

Table 23: Extension of time of contracts chronology

| Item Description | China Railway Seventh Group Co. Limited | Segamu 14 Consults Limited (in sub- consultancy with Hersun Consults Limited) |
|--|---|---|
| Contract Signing Date and Duration | 17 th December 2021 for 15 months | 24 th November 2021 for 15 months |
| Commencement Date | 10 th January 2022 | 5 th January 2022 |
| Original Contractual Completion Date | 10 th April 2023 | 5 th April 2023 |
| Contracts Committee Approval Date of 1 st Extension of Time | 28 th March 2023 Contract extended for 60 days (2 months) | 28 th March 2023 Contract extended for 60 days (2 months) |
| Expiry date of 1 st Extension of Time | 9 th June 2023 | 4 th June 2023 |
| Contracts Committee Approval Date of 2 nd Extension of Time | 13 th June 2023 Contract extended for 90 days (3 months) | 13 th June 2023 Contract extended for 90 days (3 months) |
| Expiry date of 2 nd Extension of Time | 9 th September 2023 | 4 th September 2023 |

The Authority found:

i) Extension of time of expired contracts

The Contracts Committee approved the second extension of time for both the Contractor and Supervising Consultant on 13th June 2023 for 90 days (3 months); however, this was after expiry of the contracts on 9th and 4th June 2023 respectively.

Management response

This was an error during typing and printing. But the actual Contracts Committee sitting for approval was on 29th May 2023.

Authority's comment

There was no evidence submitted to that effect.

Recommendation

The Accounting Officer should seek the Solicitor General's guidance on how to handle the execution of the pending works since the contracts expired.

ii) Execution of works and services on expired contracts

Whereas the second extension of time expired on 9th and 4th September 2023 for the Contractor and Supervising Consultant respectively, there was no evidence of a third extension of time on file implying that the current ongoing works and services are being implemented on expired contracts. In addition, according to the site meeting minutes held on 29th September 2023; the Resident Engineer informed the Entity that both contracts had expired and the delay to obtain approval of the third extension of time was affecting their work.

Management response

This was an error during typing and printing extensions. But the actual Contracts Committee sitting for approval was on 29th May 2023. Lessons have been learnt in these errors for correction.

Recommendation

The Accounting Officer should seek the Solicitor General’s guidance on how to handle the execution of the pending works since the contracts expired.

iii) Failure to obtain the Solicitor General’s clearance of Extension of time of contracts

The Authority found that the Entity did not obtain the Solicitor General’s clearance of extension of time of the Supervising Consultant, Segamu 14 Consults Limited (in sub-consultancy with Hersun Consults Limited), yet it had a cost implication. The Consultant’s total invoices have exceeded the original contract sum by UGX 1,357,520,883 (132.1% of the original contract sum) as at end of October 2023 as summarized in table 24 below yet works are still not complete and this is a time based contract.

Table 24: Total contract amount for the Supervising Consultant as at 31st October 2023

| | |
|---|----------------------|
| Original Contract S (UGX) | 1,027,900,000 |
| Revised Contract Sum | 1,787,450,000 |
| Total Invoice Amount (Up to the period of 1 st to 31 st October 2023) | 2,385,420,883 |
| Variance between original contract price and total of invoices | 1,357,520,883 |

Management response

We acknowledge the omission to seek Solicitor General’s clearance/approval.

Recommendation

The Accounting Officer should submit to the Solicitor General for approval of contracts amendments in accordance with Regulation 54 (6) (c) of the PPDA (Contracts) Regulations, 2023.

iv) Failure to prepare and issue contract amendments for the ongoing contracts

The Authority did not find any evidence that the Procurement and Disposal Unit prepared amendments to the contracts for extension of time and thus there was no evidence that the Entity signed contract amendments with the Contractor and Supervising Consultant to reflect the time extensions and cost implications contrary to Regulations 120 (9) and 119 (10) (b) of the Local Governments (PPDA) Regulations, 2006.

Management response

Contract amendment agreement was signed and is in place.

Authority’s comment

The Amended contract agreement between the Entity and the consultant expired on 5th December 2023; yet works are still incomplete. There was no amendment to the contract of the contractor.

Recommendation

The Accounting Officer should seek the Solicitor General’s guidance on how to handle the execution of the pending works since the contracts expired.

3. Anomalies in payments

i) Partial payments to the Contractor

The Authority found that the Contractor, China Railway Seventh Group Co. Limited, in a letter dated 20th October 2023 to the Client, Arua City, raised concerns about delayed and partial payments for invoiced amounts as indicated in table 25 below:

Table 25: Payment Status for Contractor's invoices

| IPC Number | Date of Submission of IPC to Client for payment by the Consultant | Certificate Amount (UGX) | Amount Paid (UGX) | Date of Payment | Outstanding Amount due to Contractor (UGX) | Delay in working days |
|---------------------------------|---|--------------------------|-------------------|-------------------------------|--|-----------------------|
| IPC 3 | 2 nd December 2022 (re-submission) | 1,091,690,117 | 1,073,518,833 | 24 th January 2023 | 18,171,284 | 231 |
| IPC 4 | 11 th May 2023 | 2,290,716,878 | 1,782,178,054 | 29 th June 2023 | 508,538,824 | 117 |
| IPC 5 | 18 th June 2023 | 2,502,146,478 | - | - | - | 90 |
| Total outstanding amount | | | | | 526,710,108 | |

Management response

IPC 3 outstanding difference of UGX 18,171,284 was correction in rate of concrete class C25/20 from the contract rate of UGX 580,641 per cubic metre to the requisition rate of UGX 699,000 per cubic metre. The 231 days delay was due to time delay in contract correction with the Project Support Team from eight months in quotations to 15 months in actual time-based contract. The major cause of the delay was that Arua City Council designs were done by Selisi Consults from Ethiopia and reviewed by COPTRAN Consults from Ghana. There was need for extra seven months for design review and the Project Support Team recommended cluster periods to be equal, i.e 15 months during contract signing at the USMID headquarters.

IPC 4 outstanding difference of UGX 508,538,824 was deducted from the requisition for relocation of water and sewer since there was no relocation done. The sub-contractor could not prove that these works were undertaken during field verification.

Authority's comment

The Entity did not respond to the non-payment of IPC 5.

Recommendations

- The Accounting Officer should inform the contractor in writing about the issues concerning non-payment of the variances in IPC 3 and IPC 4.
- The City Engineer should ensure that the Entity meets the payment obligations to the Contractor as per the terms and conditions of a contract in accordance with Regulation 52 (3) (a) (iii) of the PPDA (Contracts) Regulations, 2023.

ii) Delayed and partial payment of the Supervising Consultant

The Authority found that the Supervising Consultant, Segamu 14 Consults Limited (in sub-consultancy with Hersun Consults Limited) in a letter dated 16th November 2023 to the Client, Arua City, raised concerns about delayed and non-payments for invoiced amounts as indicated in table 26 contrary to GCC 27.1 which stated that *“Payment shall be made by the Procuring and Disposing Entity within 45 days of receipt and certification of the invoice accompanied by supporting documents and within 60 days in the case of the final payment after approval of the consultancy completion report.”*

Table 26: Payment Status for the Supervising Consultant’s invoices as at 16th November 2023

| Invoice Number | Date issued | Invoiced Amount (UGX) | Amount Paid (UGX) | Outstanding Amount (UGX) |
|----------------|--------------------------------|-----------------------|--------------------|--------------------------|
| 10 | 7 th November 2022 | 100,348,848 | 86,689,470 | 13,659,378 |
| 11 | 5 th December 2022 | 112,283,333 | 78,343,334 | 33,939,999 |
| 12 | 16 th January 2023 | 96,693,548 | 73,441,129 | 23,252,419 |
| 13 | 3 rd February 2023 | 96,693,548 | 76,466,667 | 20,226,881 |
| 14 | 6 th March 2023 | 98,571,429 | 55,875,000 | 42,696,429 |
| 15 | 3 rd April 2023 | 98,887,097 | 57,580,000 | 41,307,097 |
| 16 | 8 th May 2023 | 100,450,000 | 57,050,000 | 43,400,000 |
| 19 | 4 th August 2023 | 100,129,032 | <i>Not paid</i> | 100,129,032 |
| 20 | 4 th September 2023 | 100,129,032 | <i>Not paid</i> | 100,129,032 |
| 21 | 10 th October 2023 | 101,016,667 | <i>Not paid</i> | 101,016,667 |
| 22 | 6 th November 2023 | 100,129,032 | <i>Not paid</i> | 100,129,032 |
| Total | | 1,105,331,566 | 485,445,600 | 619,885,966 |

Management response

The delays were due to time delays in contract correction with the Project Support Team from eight months in quotations to 15 months in actual time-based contract. The major cause of the delay was that Arua City designs were done by Selisi Consults from Ethiopia in 2016 and reviewed by COPTRAN consults from Ghana in 2021. There was need for extra seven months for design review. The Project Support Team recommended cluster periods to be equal i.e 15 months as contracts were signed at the Project Support Team USMID-AF offices.

The outstanding differences were correction in non-staff deployment as per the contract. The Consultant’s main payment is the key staff deployed who are paid per month and this is measured by attendance to duty.

Authority’s comment

The Entity did not respond to the non-payment of invoices No.s 19, 20, 21 and 22.

Recommendations

- a) The Accounting Officer should inform the Supervising Consultant in writing about the issues concerning non-payment of the variances noted in invoices No.s 10, 11,12,13,14, 15 and 16.
- b) The City Engineer should verify and certify invoices No.s 19, 20, 21 and 22 and ensure that the Entity meets all payment obligations to the Contractor as per the terms and

conditions of a contract in accordance with Regulation 52 (3) (a) (iii) of the PPDA (Contracts) Regulations, 2023.

iii) Contradictory invoices submitted by the Consultant

The Authority found that the Supervising Consultant, Segamu 14 Consults Limited (in sub-consultancy with Hersun Consults Limited) submitted four contradictory invoices that had different amounts for the same period as indicated in table 27 yet all the four invoices and request letters were signed by the Mr. Musa Ssegaabwe, the authorized representative of the Consultant.

Table 27: Contradictory invoices issued by the Supervising Consultant

| Invoice Number | Period | Date issued | Cover letter Invoiced Amount (UGX) | Amount on Actual Invoice (UGX) | Variance (UGX) | Status as at 30 th October 2023 |
|----------------|---|--------------------------------|------------------------------------|--------------------------------|----------------|--|
| 19 | 1 st to 31 st July 2023 | 4 th August 2023 | 100,129,032 | 58,080,645 | 42,048,387 | <i>No evidence of payment for all.</i> |
| | | | 100,129,032 | 100,129,032 | - | |
| 20 | 1 st August 2023 to 31 st August 2023 | 4 th September 2023 | 100,129,032 | 44,854,839 | 55,274,193 | |
| | | | 100,129,032 | 100,129,032 | - | |

Management response

These payments have been correctly done now.

Authority's comment

There was no evidence submitted to support the Entity's response.

Recommendation

The Accounting should task the City Engineer to verify and certify the invoices submitted before effecting payment to the Supervising Consultant.

iv) Failure by the contractor to pay providers that relocated utilities

The Authority found that electricity, NITA-U cables, water and sewer infrastructure were reported as relocated; however, there was no evidence that the main contractor, China Railway Seventh Group Co. Limited, effected payment to the service providers in table 28, who reported to have relocated the utilities.

Table 28: Contractors not paid for utility relocation

| No. | Provider | Contract Details | Amount (UGX) |
|--------------|-----------------------------------|--|----------------------|
| 1. | Manzu Technical Services Ltd | Electricity relocation | 593,192,400 |
| 2. | Archways Plumbing Enterprises Ltd | Relocation of water and sewer infrastructure | 642,671,395 |
| 3. | SolitaTelmec (U) Ltd | Relocation of NITA-U cables | 39,161,600 |
| Total | | | 1,275,025,395 |

Management response

The contractor is yet to provide evidence.

Recommendation

The City Engineer should task the Supervising Consultant and Contractor to submit proof of relocation of the utilities by the above providers so that payment can be effected.

4. Use of unauthorised/ unapproved personnel by the Supervising Consultant

The Authority found that the Supervising Consultant, Segamu 14 Consults Limited (in sub-consultancy with Hersun Consults Limited) requested for replacement of key personnel indicated in table 29; however, there was no evidence of approval of the proposed personnel by the Entity yet they were found to implement the Consultant's activities and also appeared in the invoices submitted by the Consultant for payment.

Table 29: Unapproved personnel for the Supervising Consultant

| Date of request of replacement of personnel | Position | Proposed Personnel |
|--|--|---------------------------|
| 22 nd July 2022 | Pavement Soils and Materials Engineer | Eng. NurlignAbrhamBahiru |
| | Measurement Engineer/ Deputy Resident Engineer | Eng. Fred Balubuliza |
| 30 th January 2023 | Project Manager | Zhao Guofeng |
| | Site Engineer | NakalembeTeopista |
| | Environmental Specialist | Barinda Innocent |

Management response

We acknowledge this omission. The Entity tried to request the Supervising Consultant for the details of the new staff for Contracts Committee approval.

Recommendation

The Accounting Officer should caution the Supervising Consultant for breach of the contract terms and condition and also instruct the Supervising Consultant to submit all the details required for approval of the personnel on site.

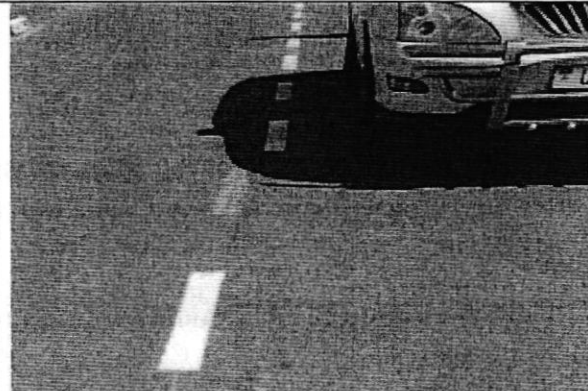
5. Physical verification anomalies

The Authority during physical verification on 8th December 2023 found that:

- i) The road works were behind schedule. According to the updated program of works, testing and commissioning of the project was supposed to be completed on 10th December 2023; however, works were still incomplete by 8th December 2023 when the Authority conducted physical verification.
- ii) The single arm street lights (50 No.) had not been installed.
- iii) Road marking was still ongoing and in some sections were not done well.
- iv) The contractor irregularly provided for car parking in a corner.
- v) Some of the contractor's staff had no PPEs.
- vi) Holes dug for installation of street lights were not covered hence leaving the people prone to getting accidents.
- vii) Tree planting (20 No.) had not commenced.
- viii) Planting of grass in some areas had not commenced.
- ix) Trash cans (8 No.) had not been fixed.
- x) Bus stop shelters (5 No.) had not been fixed.



Dangerous uncovered holes dug for street light installation



Poorly done road marking. The markings are not in a straight line.



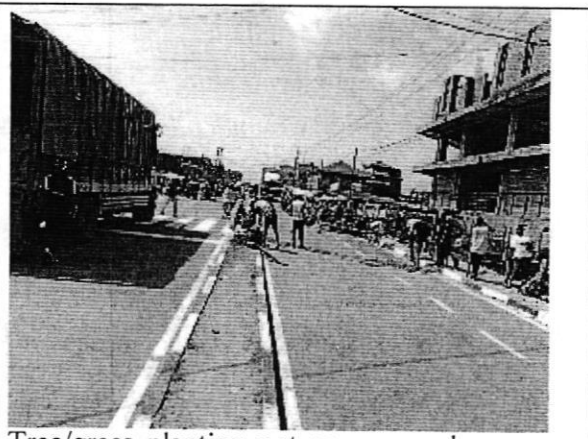
Irregular provision of car parking in a corner.



Contractor's workers on site without appropriate PPEs



Street lights not yet installed



Tree/grass planting not commenced on some sections of the road.

Management response

The field findings were also identified by site meeting team and action areas were recommended for the contractor's action. Since the provisional completion certificate is not yet issued, these anomalies will be corrected.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section graphically presents the scores per area assessed under the different compliance inspection questions.

3.1 Overall Procurement Performance Conclusion

The performance of Arua City Council for the Financial Year 2022/23 was **moderately satisfactory** with an overall weighted average risk rating of **52.5%**.

Table 30: Performance Rating

| Rating | Description of Performance |
|---------|----------------------------|
| 0-30% | Satisfactory |
| 31-70% | Moderately Satisfactory |
| 71-100% | Unsatisfactory |

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

Table 31: Summary of Performance of Arua City Council

| Risk Rating | No. | % by No. | Weight | Weighted score by No. | Value | % Value | Weight | Weighted score by value |
|--------------|-----------|------------|----------|-----------------------|----------------------|------------|----------|-------------------------|
| High | 7 | 36.84 | 0.6 | 22.104 | 1,132,880,866 | 41.49 | 0.6 | 24.89 |
| Medium | 1 | 5.26 | 0.3 | 1.578 | 384,329,747 | 14.08 | 0.3 | 4.22 |
| Low | 11 | 57.89 | 0.1 | 5.789 | 1,213,322,760 | 44.44 | 0.1 | 4.44 |
| Total | 19 | 100 | 1 | 29.471 | 2,730,533,373 | 100 | 1 | 33.55 |

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{29.471}{60} \times 100 = 49.12\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{33.55}{60} \times 100 = 55.92\%$$

$$\text{The average weighted risk rating} = 49.12 + 55.92 = 52.5\%$$

2

Figure 2: Risk Rating by Number

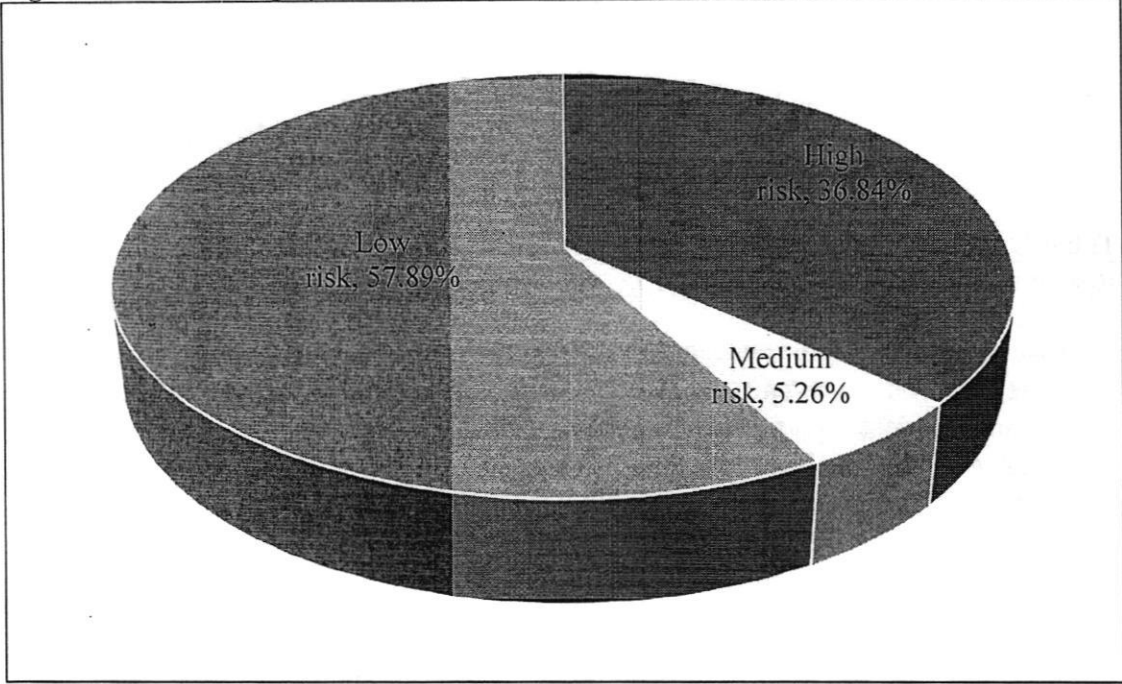
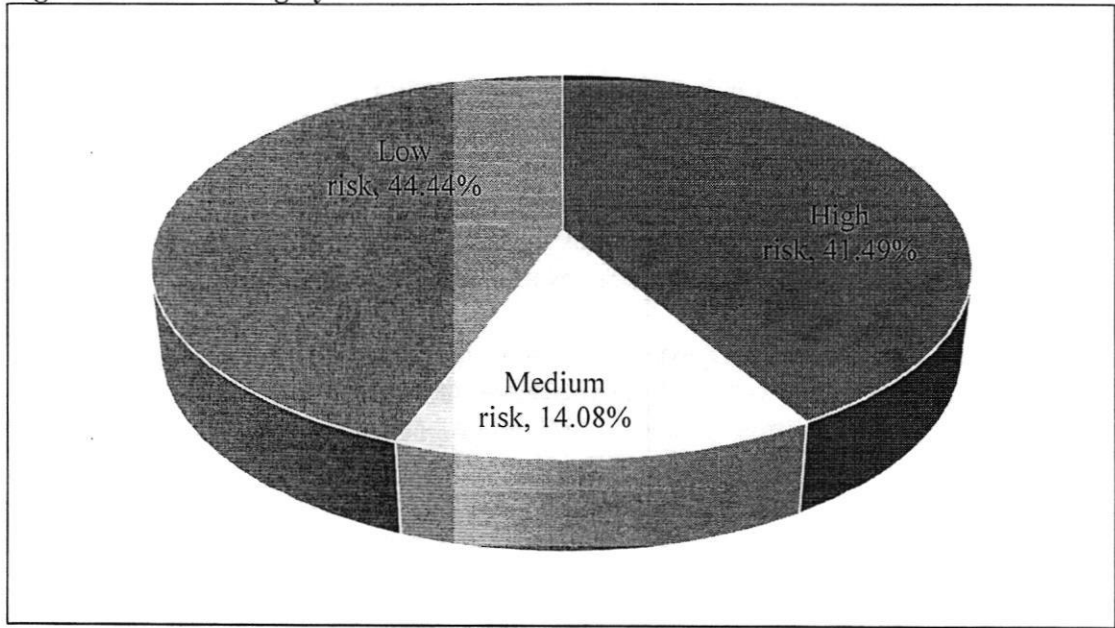


Figure 3: Risk Rating by Value



3.2 Recommended Action Plan

Arua City Council should with immediate effect implement the following recommendations to improve its performance in accordance with Section 9 (1) (a) of the PPDA Act, 2003.

Table 32: Recommended Action Plan

| Recommendation | Target date |
|---|-------------------|
| <p>The Accounting Officer should:</p> <ol style="list-style-type: none"> 1. Take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Section 9 (1) (a) of the PPDA Act, 2003. 2. Dispose of all unserviceable assets to avoid further depreciation and attain value for money in accordance with the PPDA (Disposal of Public Assets) Regulations, 2023. 3. Recover and submit to the Authority evidence of recovery of: <ol style="list-style-type: none"> a) UGX 1,900,000 in undetected arithmetic errors in the bid True Stars Investment (U) Limited, that should have reduced the bid price from UGX 134,900,000 to UGX 133,000,000 for the supply of plastic recycling machine/plastic bank. b) UGX 21,762,651 in VAT payment to the contractor, True Stars Investment (U) Limited, yet the bidder was not registered for VAT for the construction of a semi - detached staff house at Riki Health Centre III in Oluko Ward. c) UGX 5,750,847 in VAT payment to the supplier, Goodmax Services Limited, yet the bidder was not registered for VAT for supply of two units of motorcycles for Planning and Commercial Department. d) UGX 1,944,000 in VAT payment to Ziku& Bros Joint Repair Ltd yet the supplier was not VAT registered for supply of tree seedlings under the Mayor's Migration Council for Institutional Greening. e) UGX 2,524,600 in contingency fees to the contractor, Zopa Timber and Civil Works Ltd yet there was no justification and accountability for the payment in the construction of a five stance latrine at Aroi Health Center III. f) UGX 90,000,000 in unremitted revenues from Betai Enterprises Ltd for the management and collection of revenue from Arua Main market for FY 2022/2023. g) UGX 112,000,000 in unremitted revenues from Arua Central Division for the management and revenue collection from Arua Taxi Park for FY 2022/2023. h) UGX 32,172,380 paid in excess to RightWay Enterprises Uganda Limited for the hire of equipment for feeder roads. The Entity irregularly paid UGX 68,170,380 instead of UGX 36,000,000 as per the hire schedule submitted by the contractor. i) UGX 6,662,920 paid in excess to RightWay Enterprises | <p>March 2024</p> |

| Recommendation | Target date |
|--|-------------|
| <p>Uganda Limited for the hire of equipment for feeder roads. The Entity irregularly paid UGX 118,762,920 instead of UGX 112,100,000 as per the hire schedule submitted by the contractor.</p> <ol style="list-style-type: none"> 4. Seek the Solicitor General's guidance on how to handle the execution of the pending works since the contracts expired. 5. Task China Railway Seventh Group Co. Limited to correct the anomalies on School road and Adroa and Adumi roads. | |
| <p>The Procurement and Disposal Unit should:</p> <ol style="list-style-type: none"> 1. Immediately after receipt of approval by the Contracts Committee, prepare bid adverts and invite bidders to participate in the Entity's bidding processes to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003. 2. Ensure that the bidding documents evaluation criterion considers all the appropriate factors and that the method of application of these factors is clear in accordance with Regulation 42 (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. | March 2024 |
| <p>User Departments should:</p> <ol style="list-style-type: none"> 1. Put in place functional monitoring mechanisms for their work plans and initiate procurements according to the procurement plan time schedules to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003. 2. Prevail over contract managers to ensure that each provider meets all performance or delivery obligations as per the terms and conditions of a contract, in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023. 3. Prevail over contract managers to appraise the performance of the providers and report on the performance of the providers to the Procurement and Disposal Unit in accordance with Regulation 52 (2) (f) of the PPDA (Contracts) Regulations, 2023. | March 2024 |
| <p>Evaluation Committee members should adhere to the evaluation criteria set out in the bidding documents during evaluation of bids in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023. Where a bid is not substantially compliant and responsive to the bidding documents, it should be rejected by the Entity in accordance with Regulations 16 (2) and 19 (4) of the PPDA (Evaluation) Regulations, 2023.</p> | March 2024 |
| <p>The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (1) (e) of the PPDA Act, 2003.</p> | March 2024 |

APPENDICES

Appendix 1: Transaction list of audited files for FY 2022/23

| No | Procurement Reference Number | Subject of Procurement | Procurement Method | Provider | Contract Value (UGX) | Risk Rating |
|----|------------------------------|---|-----------------------|---------------------------------------|----------------------|-------------|
| 1. | ARUA851/SPLS/22-23/00015 | Supply of two units of double cabin pick up motor vehicles for City Mayor and Central Division | Open domestic bidding | Cooper Motor Corporation | 329,500,000 | Low |
| 2. | ARUA851/WRKS/22-23/00006 | Construction of Administration block, 3 classroom block and two units of two classroom blocks at Anyara Cope Primary School | Open National bidding | Hope Engineering & Construction Works | 384,329,747 | Medium |
| 3. | ARUA851/WRKS/22-23/00002 | Construction of a semi - detached staff at Riki Health Centre III in Oluko Ward | Open National bidding | True Stars Investment (U) Limited | 142,666,266 | High |
| 4. | ARUA851/WRKS/22-23/00012 | Construction of five stance latrine at Aroi Health Center III | Selective Bidding | Zopa Timber and Civil Works | 27,770,600 | High |
| 5. | ARUA851/SPLS/22-23/00022 | Supply of recycling machine/plastic banks | Open domestic bidding | True Stars Investment (U) Limited | 134,900,000 | High |
| 6. | ARUA851/SPLS/22-23/00026 | Supply and installation of 25 KW three phase solar at Recycling plant | Open domestic bidding | Glenergy (U) Limited | 137,254,900 | Low |
| 7. | ARUA851/WRKS/22-23/00010 | Fencing of Anyafio Primary School | Open Domestic bidding | Uguja Investment & Service Limited | 66,570,350 | Low |
| 8. | ARUA851/WRKS/22-23/00005 | Construction of a 5 stance lined latrine at Division Headquarters | Selective bidding | Queron Engineering Limited | 44,702,100 | Low |

| No | Procurement Reference Number | Subject of Procurement | Procurement Method | Provider | Contract Value (UGX) | Risk Rating |
|-----|------------------------------|---|-----------------------|---|----------------------|--------------|
| 9. | ARUA851/WRKS/22-23/00004 | Renovation of house and store in Oli Health Centre IV | Selective bidding | Tabu& Brothers Enterprises Limited | 38,417,500 | Low |
| 10. | ARUA851/SPLS/22-23/00021 | Supply of two units of motorcycles for Planning and Commercial department | Selective bidding | Godmax Services | 37,700,000 | High |
| 11. | ARUA851/SPLS/22-23/00018 | Supply of laptop computers and tablet computers | Open domestic bidding | Service and Computer Industries | 32,182,070 | Low |
| 12. | ARUA851/SPLS/22-23/00016 | Maintenance of two storey classroom block at Arua Public Primary School | Selective bidding | Quks Enterprises | 22,975,400 | Low |
| 13. | ARUA851/SPLS/22-23/00023 | Supply of tree seedlings | Selective bidding | Ziku& Brothers Joint Repair Limited | 12,744,000 | High |
| 14. | ARUA851/SRVCS/22-2/00001 | Revenue collection from Arua Main market | Direct | Betai Enterprises Ltd | 60,000,000 per month | High |
| 15. | ARUA851/SRVCS/22-23/00004 | Revenue collection from loading and offloading (Central) | Open domestic bidding | Eyere Company SMC Ltd | 23,500,000 per month | Low |
| 16. | ARUA851/SRVCS/22-23/00002 | Revenue collection from Taxi park | Direct | Arua Central Division | 16,000,000 per month | High |
| 17. | ARUA851/SRVCS/22-23/00005 | Revenue collection from slaughter fees (Abattoir) | Open domestic bidding | Arua Livestock Traders and Meat Sellers Association | 15,000,000 per month | Satisfactory |
| 18. | Force Account Mechanism | Maintenance of Kebir-Jiako-Odramacaku (16.5km) | N/A | N/A | 54,749,760 | Low |
| 19. | Force Account | Maintenance of Mvara- | N/A | N/A | 24,970,680 | Low |

| No | Procurement Reference Number | Subject of Procurement | Procurement Method | Provider | Contract Value (UGX) | Risk Rating |
|-----|--|----------------------------|--------------------|----------|----------------------|-------------|
| | Mechanism | Oduluba to Budrabe (7.6km) | | | | |
| 20. | Follow up on USMID Projects i) Rehabilitation of School Road and Adroa Road ii) Construction of Go-Down Road | | | | | Medium |

Appendix 2: Risk Rating Criteria

| RISK | DESCRIPTION |
|---------------------|--|
| HIGH | Such procurements are 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". |
| 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 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 "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority. |
| LOW | Procurements with weaknesses where resolution within the normal management framework is considered desirable to 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. |
| 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. |

Appendix 3: Analysis of the Procurement Plan

| Planned Activity | Planned Value (UGX) | Actual Expenditure (UGX) | Variance (UGX) | Reason for variance |
|---|----------------------------|---------------------------------|-----------------------|----------------------------|
| Fencing of Health unit at Aroj HC III | 42,182,175 | 46,248,470 | | Negative variance |
| Completion of Mortuary at Adumi HC IV | 77,957,449 | 78,000,000 | | Negative variance |
| Construction of semi-detached house at Riki HC III | 140,000,000 | 142,666,266 | | Negative variance |
| Renovation of kitchen as store at Oli HC IV | 26,000,000 | 38,417,500 | | Negative variance |
| Supply of Garbage Skips | 96,000,000 | | 96,000,000 | Not done |
| Construction of Green House (MMC Project) | 52,000,000 | | 52,000,000 | Not done |
| Supply of Motor Cycles | 48,500,000 | 8,280,000 | 40,220,000 | One motorcycle supplied |
| Construction of 7 Classroom Block at Anyara Primary School | 295,947,912 | 384,329,747 | | Negative variance |
| Construction of Office Block at Anyara Primary School | 92,000,000 | | | Negative variance |
| Supply of Greening Plant Seedlings | 35,000,000 | 12,744,000 | 22,256,000 | Under quoted |
| Purchase of Plastic Waste Recycling Plant and Plastic Banks and Solar | 332,500,000 | 134,900,000 | 197,600,000 | Under quoted |
| Construction of Store/Shade | 35,000,000 | 31,787,000 | 3,213,000 | Under quoted |
| Meals and Refreshments | 15,129,795 | | 15,129,795 | Not reported |
| Hire of Casual Labour | 18,000,000 | | 18,000,000 | Not reported |
| Guard and Security Services | 5,400,000 | | 5,400,000 | Not reported |
| Purchase of Uniforms and Sports Trophies | 8,800,000 | | 8,800,000 | Not reported |
| Fuel, Lubricants and Oils | 293,200,000 | | 293,200,000 | Not reported |
| Small Office Equipment | 11,000,000 | | 11,000,000 | Not reported |
| Maintenance – Vehicles | 72,866,968 | | 72,866,968 | Not reported |
| ICT Repair and Maintenance | 2,500,000 | | 2,500,000 | Not reported |
| Rent of Parks and Markets | 51,200,000 | | 51,200,000 | Not reported |
| Purchase of Motor vehicles | 440,500,000 | 329,500,000 | 11,000,000 | Under quoted |
| Purchase of Motor vehicle Locks | 3,000,000 | | 3,000,000 | Not done |
| Purchase of Furniture | 25,506,931 | | 25,506,931 | Not done |
| Supply of Laptop Computers, Tablets, Desktops | 65,500,000 | 32,182,070 | 33,317,930 | Under quoted |

| Planned Activity | Planned Value (UGX) | Actual Expenditure (UGX) | Variance (UGX) | Reason for variance |
|---|----------------------------|---------------------------------|-----------------------|----------------------------|
| Purchase of Hand-cuffs | 2,000,000 | | 2,000,000 | Not done |
| Purchase of stationery, scholastic Materials | 212,300,000 | | 212,300,000 | Not reported |
| Vaccine Equipment and Cold-Chain Fridge | 3,000,000 | | 3,000,000 | Not done |
| Maintenance of Anti-malarial drains | 6,500,000 | | 6,500,000 | Not reported |
| Street sweeping | 52,400,000 | | 52,400,000 | Not reported |
| Refuse Loading | 6,000,000 | | 6,000,000 | Not reported |
| Repair of Public Stand Water Pipes | 6,500,000 | | 6,500,000 | Not done |
| Construction of Public Stand Water Pipes | 36,383,597 | | 36,383,597 | Not done |
| Fencing of Anyafio Primary School | 78,174,482 | 66,570,350 | 11,604,132 | Under quoted |
| Consultancy Services | 2,287,635 | | 2,287,635 | Not done |
| Opening and construction of roads | 37,697,269 | | 37,697,269 | Not done |
| Mechanized Road Maintenance | 25,000,000 | | 25,000,000 | Not reported |
| Culvert Installation | 124,048,791 | | 124,048,791 | Not reported |
| Long Grass Cutting | 12,000,000 | | 12,000,000 | Not reported |
| Landscaping and Beautification | 26,297,633 | | 26,297,633 | Not done |
| Maintenance of Flower Gardens | 2,500,000 | | 2,500,000 | Not reported |
| Construction of Office Block at Ayivu Division HQ | 150,000,000 | | 150,000,000 | Not done |
| Maintenance of Community Access Roads | 60,000,000 | | 60,000,000 | Not reported |
| Construction of 5-stance water borne toilet | 25,000,000 | 44,702,100 | | Negative variance |
| Detailed Physical Development Plan for Ayivu Division HQ | 12,000,000 | | 12,000,000 | Not done |
| Hire of Equipment | 67,000,000 | | 67,000,000 | Not reported |
| Construction of Culvert Bridge | 50,000,000 | | 50,000,000 | Not reported |
| Supply of 3 units of motor vehicles | 540,000,000 | | 540,000,000 | Item repeated in plan |
| Supply of 25KW 3-phase Solar for industrial use | 188,150,000 | 137,254,900 | 50,895,100 | Under quoted |
| Maintenance of 2-storey classroom Block at Arua Public PS | 21,000,000 | 22,975,400 | | Negative variance |
| Construction of 5-stance latrine at Aroi HC III | 25,000,000 | 38,853,000 | | Negative variance |
| TOTALS | 3,950,990,637 | | 2,334,575,990 | 1,477,840,453 |

Appendix 4: List of unserviceable assets recommended for disposal

| No. | Item Description | Unique Identifier (Tag/Registration Number) | No. | Item Description | Unique Identifier (Tag/Registration Number) |
|-----|--------------------------|---|-----|------------------|---|
| 1. | Laser jet printer 2035 | LGDP/011 | 15. | YAMAHA YBR125 | LG0011-112 |
| 2. | HP Deskjet 2130 | | 16. | YAMAHA YBR125 | LG0014-112 |
| 3. | Office desk | | 17. | YAMAHA YBR125 | LG0015-112 |
| 4. | Desktop Computer | MOLG/DDP.111/05 | 18. | YAMAHA AG100 | LG0018-112 |
| 5. | Desktop Computer (DELL) | | 19. | YAMAHA AG100 | LG0020-112 |
| 6. | Laptop computer | | 20. | Tyres | |
| 7. | Laptop HP Probook 440 G7 | | 21. | Cement bags | |
| 8. | Borehole pipes | | 22. | Lime | |
| 9. | Double Cabin Pickup | LG005-112 | 23. | Bitumen 75drums | |
| 10. | BITUMEN BOILER | N/A | 24. | Fuel Pump | |
| 11. | PEDESTRIAN ROLLER | N/A | 25. | Sign post | |
| 12. | AMBULANCE | UBG376T | 26. | 24-port Switch | |
| 13. | Double Cabin Pickup | UG2706R | 27. | Office trays | |
| 14. | Agriculture Tractor | LG008-112 | 28. | Paint | |

Appendix 5: List of Arua City Council staff irregularly advanced funds

| Date | Voucher Number | Amount (UGX) | Payee | Details |
|------------|----------------|--------------|--------------------|---|
| 28/12/2022 | 2156585 | 3,013,956 | Mr. Bosco Afedra | Servicing the new garbage truck UBL 197W |
| 28/12/2022 | 2715377 | 915,000 | Mr. Pontius Apangu | Payment for engravement of medical equipment |
| 28/12/2022 | 2075829 | 375,000 | Ms. Jane Odaru | Payment to purchase assorted stationery |
| 29/12/2022 | 2787392 | 820,000 | Ms. Grace Likico | Purchase of spare parts and service of printer |
| 06/03/2023 | 3748167 | 870,000 | Mr. John Odabo | Installation of air conditioner and repair of old air conditioner |
| 06/03/2023 | 3748167 | 950,000 | Mr. John Odabo | Wall storage fixture and notice board |
| 06/03/2023 | 3748167 | 3,200,000 | Mr. John Odabo | Replacement of solar batteries |
| 06/03/2023 | 4039616 | 500,000 | Mr. Fred Asedri | Purchase of equipment |
| 06/03/2023 | 3743722 | 805,000 | Mr. Bosco Afedra | Repair of tyres for Works Department |

| Date | Voucher Number | Amount (UGX) | Payee | Details |
|------------|----------------|--------------|------------------------|--|
| 22/03/2023 | 4270586 | 1,800,000 | Mr. John Odabo | Purchase of antivirus (14 license) |
| 22/03/2023 | 4277786 | 318,000 | Mr. Tom Ezale | Servicing vehicle UBG 650Y |
| 22/03/2023 | 4259964 | 1,565,000 | Mr. Albert Aduvuku | Fixing blown off bulbs |
| 22/03/2023 | 4269043 | 2,000,000 | Mr. Jimmy Droma | Repair of computers and accessories and installation of antivirus |
| 23/05/2023 | 5081088 | 2,400,000 | Mr. ToahaAshemadMukuma | Purchase of uniforms for enforcement personnel |
| 23/05/2023 | 5299302 | 1,016,000 | Mr. Bosco Afedra | Repair of motorcycle LG0011-112 |
| 23/05/2023 | 5299302 | 594,000 | Mr. Bosco Afedra | Repair of motorcycle LG0015-112 |
| 23/05/2023 | 5299302 | 840,000 | Mr. Bosco Afedra | Repair of motorcycle LG0017-112 |
| 23/05/2023 | 5299302 | 594,000 | Mr. Bosco Afedra | Repair of motorcycle LG0015-112 |
| 23/05/2023 | 5077700 | 955,000 | Mr. Bosco Afedra | Purchase of wheel loader battery |
| 05/06/2023 | 5658480 | 300,000 | Mr. Luke Taban | Payment for assorted stationery |
| 05/06/2023 | 5658480 | 500,000 | Mr. Luke Taban | Repair of motorcycle |
| 14/06/2023 | 5851003 | 2,000,000 | Mr. BenardAbiima | Payment for designs and preparation of BOQs for shade construction |
| 21/06/2023 | 5851005 | 500,000 | Mr. Ronny Jacob Abiria | Repair of motorcycle |
| 28/06/2023 | 6425221 | 9,400,000 | Mr. John Odabo | Supply of tablets under Mayor's Migration Project |
| 28/06/2023 | 6425221 | 11,280,000 | Mr. John Odabo | Supply of laptops under Mayor's Migration Project |
| 28/06/2023 | 6429910 | 6,000,000 | Ms. Mary Dawaru | Purchase of tools for handling seedlings |
| 28/06/2023 | 6425221 | 17,150,300 | Ms. Mary Dawaru | Supply of drying machine at recycling plant |
| 28/06/2023 | 6425221 | 19,866,900 | Ms. Mary Dawaru | Supply of cycling machine at recycling plant |

Appendix 6: Arua Main Market revenue collections remitted for the period July 2022 to June 2023 by Betai Enterprises Ltd

| Quarter | Month | Contract Amount (UGX) | Actual Amount remitted (UGX) | Date of payment |
|--------------------|-----------|-----------------------|------------------------------|--|
| I 2022 | July | 60,000,000 | 180,000,000 | 4 th July 2022 (S/N: 2251) receipt issued by Arua City Central Division |
| | August | 60,000,000 | - | - |
| | September | 60,000,000 | - | - |
| Sub - Total | | 180,000,000 | 180,000,000 | - |

| Quarter | Month | Contract Amount (UGX) | Actual Amount remitted (UGX) | Date of payment |
|----------------------|----------|-----------------------|------------------------------|--|
| II 2022 | October | 60,000,000 | - | - |
| | November | 60,000,000 | 120,000,000 | 15 th November 2022 (S/N: 2266) receipt issued by Arua City Central Division |
| | December | 60,000,000 | - | - |
| Sub - Total | | 180,000,000 | 120,000,000 | (60,000,000) deficit |
| III 2023 | January | 60,000,000 | 150,000,000 | 24 th January 2023 (S/N: 2270) receipt issued by Arua City Central Division |
| | February | 60,000,000 | - | - |
| | March | 60,000,000 | - | - |
| Sub - Total | | 180,000,000 | 150,000,000 | (30,000,000) deficit |
| IV 2023 | April | 60,000,000 | 180,000,000 | 27 th April 2023 (PRN 2230013009205) Integrated Revenue Administration System (IRAS) paid in Pride Microfinance Limited MDI |
| | May | 60,000,000 | - | - |
| | June | 60,000,000 | - | - |
| Sub - Total | | 180,000,000 | 180,000,000 | - |
| OVERALL TOTAL | | 720,000,000 | 630,000,000 | (90,000,000) deficit |

Appendix 7: Arua Taxi Park revenue collections remitted for the period July 2022 to June 2023 by Arua Central Division

| Quarter | Month | Contract Amount (UGX) | Actual Amount remitted (UGX) | Date of payment |
|--------------------|-----------|-----------------------|------------------------------|--|
| I 2022 | July | 16,000,000 | - | - |
| | August | 16,000,000 | - | - |
| | September | 16,000,000 | 16,000,000 | 12 th September 2022 (S/N: 2259) receipt issued by Arua City Central Division |
| Sub - Total | | 48,000,000 | 16,000,000 | (32,000,000) deficit |
| II 2022 | October | 16,000,000 | - | - |
| | November | 16,000,000 | - | - |
| | December | 16,000,000 | - | - |
| Sub - Total | | 48,000,000 | - | (48,000,000) deficit |

| Quarter | Month | Contract Amount (UGX) | Actual Amount remitted (UGX) | Date of payment |
|----------------------|----------|-----------------------|------------------------------|--|
| III 2023 | January | 16,000,000 | - | - |
| | February | 16,000,000 | - | - |
| | March | 16,000,000 | - | - |
| Sub - Total | | 48,000,000 | - | (48,000,000) deficit |
| IV 2023 | April | 16,000,000 | 16,000,000 | <ul style="list-style-type: none"> 8th April 2023 (PRN 2230012155714) Integrated Revenue Administration System (IRAS) Payment serial no: IRAS/775628/PY/388669 |
| | May | 16,000,000 | 16,000,000 | <ul style="list-style-type: none"> 20th May 2023 (PRN 2230014084029) Integrated Revenue Administration System (IRAS) Payment serial no: IRAS/875738/PY/440189 |
| | June | 16,000,000 | 32,000,000 | <ul style="list-style-type: none"> 5th June 2023 (PRN 2230014836889) Integrated Revenue Administration System (IRAS) Payment serial no: IRAS/908247/PY/458383 6th June 2023 (PRN 2230014867831) Integrated Revenue Administration System (IRAS) Payment serial no: IRAS/909645/PY/460920 |
| Sub - Total | | 48,000,000 | 64,000,000 | 16,000,000 in excess |
| OVERALL TOTAL | | 192,000,000 | 64,000,000 | (112,000,000) deficit |

Appendix 8: Contract summaries for the contractor and supervising consultant for rehabilitation of School Road and Adroa Road

i) Contract summary for the Contractor

| | |
|----------------|---|
| Contract Title | Rehabilitation of School Road and Adroa Road ARUA751/WRKS/USMID/19-20/00001 |
| Contract Scope | Scope of Woks included: <ul style="list-style-type: none"> ➤ Drainage works; ➤ Earthworks and pavement layers of gravel or crushed stone; ➤ Asphalt pavements and seals; and ➤ Ancillary road works including street lighting and tree planting, road marking, kerbs, road signage, trash cans, rumble strips, bus shelters and other road furniture along the road. |

| Breakdown of cost | |
|---|--|
| General items | 5,937,107,962 |
| Adroa Road | 4,452,424,965.83 |
| School Road | 7,290,938,189.59 |
| Tolerances, Testing and Quality Control | - |
| Schedule of Daywork Rates – Labour (Provisional) | 6,050,000 |
| Schedule of Daywork Rates – Material (Provisional) | 47,280,000 |
| Schedule of Daywork Rates – Equipment (Provisional) | 39,500,000 |
| Subtotal | 17,773,301,117.42 |
| 5% of Subtotal for Contingencies | 888,665,055.87 |
| 5% of Subtotal for Supervision | 888,665,055.87 |
| Total | 19,550,631,229.16 |
| VAT at 18% | - |
| Grand Total for Construction (Bid Price) | 19,550,631,229.16 |
| Less Supervision Costs | 888,665,055.87 |
| Original Contracted Amount | 18,661,966,173.29 |
| Name of Contractor | China Railway Seventh Group Co. Limited |
| Method of Procurement | Open National Bidding |
| Type of Contract | Admeasurement contract |
| Contract Price (UGX) | 18,661,966,173 exclusive of VAT and supervision costs |
| Contract Signing Date | 4 th November 2019 |
| Original Contract End Date | 4 th May 2021 (18 months from the date of contract signing) |
| Commencement Date | 20 th December 2019 |
| Site Handover date | 19 th January 2020 |
| Intended Completion date | 19 th July 2021 |
| Amended Contract Agreement Date | 8 th June 2020 |
| Variation Amount (12.8%) | 2,390,878,650 |
| Amended Contract Price | 21,052,844,823 |

| | | |
|--|--|-------------------|
| Amended Scope of Works | Name of road | Length (m) |
| | Old Jiago Road | 140 |
| | Ojio Road | 200 |
| | Adumi Road | 350 |
| | Arua One View Road | 200 |
| Revised Project duration | 19.5 months | |
| Revised Completion date | 11 th August 2021 | |
| Defects Liability Period | From the completion date after 365 days | |
| Project Manager | Municipal Engineer | |
| Advance Payment | 20% of contract sum (3,732,393,234.4) | |
| Amount of Retention (5%) | 5% of value of works | |
| Completion date | 29 th July 2021 according to the substantial completion certificate | |
| Total Amount Certified for payment (UGX) | 22,252,647,890 | |

ii) Contract Summary for Supervising Consultant

| | |
|---------------------------------|---|
| Contract Title | Supervision of Rehabilitation of School Road and Adroa Road ARUA751/WRKS/USMID/19-20/00001 |
| Name of Contractor | Joadah Consult Limited |
| Method of Procurement | Open National Bidding |
| Type of Contract | Time based contract |
| Contract Price (UGX) | 930,585,000 |
| Contract Signing Date | 10 th December 2019 |
| Original Contract End Date | 18 months from the commencement date including 12 months of defects liability period |
| Commencement Date | 20 th December 2019 |
| Amended Contract Agreement Date | - |
| Variation Amount (33%) | 309,911,250 |
| Revised Contract Price | 1,240,496,250 |

| | | |
|--------------------------|--|---------------------|
| Revised Scope of Works | Description | Amount (UGX) |
| | Design of Adumi, Arua One View and Ojio roads | 139,362,500 |
| | Re-design of School and Adroa roads | 93,000,000 |
| | Extension of time for supervision of works | 77,548,750 |
| | Total | 309,911,250 |
| Payment Schedule | <ul style="list-style-type: none"> ➤ 25% after signing the contract and presentation of inception report ➤ 70% during construction period ➤ 5% at the end of the defects liability period | |
| Amount of Retention (5%) | 5% at the end of the defects liability period | |
| Completion date | 29 th July 2021 | |
| Total Amount Paid (UGX) | 1,193,967,000 | |

Appendix 9: Contract summaries for the contractor and supervising consultant for construction of Go Down Road

i) Contract Data Summary for Works Construction

| | | |
|------------------------------|--|--|
| Contract Title | Construction of Go Down Road | |
| Procurement Reference Number | ARUA-GULU-KITGUM/WRKS/USMID/21-22/00001 | |
| Project Length | 1.050KM | |
| Standard of Road | Upgrading to Class II Standard Paved Road | |
| Contract Scope | The works consist of: <ul style="list-style-type: none"> ➤ Drainage works; ➤ Earthworks; ➤ Subbase; ➤ Crushed stone base; ➤ Asphalt concrete wearing surface; and ➤ Ancillary road works including street lighting, tree planting, among others. | |
| Name of Contractor | China Railway Seventh Group Co. Limited | |
| Type of Contract | Admeasurement contract | |

The schedule of payment is as follows:

| Item | Payment % of contract sum | Advance recovery % | Remarks |
|--|---------------------------|--------------------|--|
| Preliminaries | Varying | Nil | As required |
| Drainage works | 15% | 10% | Less preliminaries on completion of drainage works for all |
| Earthworks | 20% | 20% | Less preliminaries on completion of earthworks for all roads |
| Subbase | 15% | 20% | Less preliminaries on completion of subbase works for all roads |
| Crushed stone base | 15% | 20% | Less preliminaries on completion of stone base works for all |
| Asphalt concrete wearing surface | 25% | 20% | Less preliminaries on completion of Asphalt concrete works for all |
| Ancillary road works including street lighting, tree planting, among others. | 10% | 10% | Less preliminaries on completion of ancillary for all roads |

| | |
|-----------------------------------|--|
| Original Contract Price | UGX 13,506,952,197 |
| Contract Signing Date | 17 th December 2021 |
| Original Contract End Date | 15 calendar months, followed by defects liability and maintenance period of 12 calendar months |
| Commencement Date | 10 th January 2022 |
| Original Completion date | 10 th April 2023 |
| 1 st Extension of Time | 2 months |
| Revised Completion Date | 10 th June 2023 |
| 2 nd Extension of Time | 3 months |

| | | |
|--|---|---|
| Revised Completion date | 10 th September 2023 | |
| Amount of Retention | 5% | |
| Defects Liability Period | 365 calendar days | |
| Progress as at 6 th November 2023 | Report not provided | |
| | Physical progress | 85.33% |
| | Financial progress | 84.72% |
| | Time lapsed | 91.53% |
| Submitted Securities | Issued by Stanbic Bank: | |
| | Advance payment security (20% of contract sum) | Ref No. IG22019UG0101262 UGX 2,701,390,440 Expiry date: 30 th September 2024 |
| | Performance guarantee (8% of contract sum) | Ref No. IG22019UG0101265 UGX 1,080,556,176 Expiry date: 30 th September 2024 |
| | Environment and Social guarantee (2% of contract sum) | Ref No. IG22019UG0101266 UGX 270,139,044 Expiry date: 30 th September 2024 |

ii) Contract Data Summary for the Supervising Consultant

| | |
|-------------------------------|--|
| Contract Title | Supervision of Construction of Go Down Road |
| Procurement Reference Number | ARUA751/SRVCS/USMID/19-20/00001 |
| Name of Contractor | Segamu 14 Consults Limited (in sub- consultancy with Hersun Consults Limited) |
| Type of Contract | Time based contract |
| Contract Signing Date | 24 th November 2021 |
| Original Contract Price (UGX) | 1,027,900,000 |
| Original Contract End Date | 28 months in total i.e 15 months for concurrent design review and construction supervision services in Arua City from the date of commencement or such other time as the parties may agree in writing and thereafter services during 12 months defects liability period of the completed works and one month for final account. |

| | |
|---|--|
| Commencement Date | 5 th January 2022 |
| Original Contract End Date | 4 th April 2023 |
| 1 st Contract Amendment Amount | 1,178,850,000 |
| 1 st Contract Amendment Signing Date | 5 th May 2023 |
| 2 nd Contract Amendment Amount | 1,787,450,000 |
| 2 nd Contract Amendment Signing Date | 19 th May 2023 |
| 1 st Extension of Time | 2 months |
| Revised Completion Date | 4 th June 2023 |
| 2 nd Extension of Time | 3 months |
| Revised Completion date | 4 th September 2023 |
| Payment Schedule | <ul style="list-style-type: none"> ➤ Monthly payment shall be made for actual input provided and reimbursable costs incurred by the provider against invoices supported by itemized statements and supporting documents. Time sheets must be filled and approved to support payments for actual input. ➤ Final payment shall be made after submission and approval of the Consultancy Completion Report. |
| Amount Paid as at November 2023 | Report not provided |

Appendix 10: List of the Procurement and Disposal Unit members

| No | Name | Job Title | Academic Qualification | Procurement Certification | Years of Experience |
|----|-----------------|----------------------------|--|---------------------------|---------------------|
| 1. | Mr. Omale Jimmy | Senior Procurement Officer | Bachelor's Degree in B. Com (Purchasing and Supplies option); Post Graduate Diploma in Purchasing & Supplies | CIPS Level 6 | 15 years |
| 2. | Ms. Afuru Iren | Procurement Officer | Bachelor's Degree in Procurement & logistics management; Post Graduate Diploma in Purchasing & Supplies | CIPS Level 5 | 5 years |

Appendix 11: List of the Contracts Committee members

| No | Name | Job Title | Position on Contracts Committee | Appointment Date | Date of Expiry |
|----|--------------------------|--|---------------------------------|------------------|----------------|
| 1. | Mr. Afedra Bosco | Assistant Engineering Officer (Mechanical) | Chairperson | 11/02/2020 | 11/02/2023 |
| 2. | Dr. Taban Luke | Senior Veterinary Officer | Member | 11/02/2020 | 11/02/2023 |
| 3. | Ms. Beatrice Taliru | Community Development Officer | Member | 11/02/2020 | 11/02/2023 |
| 4. | Ms. Shidah Zubeda Olekua | Senior Assistant Town Clerk | Member | 11/02/2020 | 11/02/2023 |
| 5. | Mr. Lumu Musa | Statistician | Member | 11/02/2020 | 11/02/2023 |

Appendix 12: List of User Departments

| No | User Department | Head of Department | Job Title |
|-----|--------------------|---------------------------|------------------------------------|
| 1. | Administration | Mr. Cornelius Jobile | Ag. Deputy Town Clerk |
| 2. | Finance | Mr. Sam B. Adriko | Ag. City Chief Finance Officer |
| 3. | Works | Eng. Charles Omona | City Engineer |
| 4. | Production | Dr. Taban Luke | City Production Officer |
| 5. | Statutory | Ms. Doris Tazita | Senior Assistant Secretary |
| 6. | Education | Mr. Raymond Obiayi Ombere | City Education Officer |
| 7. | Community Services | Ms. Judith Drate | City Community Development Officer |
| 8. | Health | Dr. Apangu Pontius | City Health Officer |
| 9. | Planning | Mr. Marchel Anguyo | Senior economist |
| 10. | Trade | Mr. Jobel Ayiko | Senior commercial officer |
| 11. | Natural Resources | Mr. Fred Asedri | Principle Environment Officer |
| 12. | Physical Planning | Mr. Moses Findru Alo | Senior physical planner |