



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

**PROCUREMENT AND DISPOSAL COMPLIANCE  
INSPECTION REPORT FOR THE FINANCIAL YEAR 2021/22**

**RWAMPARA DISTRICT LOCAL GOVERNMENT**

**OCTOBER 2022**

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## ACRONYMS

AO	Accounting Officer
BOQs	Bill of Quantities
CC	Contracts Committee
FY	Financial Year
LTD	Limited
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings
(U)	Uganda

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal Compliance Inspection of Rwampara District Local Government that covered the total population of (10) macro procurement transactions under the Financial Year 2021/2022.

The overall objective of the procurement and disposal Compliance Inspection was to assess and establish the degree of compliance of Rwampara District Local Government's procurement system and processes with the provisions of the PPDA Act, 2003 as amended and Local Government (PPDA) Regulations, 2006 and assess the level of procurement performance over the compliance inspection period.

From the findings of the procurement Compliance Inspection exercise, the performance of Rwampara District Local Government for the Financial Year 2021/22 was **satisfactory** with an overall weighted average risk rating of **43.9%**. The risk assessment criteria is detailed in chapter 3 of the report.

### **Despite the satisfactory performance, the following exceptions were noted:**

1. The Entity failed to deliver planned services worth UGX 478,720,920 to intended beneficiaries in the Financial Year 2021/2022, thus denying the communities improved services.
2. There was inadequate evaluation criteria stated in the issued solicitation documents for four (4) procurements worth UGX 364,727,135. Inadequate evaluation criteria leads to hiring providers without sufficient capacity.
3. The Authority found low bidder response to business opportunities advertised by the Entity under open and selective bidding methods where on average only 1.5 bidders responded to the invitations in six (6) procurement transactions worth UGX 316,958,560.
4. The Evaluation Committee passed non-compliant bidders at evaluation in two procurements worth UGX 255,057,118 which may lead to awarding of contracts to bidders without the capacity to undertake the works. Such tendencies compromise the procurement function in the Entity and leads to low bidder responsive rate.
5. Failure to provide for nor obtain performance securities from contractors in three procurements worth UGX 207,523,171.
6. There was execution of works on expired contracts in three procurements worth UGX 414,250,918.
7. The procurement function was not efficient as delays were experienced across the procurement processes in eight procurements worth UGX 576,038,055.

### **Recommendations**

1. The Accounting Officer should put in place a mechanism of ensuring that all activities in the procurement plan are undertaken to ensure improved service delivery.  
The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.
2. The Head Procurement and Disposal Unit should ensure that the solicitation documents are prepared, define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity, and have the most



appropriate evaluation methodology and criteria in accordance with Regulations 48(2) & 48(4) of the Local Governments (PPDA) Regulations.

3. The Accounting Officer and Head of, the Procurement and Disposal Unit should put in place mechanisms for promoting competition in accordance with Section 46 of the PPDA Act, 2003.
4. The Evaluation Committee should ensure that the determination of a bid's compliance and responsiveness is based on the contents of the bid and a substantially compliant bid is one that conforms to all the set criteria in the bidding document without material deviation or omission in accordance with Regulation 73 (1) and (2) of the Local Government (PPDA) Regulations, 2006.
5. The Procurement and Disposal Unit should ensure that performance securities are furnished before contracts are signed in accordance with Regulation 102 of the Local Government (PPDA) Regulations, 2006.
6. The Contracts Committee should carry out its oversight function in accordance with Regulation 48 of the PPDA Local Government Regulations, 2006 to ensure that quality solicitation documents are prepared and issued to bidders.
7. The Procurement and Disposal Unit should implement all procurement processes in an efficient manner in accordance with Section 48 of the PPDA Act, 2003.

Rwampara District Local Government should implement the recommended action plan on page 22.

## **CHAPTER 1: INTRODUCTION**

### **1.1 Background**

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal Compliance Inspection of Rwampara District Local Government that covered the total population of ten (10) macro procurement transactions under the Financial Year 2021/2022. The compliance inspection involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 as amended and Local Government (PPDA) Regulations, 2006.

### **1.2 Overall Objective**

The overall objective of the procurement and disposal compliance inspection was to assess and establish the degree of compliance of Rwampara District's procurement system and processes with the provisions of the PPDA Act, 2003 as amended and Local Government (PPDA) Regulations, 2006 and assess the level of procurement performance over the compliance inspection period.

#### **The specific objectives were:**

1. To establish the level of compliance by the Entity with the general provisions of the PPDA Act, 2003 as amended and Local Government (PPDA) Regulations, 2006;
2. To establish the level of compliance with the PPDA Act, 2003 as amended and Local Government (PPDA) Regulations, 2006 in the conduct of procurement and disposal activities; and
3. To assess the level of efficiency and effectiveness in contract implementation.

### **1.3 Compliance Inspection Scope**

The Compliance Inspection involved a review of the procurement process, disposal process, general compliance issues, and contract implementation on a sample basis. The compliance inspection covered ten (10) procurement transactions worth **UGX 1,004,078,305** under the Financial Year 2021/2022.

### **1.4 Compliance inspection Methodology**

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

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

A debriefing meeting to clear all pending issues that arose during the compliance inspection was held with the Entity management and staff on **1<sup>st</sup> September 2022** before the auditors could embark on the preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **9<sup>th</sup> September 2022** with a request to submit a management response by **17<sup>th</sup> September 2022**, which was submitted on **29<sup>th</sup> September 2022**.

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

### **1.5 Structure of the Entity**

Section 26 (1) of the PPDA Act, 2003 gives the Accounting Officer the overall responsibility for the successful execution of the procurement and disposal process in a Procuring and Disposing Entity. Section 26 (1) (a) and (c) specifically give the responsibility to cause the establishment of a Procurement and Disposal Unit and Contracts Committee staffed at an appropriate level to the Accounting Officer.

The Authority noted that the procurement structures in place were a substantive Accounting Officer, a fully constituted Contracts Committee, one staff in the Procurement and Disposal Unit, and appointments of an ad-hoc Evaluation Committee for each procurement transaction in the financial year under review.



## CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS

### 2 To establish the level of compliance by the PDE with the general provisions of the PPDA Act, 2003 as amended and Local Government (PPDA) Regulations, 2006

#### 2.1 Procurement structures

The Authority noted that the procurement structures in place were a substantive Accounting Officer, a fully constituted Contracts Committee, an incomplete Procurement and Disposal Unit, and appointments of an ad-hoc Evaluation Committee for each procurement transaction.

**Table 1: Composition of Contracts Committee**

S/N	Name	Position in the Entity	Committee position
1.	Bagambe John . B	District Natural Resources Officer	Chairperson
2.	Akanyijuka Andrew	Civil Engineer Water	Member
3.	Mbabazi Edward	District Education Officer	Member
4.	Musiime Benon	Senior Agricultural Officer	Member
5.	Akankunda Edith	Ag. District Health Officer	Member
6.	Bagume Robert	Senior Procurement Officer	Secretary

**Table 2: Composition of the Procurement and Disposal Unit**

S/N	Name	Qualification	Position on PDU
1.	Bagume Robert	-Bachelor of Business Administration- Procurement-MUST -Post graduate Diploma in Procurement and Logistics Mgt- UMI	Senior Procurement Officer
2.	Position vacant	N/A	Procurement Officer

Despite the above composition, the following areas of non-compliance were noted: -

#### 2.1.2 Inadequate facilitation of the Procurement and Disposal Unit:

The Authority noted that the Procurement and Disposal Unit (PDU) was comprised of only one staff at the level of Senior Procurement Officer. In addition, the Unit was not facilitated with internet services, as a result, the Entity did not populate the Government Procurement Portal (GPP) (*see details below*).

**PDE:** Rwampara District Local Government

**REPORT:** All Completed Contracts

**REPORTING PERIOD:** 2021-07-01    **To:** 2022-06-30

**CREATED BY:** Compliance PPDA

**Number Total Completed contracts:** 0

The Authority noted that the Entity did not post any information on GPP during the Financial Year 2021-22

#### Implications

- One staff in the PDU increases the workload on the existing staff given the number of processes and requirements of public procurement.



- Lack of internet services in the Procurement and Disposal Unit makes it a challenge for the Entity to upload information on the GPP. This affects the transparency of procurement activities and it also hinders the ability of the Procurement and Disposal Unit to measure its efficiency.

#### **Management response**

The Entity has recruited a Procurement Officer and posted an Office Assistant to the Unit. The Procurement and Disposal Unit is now filled as far as human resource is concerned.

Equally, the Entity has now extended the internet services to the Unit and they will be able to upload the information on GPP in the financial year 2022/2023.

#### **Recommendation**

The Head Procurement and Disposal Unit should provide mentorship to the Procurement Officer and ensure that information is uploaded on the GPP to increase the level of transparency in the Entity's public procurement procedures in accordance with Section 45 of the PPDA Act, 2003 as amended.

### **2.2 Budget implementation rate**

The Authority assessed the Entity's procurement plan and the table below includes detailed information about the plan, budget and utilization of funds. The procurement plan implementation rate was **85%** with a variance of **UGX 478,720,920** in the Financial Year 2021/2022.

<b>Table 3: Budget implementation rate</b>	
<b>Analysis of procurement spend</b>	
Total procurement plan value inclusive of VAT (UGX)	3,165,350,080
Total procurement spend value inclusive of VAT (UGX)	2,686,629,160
Procurement plan implementation rate (%)	85
Budget variance (UGX)	478,720,920

*NB: This information is based on the Entity's procurement plan and quarterly reports submitted to the Authority.*

#### **Implication**

The Entity failed to deliver planned services worth **UGX 478,720,920** to intended beneficiaries.

#### **Management response**

The procurement plan figures for road works include funds for allowances for staff and drivers of the Equipment. We shall strive to capture figures for deliverables only in order not to overstate.

#### **Recommendations**

- The Accounting Officer should put in place a mechanism of ensuring that all activities in the procurement plan are undertaken to ensure improved service delivery.
- The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.

### **2.3 Failure to attach statements of requirements**

In the supply of 185 three (3) seater twin desks to Education Department for primary schools worth UGX 33,670,000, specifications were not attached at the initiation, the procurement requisition form only included the descriptions: *three-seater twin desks for primary schools*. Furthermore, a document attached to the initiation only included a statement “*supply three-seater twin desks made in hardwood including engraving as will be directed by the Engineer in charge,*” but did not include the specifications for the desks.

### **Implication**

The Provider may not be provided with sufficient information to meet the need of the User which may lead to rejection of the delivery or failure to meet the intended purpose of the procurement.

### **Management response**

The specifications were not attached to the procurement requisition (Form 1) but the service provider was given the specifications at the time of implementation of the project.

However, the Head of the Department and Engineer will always be advised in the future to attach specifications to the procurement requisition form at the time of procurement initiation.

### **Recommendation**

The Heads of User Departments should ensure that statements of requirements, that is, specifications for supplies, terms of reference for services, and bills of quantities for works, are prepared and attached to the procurement requisitions before approval in accordance with Section 60 of the PPDA Act 2003.

## **2.4 Inadequate evaluation criteria stated in the issued solicitation documents**

**Table 4: Procurement with inadequate evaluation criteria**

No	Subject of procurement	Findings	Management Response
1.	Construction of Kashuro piped water system Phase 3 worth UGX 195,511,604	<b>Inadequate criteria stated in the issued bidding document</b> The criteria under financial resources were ambiguous. The document required the bidder to demonstrate access to, or availability of financial resources such as liquid assets, unencumbered real assets, lines of credit, and any other financial means other than contractual advance payments to meet the following cash flow requirement. However, the required amount was not stated. Furthermore, under historical performance criteria, the document required the submission of a bank statement	The bank statement inflows, outflows, and the balance and cash flow statement would show the company resources available and finance the project. Similarly, the companies submitted lines of credit from commercial banks to show that they can acquire credit to finance the projects. However, the amounts will always be stated in the future.



No	Subject of procurement	Findings	Management Response
		for the last 3 months without stating the minimum required balance.	
2.	Construction of a 3-classroom block at Kangirirwe P/S Phase 1 worth UGX 76,000,017	<p>The criteria under financial resources were ambiguous. The document required the bidder to demonstrate access to, or availability of financial resources such as liquid assets, unencumbered real assets, lines of credit, and any other financial means other than contractual advance payments to meet the following cash flow requirement. However, the required amount was not stated.</p> <p>Furthermore, under historical performance criteria, the document required the submission of a bank statement for the last 6 months without stating the minimum required balance.</p>	The bank statement inflows, outflows, and the balance and cash flow statement would show the company resources available and finance the project. Similarly, the companies submitted lines of credit from commercial banks to show that they can acquire credit to finance the projects. However, the amounts will always be stated in the future.
3.	Construction of a two-in-one staff house at Bushwere HCII worth UGX 59,545,514	The bidding document did not request the bidder to show evidence of ownership or lease of relevant equipment to execute the works.	The document did not indicate the bidder to show evidence of ownership or lease of relevant equipment to execute the works. However, as a good practice, the bidder gave evidence of ownership of the equipment to execute works.
4.	Supply of 185 three (3) seater twin desks to Education Department for primary schools worth UGX 33,670,000	<p><b>Inadequate evaluation criteria</b></p> <p>The proposed evaluation methodology for the procurement was Technical Compliance Selection (TCS). However, under the detailed evaluation criteria, which are used to determine commercial and technical responsiveness of</p>	This could have been an oversight in the preparation of the bidding document. However, all the bidders passed the commercial and technical criteria. The best-evaluated bidder was determined by the financial comparison criteria where



No	Subject of procurement	Findings	Management Response
		<p>bidders, the following were required: (i) <i>Show company experience in the relevant field, attach evidence (LPOs/delivery notes), (ii) Financial statement for the last three months, and (iii) Audited books of accounts for the previous two years.</i></p> <p>The Authority notes that all the highlighted evaluation criteria above were generic and not quantifiable, this implies that the criteria cannot be used to disqualify bidders as limits were not set and yet the procurement was not advertised to only prequalified firms, but was advertised nationally through open bidding which increases the risk of awarding contracts to unsatisfactory firms.</p>	the bidder with the lowest price was awarded the tender.

### Implication

The Authority established that the highlighted evaluation criteria above were generic and not quantifiable, this implies that the criteria cannot be used to disqualify bidders as limits were not set.

### Recommendations

- The Head Procurement and Disposal Unit should ensure that the solicitation documents are prepared, define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity and have the most appropriate evaluation methodology and criteria in accordance with Regulations 48(2) & 48(4) of the Local Governments (PPDA) Regulations.
- The Contracts Committee should ensure that the bidding documents are scrutinized for quality before approval.

## COMPLIANCE WITH THE PPDA ACT AND LOCAL GOVERNMENT REGULATIONS IN THE CONDUCT OF PROCUREMENT AND DISPOSAL ACTIVITIES

### 2.5 Competitiveness of procurement processes

The Authority found low bidder response to business opportunities advertised by Rwampara District Local Government for open bid invitations and selective bidding in six (6) procurement

transactions worth UGX **316,958,560**. The Entity received an average of 1.5 bidders responding to the invitations to bid as detailed in the table below:

<b>Table 5: Procurements with low bidder participation</b>					
<b>Sn.</b>	<b>Subject of procurement</b>	<b>Amount (UGX)</b>	<b>Procurement Method</b>	<b>No. of invited bidders</b>	<b>No. of bids received</b>
1.	Construction of a 2-classroom block at Kanyanga Primary School	71,977,640	Open Bidding	Open	2
2.	Supply of 185 three (3) seater twin desks to Education Department for Primary Schools	33,670,000	Open Bidding	Open	2
3.	Supply of assorted furniture to District Departments	17,500,000	Selective Bidding	Open	2
4.	Renovation and remodification of Works/Water Department Offices	20,985,120	Selective Bidding	3	1
5.	Supply of fish cage demonstration materials for Production Department	13,632,000	Selective Bidding	3	1
6.	Construction of administration block at District Headquarters (Phase III)	159,193,800	Open Bidding	Open	1
<b>Total/ Average</b>		<b>316,958,560</b>			<b>1.5</b>

### **Implication**

This may lead to costly procurements and deter the achievement of value for money.

### **Management Response**

The Entity advertised in the newspapers under open bidding and invited at least three bidders of the mentioned selective procurements through invitation letters. The causes/reasons for non-response to the invitations are beyond the Entity. However, the Accounting Officer has planned meetings with stakeholders to address the issue of low-bidder participation.

### **Recommendation**

The Accounting Officer and Head of, the Procurement and Disposal Unit should put in place mechanisms for promoting competition in accordance with Section 46 of the PPDA Act, 2003.

### **2.6 Transparency and Accountability**

The Authority observed that Rwampara District Local Government undermined the some of the transparency and accountability mechanisms embedded within the procurement and disposal processes. As a result, a number of oversights were noted that include:



### 2.6.1 Usurping the powers of the Contracts Committee by the Procurement and Disposal Unit

In the following 6 (six) procurements worth UGX 601,043,530, the Procurement and Disposal Unit usurped the powers of the Contracts Committee when the Senior Procurement Officer communicated the Contracts Committee's decision on a submission (Local Government (LG) Public Procurement (PP) Form 20 R 18 (3)) on 9<sup>th</sup> September 2021 and 20<sup>th</sup> October without evidence by the signature of the chair or a member of the Contracts Committee. Furthermore, the Senior Procurement Officer communicated that:

(a) The request for approval of the bid document, Evaluation Committee and advert had been approved by Contracts Committee on 9<sup>th</sup> September 2021, 4 days before the actual Contracts Committee meeting took place on 13<sup>th</sup> September 2021.

(b) The request for approval of the evaluation report had been approved by Contracts Committee on 20<sup>th</sup> October 2021, 1 day before the actual Contracts Committee meeting took place on 21<sup>st</sup> October 2021.

The procurements include:

<b>Table 6: Procurements where the PDU usurped the powers of Contracts Committee</b>		
<b>No.</b>	<b>Procurement</b>	<b>Contract value</b>
1.	Supply of 185 three (3) seater twin desks to Education Department for Primary Schools	33,670,000
2.	Supply of assorted furniture to District Departments	17,500,000
3.	Supply of fish cage demonstration materials for the Production Department	13,632,000
4.	Construction of administration block at District Headquarters (Phase III)	159,193,800
5.	Renovation and remodification of Works/Water Department Offices	20,985,120
6.	Construction of Ndeija Road Side Market in Ndeija Subcounty (Phase 1)	356,062,610
<b>Total</b>		<b>601,043,530</b>

#### Implications

- Usurping powers of the Contracts Committee undermines the checks and balances embedded within the procurement process.
- This could result in committing the Entity into contractual obligations that were unplanned or not funded.
- This implies that the CC approvals were undertaken retrospectively.

#### Management Response

The Senior Procurement Officer did not usurp the powers of the Contracts Committee as reported. The requests for approval of the bid document, Evaluation Committee and advert in all the procurements on 9<sup>th</sup> September 2021, 4 days before the actual Contracts Committee meeting took place on 13<sup>th</sup> September 2021. This is correct because the request (for approval) documents are prepared before the Contracts Committee meetings. The requests were on 9<sup>th</sup> September 2021 in preparation for the Contracts Committee meeting on 13<sup>th</sup> September 2021.



**N.B**

The Authority notes that the Entity mentioned request for approval forms in its management response and yet the Authority raised the query based on the Contracts Committee's decision forms which were used retrospectively on the procurement action files, instead of using request for approval forms.

**Recommendations**

- The Head Procurement and Disposal Unit should support the functioning of the Contracts Committee in accordance with Section 31 (b) of the PPDA Act, 2003 as amended.
- The Contracts committee should undertake its oversight role in accordance with Sections 28 and 29 of the PPDA Act, 2003 as amended. The Contracts Committee should not be involved in retrospective approvals because Section 28 (f) of the PPDA Act, 2003 as amended highlights the fact that the committee is charged with the responsibility of ensuring compliance with the Act.

**2.7 Lack of transparency at bid opening**

The Authority observed that the record of the bid opening dated 29th September 2021 (signed by the Senior Procurement Officer and a member of the Contracts Committee) did not include the amount (bid value) read out during the bid opening, as it left the section black. This contravened the principle of transparency highlighted in Section 45 of the PPDA Act, 2003 as amended in the renovation and remodification of Works/Water Department Offices worth UGX 20,985,120.

**Implication**

Lack of transparency in the highlighted procurement.

**Management Response**

This could have been an oversight. However, the document was corrected and the bid opening price was recorded.

**Recommendation**

All procurement and disposal transactions should be conducted in a manner that promotes transparency, accountability, and fairness in accordance with Section 45 of the PPDA Act, 2003.

**2.8 Change of evaluation criteria**

The Authority noted the introduction of a new evaluation criterion during evaluation in the supply of 185 three (3) seater twin desks to the Education Department for primary schools worth UGX 33,670,000. Although the anomaly did not disadvantage any firm during the preliminary stage of evaluation, the Evaluation Committee introduced the criterion of "Articles and Memorandum of Association" which was not part of the evaluation methodology and criteria in the bidding document approved by the Contracts Committee on 13th September 2021.

**Implication**

This contravenes Regulation 78 (4) of the Local Government (PPDA) Regulations, 2006 which states that *'evaluation shall not be based on any terms, conditions or criteria that was not included in the bid documents.*

**Management response**

The Procurement and Disposal Unit has implanted the requirement that the Evaluation Committee(s) adhere to the set-out criteria in the solicitation document. The absence of that could have been an oversight on the part of the Evaluation Committee.

**Recommendation**

The Head Procurement and Disposal Unit should ensure that evaluation is based on terms, conditions and criteria included in the bid documents in accordance with Regulation 78 (4) of the Local Government (PPDA) Regulations, 2006.

**2.9 Passing non-compliant bidders**

In the construction of Kashuro piped water system Phase 3 worth UGX 195,511,604, the best-evaluated bidder, Extech Technical Services Ltd, should have been eliminated at the technical evaluation stage for failing to submit the required personnel. The bidder submitted a foreman masonry, Kwarisima Hamu, who according to the submitted CV and certificate had graduated in October 2018 and had 2 years and 10 months of professional experience at the time of bid submission on 6th October 2021 with his professional experience starting from 10th November 2018 to 27th May 2021) as opposed to the required 5 years of general experience and 3 years of specific experience highlighted in the evaluation criteria.

The bidder did not submit a mechanical Engineer with a bachelor's degree in Mechanical or Power and Automotive Engineering as well as 5 years' general experience.

In the construction of a two-in-one staffhouse at Bushwere HCII worth UGX 59,545,514, the best-evaluated bidder, Omdani Technical Services Ltd, should have been eliminated at the technical evaluation stage for failing to submit the required personnel. The bidder submitted a Project manager, Miir Oweyesigire Dennis, with a certificate in block laying and concreting craft course part 1 as opposed to the required diploma in Civil Engineering. Furthermore, the bidder did not attach a CV for the Project Manager as required.

**Implication**

This may lead to awarding of contracts to bidders without the capacity to undertake the works hence exposing the Entity to the risks of failure to perform, loss of money in shoddy works and loss of time due to the repetition of the process.

**Management Responses**

- The CV submitted shows 2 years and 10 months. However, the summary shows that he has been with the company for 6 years. The bidder submitted the summary for the Electrical Engineer.
- The company had completed two (2) classrooms and an attached office at Nyakaguruka Primary School successfully. The other company that bid was just incorporated and had not done any project. The Project Manager was considered on the basis of having done the previous works successfully.

**Recommendation**

The Evaluation Committee should ensure that the determination of a bid's compliance and responsiveness is based on the contents of the bid and a substantially compliant bid is one that



conforms to all the set criteria in the bidding document without material deviation or omission in accordance with Regulation 73 (1) and (2) of the Local Government (PPDA) Regulations, 2006. The Head, Procurement and Disposal Unit should ensure that technical guidance is always provided to Evaluation Committees.

## 2.10 Contract Documents

The Authority reviewed the contract documents prepared for the sampled procurements and observed some anomalies as indicated in the table below;

<b>Table 8: Contract documents with anomalies noted</b>			
<b>No</b>	<b>Issue</b>	<b>Procurement in which the issue was observed</b>	<b>Amount (UGX)</b>
1.	Failure to provide for nor obtain performance securities	<b>Construction of a 2 classroom block at Kanyanga Primary School</b> Performance security worth 10% of the contract price was mandatory as per GCC 52.1 but there was no copy of the submitted security on file. <i>(Security not obtained)</i>	71,977,640
		<b>Construction of a 3 classroom block at Kangirirwe P/S Phase 1</b> Failure to request for 10% performance security from the contractor and yet it was a requirement in SCC hence leading to unsecured contracts. <i>(10% security not obtained)</i>	76,000,017
		<b>Construction of a two in one staff house at Bushwere HCII</b> Failure to request 10% performance security from the contractor and yet it was a requirement in the signed contract hence leading to unsecured contracts. <i>(10% security not obtained)</i>	59,545,514
2.	Use of inappropriate contract type	<b>Renovation and remodification of Works/Water Department Offices</b> GCC 2.3 of the bidding document and contract signed on 10 <sup>th</sup> November 2021 highlighted the fact that an admeasurement contract was signed. However, a lumpsum contract should have been signed because the content, duration and outputs of the procurement were well defined.	20,985,120
3.	Inconsistencies in conditions of contract	<b>Construction of Kashuro piped water system Phase 3</b> Inconsistencies between the Special Conditions of Contract (SCC) in the issued solicitation document and those of the signed contract <ul style="list-style-type: none"> <li>• GCC 17.1 of SCC stated an intended completion period of 3 months as opposed</li> </ul>	195,511,604



		<p>to the 6 months stated in the issued solicitation document.</p> <ul style="list-style-type: none"> <li>• GCC 61.1 of SCC in the issued solicitation document required the contractor to submit a 10% performance security. This clause was removed in the signed contract.</li> </ul> <p>Such Inconsistencies between the Special Conditions of Contract in the issued solicitation document and those of the signed contract brought about by change of vital clauses in the Special Conditions of Contract at contract signing, for example contractual completion period and performance security may indicate favouritism in the bidding process which contravenes the principle of fairness in the procurement process.</p>	
4.	Inconsistencies between the progress report and actual works on the ground	<p><b>Construction of Kashuro piped water system Phase 3</b></p> <p>According to a progress report prepared by the Civil Engineer-Water dated 28th January 2021, the works were 100% complete and the Engineer had recommended for issuance of a final payment certificate. However, this was inconsistent with a request from the contractor dated 21st February 2022 addressed to the CAO requesting for a contract period extension up to the end of May 2022 to compensate for time lost and enable completion of works. Furthermore, a measurement sheet dated 28th January 2022 showed the works to be at 53.2%. The Authority noted that CC approved the request and the contract was extended by 2 months.</p>	195,511,604
5.	Inadequate contract management and supervision	<p><b>Supply of 185 three (3) seater twin desks to Education Department for Primary Schools</b></p> <p>This was due to the fact that there was no official appointment of a Contract Manager, subsequently, a contract implementation plan was not prepared to guide the supervision process.</p>	33,670,000
6.	Execution of works on an expired contract	<p><b>Construction of Kashuro piped water system Phase 3</b></p> <p>The contract expired on 10th March 2022 as the works were still ongoing with physical progress at 60%. The Authority noted that the Contracts Committee approved an extension of an expired contract. The request for the extension came in on 21st February 2022 and was approved by CC on 12th May 2022 (2 months after the expiry of the</p>	195,511,604

	contract) for an extension of 2 months effective 25th February 2022 as stated in the letter to the contractor.	
	<b>Construction of a two in one staff house at Bushwere HCII</b> The contract expired on 3rd March 2022 as the works were still ongoing. The Authority noted that the Contracts Committee approved an extension of an expired contract. The request for an extension was approved by CC on 11th April 2022 (1 month after expiry of the contract)	59,545,514
	<b>Construction of administration block at District Headquarters (Phase III)</b> According to the contract commencement order dated 22 <sup>nd</sup> November 2021, the intended completion period was 22 February 2022 (3 months). However, according to interim certificate No. 1 and the progress report dated 1 <sup>st</sup> March 2022, works were at 94%, 7 days after the contractual time period had expired.	159,193,800

### Implications

- This implies that the Entity does not have a mechanism in place to guard itself against non-performing contractors who may abandon or fail to perform the contracts in accordance with the specified terms.
- The inconsistencies in contract conditions also point to a lack of checks and balances by the Contracts Committee.
- This implies that the terms depicted from the bid at which the contract was awarded and signed, were not binding.
- This contravenes Section 88B of the PPDA Act, 2003 as amended which highlights criteria for selection of contract type.

### Management Response

- The service providers signed the contracts before submission of performance securities and did not provide them even after verbal reminders. However, in future we shall make sure that performance securities shall always be provided before the signing of the contract agreements.
- The output of the contract was not defined as such, for example, the office was supposed to be tiled but there was a change of scope and the office was not tiled thus admeasurement contract.
- We agree with the findings. However, this was an unintended error and is regrettable. Emphasis shall always be put in place such that such errors do not occur again.
- The day 28<sup>th</sup> January 2021 was surely a typing error in the report. The actual report date was in January 2022.
- This was an oversight on part of User Department. However, we promise that we shall always remind the User Departments to appoint contract managers for the projects in future.



- We are in agreement with the findings. The contract was extended to allow the contractor to finish the project. There was no reason to terminate the contract which was at 60% implementation. The contract was extended and project completed.
- The request for extension of contract dated 28<sup>th</sup> February 2022 was received on 22<sup>nd</sup> March 2022. This was considered and ratified at the next Contracts Committee meeting held on 11<sup>th</sup> April 2022. The extension was genuine as the Uganda Baati iron sheets were not in the market.
- The contractor Block Technical Services Ltd did not deliver item No. 4 (furniture) i.e making the contract financial performance at 94%, so was not paid for that item. 1<sup>st</sup> floor of the building is complete and is occupied.

### Recommendations

- The Procurement and Disposal Unit should ensure that performance securities are furnished before contracts are signed in accordance with Regulation 102 of the Local Government (PPDA) Regulations, 2006.
- The Contracts Committee should carry out its oversight function in accordance with Regulation 48 of the PPDA Local Government Regulations, 2006 to ensure that quality solicitation documents are prepared and issued to bidders.
- The Head Procurement and Disposal Unit and Contracts Committee should ensure that an admeasurement contract is only used for works:
  - i. Which are not well defined;
  - ii. Which are likely to change in quantity or specifications; or
  - iii. Where difficult or unforeseen site conditions, such as hidden foundation problems, are likely.

## EFFICIENCY IN THE CONDUCT OF PROCUREMENT AND DISPOSAL PROCESSES

### 2.11 Delays across the procurement processes

Table 9: Delays across the procurement processes				
No.	Procurement	Details	Delay period	Management response
1.	Construction of Kashuro piped water system Phase 3 worth UGX 195,511,604	<p><b>Unjustified delay to commence works</b> The contract was signed on 10<sup>th</sup> November 2021 and the commencement letter was issued on 10<sup>th</sup> December 2021 a month later.</p> <p><b>Delayed completion of works</b> The initial contractual completion date was 10<sup>th</sup> March 2022 but works were completed on 12<sup>th</sup> May 2022</p>	<p>1 month</p> <p>2 months</p>	As per requirement by the Office of the President, public works can only commence after project launch to stakeholders headed by the RDC. Project launch was done on 30 <sup>th</sup> November 2021 and commencement letter issued on 2 <sup>nd</sup> December 2021.
2.	Construction of a 3 classroom block at Kangirirwe P/S Phase	<p><b>Delayed payment</b> The claim for the second payment came in on 25<sup>th</sup> Feb 2022, interim payment certificate No. 2 was issued</p>	28 days (Beyond the contractual	We agree with the findings. Management will take necessary steps



[illegible]

5.	Supply of assorted furniture to District Departments worth UGX 17,500,000	<b>Delayed delivery</b> The local purchase order was issued to the supplier, that is, Woodfix Technical Services Ltd, on 12 <sup>th</sup> November 2021. However, the delivery note and GRN were dated 28 <sup>th</sup> January 2022, confirming that it took the supplier 78 days to supply assorted furniture to District Departments, contrary to GCC 12.1 of the contract in the bidding document which required supplies to be delivered within one (1) week/7 days from the date of the purchase order.	71 days	The supply was delayed because the Entity had to secure offices first which were under construction and renovation respectively. The supplier was advised to wait until enough office space was secured
6.	Supply of fish cage demonstration materials for Production Department worth UGX 13,632,000	<b>Delayed delivery</b> The local purchase order was issued to the supplier, that is, The Five Giants Company Limited, on 12 <sup>th</sup> November 2021. However, the delivery note, invoice and GRN were dated 3 <sup>rd</sup> December 2021, confirming that it took the supplier 22 days to supply fish cage demonstration materials contrary to GCC 12.1 of the contract in the bidding document which required supplies to be delivered within one (1) week/7 days from the date of the purchase order.	15 days	We agree with the findings. However, this was caused by lack of fish feeds in the market. The feeds were imported thus causing the delay in the supply chain. In addition, the Project Manager had gone for an annual leave thus a delay in delivery because of the absence of the technical person.
7.	Construction of administration block at District Headquarters (Phase III) worth UGX 159,193,800	<b>Delayed payment</b> The Supplier, that is Block Technical Services Limited, made a claim for payment for UGX 152,764,735 on 22 <sup>nd</sup> February 2022, but was paid by the Entity on 6 <sup>th</sup> April 2022 according to the receipt dated 12 <sup>th</sup> May 2022, a total time period of 44, hence a delay of 14 days. GCC 60.1 of the contract required the amount certified by the Project Manager to be paid in full within 30 days of receipt of an invoice or claim, supported by a certificate of completion of the works.	14 days	We take note of the finding. By the time of contract completion (22 <sup>nd</sup> February 2022), the District had not received all the funds to complete the contractor's certified amount. It was after receipt of all the required funds that the payment to the contractor was made.
8.	Renovation and remodification of Works/Water Department Offices worth UGX 20,985,120	<b>Delayed completion</b> According to GCC 17.1 of the contract signed on 10 <sup>th</sup> November 2021, the intended completion date was 10 <sup>th</sup> December 2021 (One month). However, according to the completion report by the contract supervisor dated 23 <sup>rd</sup> March 2022, works were completed on 23 <sup>rd</sup> March 2022. 3	3 months 13 days	The site was handed over to the contractor in February 2022. This was occasioned by the fact that the office to be renovated was being occupied and the Department had to look for office space to



		months and 13 days after the contractual completion period. <b>Delayed payment</b> The Supplier, that is Vintum Services Ltd, made a claim for payment for the total contract sum of UGX 20,985,120 on 14 <sup>th</sup> February 2022 but was paid by the Entity on 11 <sup>th</sup> May 2022 according to the payment vouchers and receipt dated 12 <sup>th</sup> May 2022, a total time period of 87, hence a delay of 57 days. GCC 60.1 of the contract required the amount certified by the Project Manager to be paid in full within 30 days of receipt of an invoice or claim, supported by a certificate of completion of the works.	57 days	relocate to before the renovation took place.  The budget line for payment was warranted on the wrong account. This had to be sent to the Ministry of Finance to be corrected thus a delay in payment
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### Implication

This implies a delay in service delivery to the intended beneficiaries.

### Recommendation

The Procurement and Disposal Unit should implement all procurement processes in an efficient manner in accordance with Section 48 of the PPDA Act, 2003.

## OVERVIEW OF THE LEVEL OF ACHIEVEMENT OF VALUE FOR MONEY IN CONTRACT EXECUTION

### 2.12 Anomalies in the bills of quantity for the Construction of the administration block at the District Headquarters (Phase III) worth UGX 159,193,800

There was no evidence of implementation of the items below in the bills of quantity in the contract for construction of the administration block at the District Headquarters (Phase III) worth UGX 159,193,800:

Table 10: Anomalies in the bills of quantity					
No.	Item description	Item No.	Amount in BOQ (UGX)	Amount in the contract (UGX)	Anomaly
1.	The contractor shall allow here for making all samples required for testing documentation and transporting to any laboratory designated by the Engineer	1.59	0	500,000	There was no evidence that testing was conducted
2.	The contractor shall take and develop (in both digital and	1.73	0	500,000	There was no evidence on file that

	still form) site progress photographs every two weeks				this activity was done
<b>Total</b>		0	1,000,000		

### **Implication**

This inflated the BOQs by UGX 1,000,000.

### **Management Response**

Noted. These funds will be recovered from 6% retention funds.

### **Recommendation**

The Heads of User Departments and the Procurement and Disposal Unit should ensure that all procurement and disposal is conducted in a manner that promotes economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003 as amended.



## CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present graphically the scores per area assessed under different compliance inspection questions

### 3.1 Entity's Risk Assessment

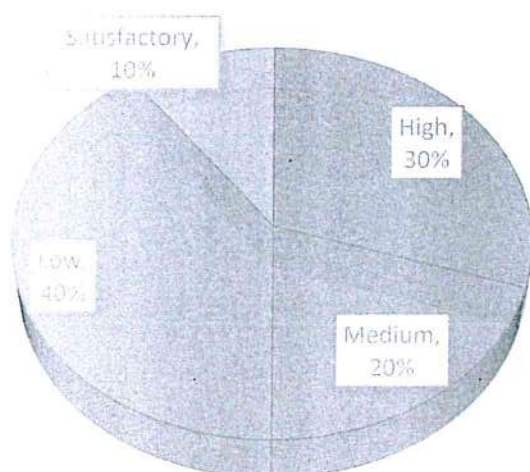
The table below shows the Entity's performance per risk category based on the sampled procurements:

**Table 9: Showing summary of risk assessment of Rwampara District Local Government**

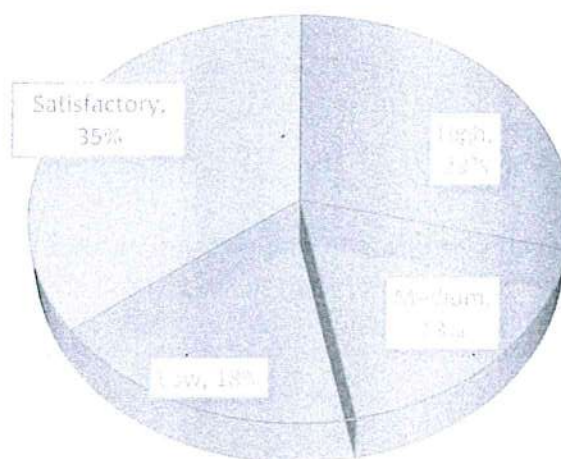
Risk Category	Number of Sampled Procurements	%Number	Value (UGX)	% Value
High	3	30	288,727,118	29
Medium	2	20	180,178,920	18
Low	4	40	179,109,657	18
Satisfactory	1	10	356,062,610	35
<b>Total</b>	<b>10</b>	<b>100</b>	<b>1,004,078,305</b>	<b>100</b>

**Figure 1: Showing graphical representation of the Entity's risk assessment**

**Risk rating by number**



**Risk rating by value**



### 3.2 Entity's Performance

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

**Table 10: Showing the Entity's risk score both by number and value of sampled procurement**

Risk category	Rating (By Number)	Weights	Total weighted Average	Rating (By Value)	Weights	Total weighted Average
High	30	0.6	18	29	0.6	17.4
Medium	20	0.3	6	18	0.3	5.4
Low	40	0.1	4	18	0.1	1.8
Satisfactory	10	0	0	35	0	0
<b>Total</b>	<b>100</b>	<b>1</b>	<b>28</b>	<b>100</b>	<b>1</b>	<b>24.6</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{\sum \text{Total}} \times 100 = \frac{28}{60} \times 100 = 46.7\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{\sum \text{Total}} \times 100 = \frac{24.6}{60} \times 100 = 41\%$$

$$\text{Combined Weighted Average} = \frac{46.7 + 41}{2} = 43.9\%$$

### 3.3 Risk rating criteria

The table below shows the risk rating criteria:

**Table 11: Showing the risk rating criteria**

Risk Rating	Description of Performance
0-20%	Highly Satisfactory
21-50%	Satisfactory
51-80%	Unsatisfactory
80-100%	Highly Unsatisfactory

### 3.4 Overall Compliance Inspection Conclusion

The performance of Rwampara District Local Government for the Financial Year 2021/2022 was **Satisfactory** with an overall weighted average risk rating of **43.9%**.



### 3.5 Recommended Action Plan

Rwampara District Local Government should implement the following recommendations within the timeframe given to improve its performance in Procurement and Disposal.

**Table 12: Recommended Action Plan**

No.	Recommendation	Target Date
1.	The Accounting Officer should put in place a mechanism of ensuring that all activities in the procurement plan are undertaken to ensure improved service delivery. The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.	December 2022
2.	The Accounting Officer and Head of, the Procurement and Disposal Unit should put in place mechanisms for promoting competition in accordance with Section 46 of the PPDA Act, 2003.	December 2022
3.	The Head Procurement and Disposal Unit should ensure that the solicitation documents are prepared, define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity, and have the most appropriate evaluation methodology and criteria in accordance with Regulations 48(2) & 48(4) of the Local Governments (PPDA) Regulations.	December 2022
4.	The Procurement and Disposal Unit should implement all procurement processes in an efficient manner in accordance with Section 48 of the PPDA Act, 2003.	December 2022
5.	The Procurement and Disposal Unit should ensure that performance securities are furnished before contracts are signed in accordance with Regulation 102 of the Local Government (PPDA) Regulations, 2006.	December 2022
6.	The Evaluation Committee should ensure that the determination of a bid's compliance and responsiveness is based on the contents of the bid and a substantially compliant bid is one that conforms to all the set criteria in the bidding document without material deviation or omission in accordance with Regulation 73 (1) and (2) of the Local Government (PPDA) Regulations, 2006. The Head, Procurement and Disposal Unit should ensure that technical guidance is always provided to Evaluation Committee(s).	December 2022

# Annex A: Sample List

Sn.	Procurement Reference No.	Subject of Procurement	Procurement Method	PROVIDER	Contract Value (UGX)	Risk rating
1	RWAM631/SUPLS/2021-2022/0005	Supply of 185 three (3) seater twin desks to Education Department for Primary Schools	Open Domestic Bidding	Woodfix Technical Services Limited	33,670,000	High risk
2	RWAM631/SUPLS/2021-2022/0003	Supply of assorted furniture to District Departments	Selective Bidding	Woodfix Technical Services Limited	17,500,000	Low risk
3	RWAM631/SUPLS/2021-2022/0002	Supply of fish cage demonstration materials for the Production Department	Selective Bidding	The Five Giants Company Limited	13,632,000	Low risk
4	RWAM631/WRKS/2021-2022/0006	Construction of administration block at District Headquarters (Phase III)	Open Domestic Bidding	Block Technical Services Limited	159,193,800	Medium risk
5	RWAM631/WRKS/2021-2022/0007	Renovation and remodification of Works/Water Department Offices	Selective Bidding	Vintum Services Limited	20,985,120	Medium risk
6	RWAM631/WRKS/2021-2022/0003	Construction of Ndejja Road Side Market in Ndejja Subcounty (Phase 1)	Open Domestic Bidding	Bana Enterprises Limited	356,062,610	Satisfactory
7	RWAM631/WRKS/2021-22/00001	Construction of Kashuro piped water system Phase 3	Open Domestic Bidding	Extech Technical Services Ltd	195,511,604	High risk
8	RWAM631/WRKS/2022-2022/0005	Construction of a 3 classroom block at Kangirirwe P/S Phase 1	Open Domestic Bidding	Mket Technical Services Ltd	76,000,017	Low risk
9	RWAM631/WRKS/2021-2022/0002	Construction of a two in one staff house at Bushwere HCII	Open Domestic Bidding	Omdani Technical Services Ltd	59,545,514	High risk
10	RWAM631/WRKS/2021-2022/00004	Construction of a 2 classroom block at Kanyanga Primary School	Open Domestic Bidding	Leader Investments Ltd	71,977,640	Low risk



Sr.	Procurement Reference No.	Subject of Procurement	Procurement Method	PROVIDER	Contract Value (UGX)	Risk rating
TOTAL.					1,004,078,305	

## Annex B: Findings and rating on the individual contracts reviewed.

### B1. HIGH-RISK RATED CONTRACTS

Sn.	High-Risk Contracts	Reasons for High-Risk Rating
1	<p><b>Reference:</b> RWAM631/WRKS/2021-22/00001</p> <p><b>Project:</b> Construction of Kashuro piped water system Phase 3</p> <p><b>Open Bidding</b></p> <p><b>Contractor:</b> Extech Technical Services Ltd</p> <p><b>Value:</b> 195,511,604</p>	<p>a) Failure to use the standard bidding document for works</p> <p>b) Inconsistencies between the Special Conditions of Contract (SCC) in the issued solicitation document and those of the signed contract</p> <p>c) Inadequate criteria stated in the issued bidding document</p> <p><b>d) Passing a non-compliant bidder</b> The best-evaluated bidder, Extech Technical Services Ltd, should have been eliminated at the technical evaluation stage for failing to submit the required personnel. The bidder submitted a foreman masonry, Kwarisima Hamu, who according to the submitted CV and certificate had graduated in October 2018 and had 2 years and 10 months of professional experience at the time of bid submission on 6th October 2021 with his professional experience starting from 10th November 2018 to 27th May 2021) as opposed to the required 5 years of general experience and 3 years of specific experience. The bidder did not submit a mechanical Engineer with a Bachelor's degree in Mechanical or Power and Automotive Engineering as well as 5 years' general experience.</p> <p><b>e) Execution of works on an expired contract</b> The contract expired on 10th March 2022 as the works were still ongoing with physical progress at 60%. The Authority noted that the Contracts Committee approved an extension of an expired contract. The request for the extension came in on 21st February 2022 and was approved by CC on 12th May 2022 (2 months after the expiry of the contract) for an extension of 2 months effective 25th February 2022 as stated in the letter to the contractor.</p> <p><b>f) Unjustified delay to commence works</b></p> <p><b>g) Delayed completion of works:</b> Initial contract completion date 10th March 2022, Completion 12th May 2022</p> <p>h) Inconsistencies between the progress report and the actual works on the ground</p>
2	<p><b>Reference:</b> RWAM631/WRKS/2021-2022/0002</p> <p><b>Project:</b> Construction of a two in one staff house at Bushwere HCH</p> <p><b>Open bidding</b></p>	<p>a) Failure to use the standard bidding document for works</p> <p><b>b) Passing a non-compliant bidder</b> The best evaluated bidder, Omdani Technical Services Ltd, should have been eliminated at the technical evaluation stage for failing to submit the required personnel. The bidder submitted a Project manager, Miro Oweyesigire Dennis, with a certificate in block laying and concreting craft course</p>



Sn.	High-Risk Contracts	Reasons for High-Risk Rating
	<b>Contractor:</b> Omdani Technical Services Ltd <b>Value:</b> 59,545,514	<p>part 1 as opposed to the required diploma in Civil Engineering.  Furthermore, the bidder did not attach C.V for the Project Manager as required.</p> <p><b>c) Inadequate bidding document</b>  The document was not requesting the bidder to show evidence of ownership or lease of relevant equipment to execute the works.</p> <p><b>d) Failure to request for 10% performance security</b> from the contractor and yet it was a requirement in the signed contract hence leading to unsecured contracts.</p> <p><b>e) Unjustified delay issue commencement letter</b>  The contract was signed on 10th November 2021. However, the entity issued a commencement letter on 2nd December 2021 (25 days later)</p> <p><b>f) Execution of works on an expired contract</b>  The contract expired on 3rd March 2022 as the works were still ongoing. The Authority noted that the Contracts Committee approved an extension of an expired contract. The request for an extension was approved by CC on 11th April 2022 (1 month after expiry of the contract)</p>
3	<b>Reference:</b> RWAM631/SUPLS/2021-2022/0005 <b>Project:</b> Supply of 185 three (3) seater twin desks to the Education Department for Primary Schools <b>Open Bidding</b> <b>Contractor:</b> Woodfix Technical Services Limited <b>Value:</b> 33,670,000	<p>a) Specifications were not attached at the initiation.</p> <p><b>b) Incomplete bidding document</b>  Section 9: Contract Form was missing</p> <p><b>c) Inadequate evaluation criteria</b></p> <p>d) Usurping the powers of the Contracts Committee by the Procurement and Disposal Unit</p> <p>e) <b>Low bid responsive rate.</b> Only two bids were received from Multiple Enterprises and Services Ltd and Woodfix Technical Services Ltd</p> <p><b>f) Introduction of an evaluation criterion during evaluation.</b>  Although the anomaly did not disadvantage any firm during the preliminary stage of evaluation, the Evaluation Committee introduced the criterion of "Articles and Memorandum of Association" which was not part of the evaluation methodology and criteria in the bidding document approved by the Contracts Committee on 13th September 2021.</p> <p><b>g) Delayed contract signature</b>  The contract agreement was signed on 20th January 2022, 77 days after the award letter dated 5th November 2021 (offer) and 72 days after the contractor, Woodfix Technical Ltd, accepted the offer to implement the project on 10th November 2021.</p>

Sn.	High-Risk Contracts	Reasons for High-Risk Rating
		<p><b>h) Inadequate contract management and supervision</b> This was due to the fact that there was no official appointment of a Contract Manager, subsequently, a contract implementation plan was not prepared to guide the supervision process.</p> <p><b>i) Delayed delivery</b> The local purchase order was issued to the supplier, that is, Woodfix Technical Services Ltd, on 20th January 2022. However, the Goods Received Note (GRN), the delivery note, and tax invoice were dated 17th March 2022, confirming that it took the supplier 56 days to supply 185 three (3) seater twin desks to the Education Department for Primary Schools.</p> <p><b>j) Delayed payment</b> The supplier, Woodfix Technical Services Ltd, submitted their payment invoice and delivery note on 17th March 2022 and yet the payment/invoice was entered on IFMS on 22nd April 2022 and received by the supplier on 13th July 2022, a delay of 89 days.</p>

## B2. MEDIUM RISK RATED CONTRACTS

Sn.	Medium Risk Contracts	Reasons for Medium Risk Rating
1	<p><b>Reference:</b> RWAM631/WRKS/2021-2022/0007</p> <p><b>Project:</b> Renovation and remodification of Works/Water Department Offices</p> <p><b>Selective Bidding</b></p> <p><b>Contractor:</b> Vintum Services Limited</p> <p><b>Value:</b> UGX. 20,985,120</p>	<p><b>a) Low bid responsive rate.</b> Only one bid was received from Vintum Services Limited.</p> <p><b>b) Lack of transparency at bid opening</b> The record of bid opening dated 29th September 2021, and signed by the Senior Procurement Officer and a member of Contracts Committee did not include the amount (bid value) read out during bid opening, as it left the section black. This contravenes the principle of transparency highlighted in Section 45 of the PPDA Act, 2003 as amended. This also affects the audit trail.</p> <p><b>c) Use of inappropriate contract type</b> GCC 2.3 of the bidding document and contract signed on 10th November 2021 highlighted the fact that an admeasurement contract was signed. However, a lumpsum contract should have been signed because the content, duration, and outputs of the procurement were well-defined.</p> <p><b>d) Delayed completion</b> According to GCC 17.1 of the contract signed on 10th November 2021, the intended completion date was 10th December 2021 (One month). However,</p>



		<p>according to the completion report by the contract supervisor dated 23rd March 2022, works were completed on 23rd March 2022, 3 months and 13 days after the contractual completion period.</p> <p><b>e) Delayed payment</b></p> <p>The Supplier, that is Vintum Services Ltd, made a claim for payment for the total contract sum of UGX 20,985,120 on 14th February 2022 but was paid by the Entity on 11th May 2022 according to the payment vouchers and receipt dated 12th May 2022, a total time period of 87, hence a delay of 57 days. GCC 60.1 of the contract required the amount certified by the Project Manager to be paid in full within 30 days of receipt of an invoice or claim, supported by a certificate of completion of the works.</p>
2	<p><b>Reference:</b> RWAM631/WRKS/2021-2022/0006</p> <p><b>Project:</b> Construction of administration block at District Headquarters (Phase III)</p> <p><b>Open domestic Bidding</b></p> <p><b>Contractor:</b> Block Technical Services Limited</p> <p><b>Value:</b> UGX. 159,193,800</p>	<p>(a) <b>Low bid responsive rate.</b> Only one bid was received from Block Technical Services Limited.</p> <p>(b) <b>Anomalies in the bills of quantity for the Construction of the administration block at the District Headquarters (Phase III) worth UGX 159,193,800</b></p> <p>There was no evidence of implementation of the items in the bills of quantity worth UGX 1,000,000:</p> <p>(c) <b>Delayed completion/expiry of the contract before the completion of deliverables</b></p> <p>According to the contract commencement order dated 22<sup>nd</sup> November 2021, the intended completion period was 22 February 2022 (3 months). However, according to interim certificate No. 1 and the progress report dated 1<sup>st</sup> March 2022, works were at 94%, 7 days after the contractual time period had expired.</p> <p>(d) <b>Delayed payment</b></p> <p>The Supplier, that is Block Technical Services Limited, made a claim for payment for UGX 152,764,735 on 22<sup>nd</sup> February 2022, but was paid by the Entity on 6<sup>th</sup> April 2022 according to the receipt dated 12<sup>th</sup> May 2022, a total time period of 44, hence a delay of 14 days. GCC 60.1 of the contract required the amount certified by the Project Manager to be paid in full within <b>30</b> days of receipt of an invoice or claim, supported by a certificate of completion of the works.</p>

### B3. LOW-RISK RATED CONTRACTS

Sn.	Low-Risk Contracts	Reasons for Low-Risk Rating
1	<p><b>Reference:</b> RWAM631/WRKS/202-2022/0005</p> <p><b>Project:</b> Construction of a 3-classroom block at Kangirirwe P/S Phase 1</p> <p><b>Open Bidding</b></p> <p><b>Contractor:</b> Mket Technical Services Ltd</p> <p><b>Value:</b> 76,000,017</p>	<p>(a) Failure to use the standard bidding document for works</p> <p>(b) Inadequate criteria stated in the issued bidding document</p> <p><b>(c) Delayed payment</b> Claim for second payment came in on 25th Feb 2022, certificate 2 was issued on 30/03/22, and payment made on 22/04/2022.</p>
2	<p><b>Reference:</b> RWAM631/SUPLS/2021-2022/0002</p> <p><b>Project:</b> Supply of fish cage demonstration materials for the Production Department</p> <p><b>Selective Bidding</b></p> <p><b>Contractor:</b> The Five Giants Company Limited</p> <p><b>Value:</b> UGX. 13,632,000</p>	<p>(a) <b>Low bid responsive rate.</b> Only one bid was received from The Five Giants Company Limited.</p> <p><b>(b) Delayed delivery</b> The local purchase order was issued to the supplier, that is, The Five Giants Company Limited, on 12<sup>th</sup> November 2021. However, the delivery note, invoice and GRN were dated 3<sup>rd</sup> December 2021, confirming that it took the supplier 22 days to supply fish cage demonstration materials contrary to GCC 12.1 of the contract in the bidding document which required supplies to be delivered within one (1) week/7 days from the date of the purchase order.</p>
3	<p><b>Reference:</b> RWAM631/SUPLS/2021-2022/0003</p> <p><b>Project:</b> Supply of assorted furniture to District Departments</p> <p><b>Selective Bidding</b></p> <p><b>Contractor:</b> Woodfix Technical Services Limited</p> <p><b>Value:</b> UGX. 17,500,000</p>	<p>(a) <b>Low bid responsive rate.</b> Only two bids were received from The Vine Shade Ltd and Woodfix Technical Services Ltd</p> <p><b>(b) Delayed delivery</b> The local purchase order was issued to the supplier, that is, Woodfix Technical Services Ltd, on 12<sup>th</sup> November 2021. However, the delivery note and GRN were dated 28<sup>th</sup> January 2022, confirming that it took the supplier 78 days to supply assorted furniture to District Departments, contrary to GCC 12.1 of the contract in the bidding document which required supplies to be delivered within one (1) week/7 days from the date of the purchase order.</p>
4	<p><b>Reference:</b> RWAM631/WRKS/2021-2022/00004</p> <p><b>Project:</b> Construction of a 2-classroom block at Kanyanga Primary School</p> <p><b>Open bidding</b></p>	<p>(a) <b>Low bidder participation:</b> 2 bids received</p> <p><b>(b) Failure to request for performance security</b> Performance security worth 10% of the contract price was mandatory as per GCC 52.1 but there was no copy of the submitted security on file.</p>



Sn.	Low-Risk Contracts	Reasons for Low-Risk Rating
	<b>Contractor:</b> Leader Investments Ltd  <b>Value:</b> 71,977,640	

### **SATISFACTORY PROCUREMENT**

**Reference:** RWAM631/WRKS/2021-2022/0003

**Project:** Construction of Ndejja Road Side Market in Ndejja Subcounty (Phase 1)

**Open domestic Bidding**

**Contractor:** Bana Enterprises Limited

**Value:** UGX. 356,062,610

### Annex C: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
<b>HIGH</b>	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management.  Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	<b>Planning:</b> Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		<b>Bidding Process:</b> Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		<b>Evaluation:</b> Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		<b>Record Keeping:</b> Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		<b>Fraud/forgery:</b> Falsification of Documents	This implies lack of transparency and value for money.
		<b>Contract Management:</b> Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries



RISK	DESCRIPTION	AREA	IMPLICATION
<b>MEDIUM</b>	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.	<b>Planning:</b> Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		<b>Bidding Process:</b> Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	This implies lack of efficiency, standardisation and avoiding competition.
		<b>Procurement Structures:</b> Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		<b>Record Keeping:</b> Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		<b>Contract and Contract Management:</b> Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.

RISK	DESCRIPTION	AREA	IMPLICATION
		<p>Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.</p> <p>Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.</p>	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to 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.	<b>Planning:</b> Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		<b>Bidding Process:</b> Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.
SATISFACTORY	Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.		



**Annex D: Physical Verification**

<b>Procurement Reference Number:</b> RWAM631/WRKS/2021-2022/0006	<b>Contract value (UGX):</b> 159,193,800
<b>Contract:</b> Construction of administration block at District Headquarters (Phase III) Open domestic Bidding	
<b>Provider:</b> Block Technical Services Limited	
<b>Contract commencement:</b> 22nd November 2021	<b>Contract completion:</b> 1st March 2022
<b>Status of Work:</b> The project was completed on 1st March 2022. <b>Below:</b> The administration block at District Headquarters during physical verification on 30 <sup>th</sup> August 2022	
