



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**  
*"Regulating for Results"*

**COMPLIANCE INSPECTION REPORT FOR FINANCIAL YEAR 2023/24**

**NAKAPIRIPIRIT DISTRICT LOCAL GOVERNMENT**

**JULY 2025**

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## ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BMLS	Bachelor of Medical Laboratory Science
BOQs	Bills of quantities
CC	Contracts Committee
CIPS	Chartered Institute of Purchasing and Supply
EC	Evaluation Committee
FY	Financial Year
HIV	Human Immunodeficiency Virus
LPO	Local Purchase Order
LTD	Limited
MBA	Masters in Business Administration
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PGD	Post Graduate Diploma
PM	Per- month
PPDA	Public Procurement and Disposal of Public Assets Authority
SET	School of Engineering and Technology
SOR	Statement of requirements
TCC	Tax Clearance Certificate
UGX	Uganda Shillings

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection of Nakapiripirit District Local Government that covered a representative sample of 11 procurement transactions worth UGX 1,583,237,665 under the Financial Year 2023/24.

The overall objective of the compliance inspection was to assess and establish the degree of compliance of Nakapiripirit District Local Government's procurement and disposal system and process with the provisions of the PPDA Act Cap 205 and the attendant PPDA Regulations and assess the level of procurement and disposal performance over the inspection period.

From the findings of the compliance inspection exercise, the performance of Nakapiripirit District Local Government for the Financial Year 2023/24 was **unsatisfactory** with overall weighted average risk rating of **96.3%** as detailed in Chapter 3 of the report.

### **The unsatisfactory performance was due to the following issues:**

1. The Entity's Procurement and Disposal Unit (PDU) is understaffed with only one staff at the level of Procurement Officer, yet the structure provides for both a Senior Procurement Officer and a Procurement Officer. An understaffed Procurement and Disposal Unit (PDU) may adversely impact the day-to-day procurement operations within the Entity, leading to inefficiencies at various stages of the procurement cycle;
2. **Failure to implement 100% of the previous audit recommendations.** The Authority noted that the Entity had been issued its previous audit report for the Financial Year 2022/2023 on 28<sup>th</sup> April 2021. Out of the 14 recommendations, four (29%) were partially implemented and ten (71%) remained unimplemented contrary to Section 10 (1) (a) of the PPDA Act, Cap 205. This affects performance of the procurement function and is an indicator of a weak implementation mechanism by the Entity;
3. **Low procurement plan implementation rate.** Assessment of the procurement plan and utilization of funds revealed that the procurement plan implementation rate of the Entity for FY 2023/24 was 69.8%. Whereas, the Entity planned to spend UGX 5,903,710,000 on procurement, the Authority noted that the Entity carried out procurements worth UGX 4,120,445,908 creating an implementation variance of UGX 1,783,264,092. This denied delivery of services to the intended beneficiaries;
4. **Procuring outside the procurement plan.** The Authority noted that the Entity carried out the procurement of Management of Nakapiripirit Town Council Market worth UGX 4,500,000 outside the procurement plan for FY 2023/2024 contrary to Section 30 (d) of the PPDA Act Cap 205. Failure to plan for revenue sources could lead to procurement delays and disruptions thus costing the Entity revenue;
5. **Inadequacy in conducting needs assessment.** In the procurement of completion of new administration block offices quoted at UGX. 1,488,670,359 but eventually signed at UGX. 579,249,504 following negotiations, the Authority found that the User Department did not adequately conduct a needs assessment and this resulted into a wide variation between bidder prices and the estimated procurement value. The estimated market price of the procurement was UGX 659,000,000 but the contractor, Engedi Co Limited quoted UGX 1,488,670,359 while the second bidder, Lila Enterprises Limited quoted UGX 1,336,340,500. This was contrary to Regulation 3 (3) of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 which requires procurement estimates to be based on an assessment of the market price and to take into account the total cost of acquiring the requirement;

6. **Failure to submit quarterly report for Financial Year 2023/2024.** Regulation 20 of the PPDA (Procuring and Disposing Entities) Regulations, 2023 requires an Entity to submit to the Authority their monthly procurement transactions. The Authority noted that the Entity did not submit monthly procurement reports for the months of January, February and March 2024;
7. **Inadequately prepared bidding documents.** There were weaknesses in the bidding documents such as lack of clear statements of requirements, unclear evaluation criteria and inadequate contract terms for six procurements worth UGX 837,385,098 contrary to Regulation 10 of the PPDA (PDEs) Regulations, 2023. Provision of inadequate, inaccurate and contradictory information in the bidding document may lead to bidders misunderstanding the Entity's requirements and thereafter submitting poorly prepared and nonresponsive bids;
8. **Delays at various stages of the procurement process.** The Authority noted delays at some stages of the procurement processes such as at submission of initiated procurements to Contracts Committee for review (average delay was 48 working days), and contract execution (average delay was 3 months) in four procurements worth UGX 562,726,207, contrary to Section 51 of the PPDA Act, Cap 205 that requires Entities to conduct procurements in a manner that promotes economy and efficiency;
9. **Low bidder participation.** In five procurements worth UGX. 883,188,478, the Entity received an average of 1.2 bids in response to invitations to bid an indicator of lack of confidence by bidders in the Entity's procurement processes. This was contrary to Section 49 of the PPDA Act, Cap 205 which provides that all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money;
10. **Irregularities at bid evaluation.** The Authority noted irregularities during the evaluation stage of eight procurement transactions worth UGX 1,467,088,808 that included, passing non-compliant bidders, adjustment of bidders' prices without communication among others contrary to Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006 that provided that detailed evaluation shall be conducted to compare the details of the received bids with the terms, conditions and criteria stated in the bidding documents and that the detailed evaluation shall not be based on any terms, conditions or criteria that was not included in the bidding documents;
11. **Failure to avail accountability for works carried out under Force on Account Mechanism.** The Authority noted that despite a fully staffed Engineering Department, there was missing records for works undertaken using Force Account Mechanism thus inhibiting accountability, these included; Scope of works to be undertaken, estimated unit price and budget for the works, specifications and quantities of supplies for the works to be undertaken, Personnel involved in the works, Equipment to be used in the works, Detailed work programme for the execution of each of the works to be undertaken and works management plan contrary to the PPDA (Force Account Regulations) 2014;
12. **Failure to dispose obsolete items.** The Board of Survey report for the Financial Year 2023/2024 recommended several items for disposal including motorcycles, motor vehicles, one chain link, water pipes, drawers, 1,000 litre metallic tank generator among others but at the time of inspection, no disposal process had commenced to ensure that these items are disposed contrary to Regulation 3 of the PPDA (Disposal of Public Assets) Regulations 2023. Failure to dispose of assets whose use ceased inhibits achievement of value for money as funds are held up in assets and also lost through depreciation of these assets;
13. **Failure to provide accountability.** In the procurement for completion of new administration block offices worth UGX 299,731,104, the Entity failed to provide evidence confirming that certain items included in the Bills of Quantities and paid for

were delivered or executed by the contractor, Engedi Company Limited. Specifically, these items included an insurance cover valued at UGX 13,000,000, gender mainstreaming activities amounting to UGX 1,000,000, and site accommodation costed at UGX 4,000,000; bringing the total unaccounted-for amount to UGX 18,000,000;

14. **Failure to maintain complete procurement action files.** Section 44 (1) of the PPDA Act, Cap 205 requires the Procurement and Disposal Unit to maintain and archive records of the procurement and disposal process. During the inspection, it was noted that a number of documents/records such as solicitation documents, contract management documents such as progress reports, Contract Implementation Plans and payment records in nine procurements worth UGX 1,158,156,187 were not maintained on file, thus inhibiting accountability;
15. **Poorly drafted contracts.** There were deficiencies in seven contracts worth UGX. 1,147,158,56 which included lack of special conditions of contract, variations of contractual durations and lack of contract completion periods contrary to Regulation 9 of the PPDA (Contracts) Regulations 2023. Lack of clear information in the contract may result into unnecessary conflicts between the service provider and the Entity, which may ultimately lead to litigation;
16. **Delayed project completion.** The Authority noted delayed contract implementation in two procurement transactions worth UGX 386,650,671, contrary to Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations 2023. This increases project completion timelines resulting into commitment of more resources in terms of staff and time by the Entity to projects that ought to have been completed;
17. **Failure by contractors to submit Performance Securities.** The Authority found that contractors did not submit Performance Securities in four procurements worth UGX 612,661,187 yet it was a requirement under the special conditions of contract. Without obtaining performance securities, the Entity loses out on compensation that results from the contractors' failure to meet their obligations under the contract;
18. **Failure to have clear provisions regarding Environmental, Social, Health and Safety issues in the Bills of Quantities.** In two procurements worth UGX. 498,231,104, environmental, social, health and safety issues in the Bills of Quantities were not clearly stipulated which might have left doubt to the bidders regarding the requirements of the Entity contrary to Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023; and
19. **Project defects.** The Authority on 18<sup>th</sup> December 2024 conducted physical verification on five projects. Out of the five projects, there were observed defects and non-conformities to specifications in two projects worth UGX 388,582,744 contrary to Regulation 52 (1) (b) of the PPDA (Contracts) Regulations 2023. This compromise quality and the intended beneficiaries do not get the desired effects of the services delivered.

#### **Key Recommendations:**

1. The Accounting Officer should:
  - i. Ensure that the PDU is staffed to an appropriate level in accordance with Section 26 (1) (c) of the PPDA Act, Cap 205;
  - ii. Appoint a taskforce that shall ensure a strong mechanism is in place to have all audit recommendations regularly monitored and implemented in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205;
  - iii. Along with management regularly carry out a review of the implementation of the procurement plan in the event that amendments are made to departmental workplans and have the procurement plan updated in accordance with Section 60 (7) of the

- PPDA Act, Cap 205 and Regulation 4 of the PPDA (Procurement Planning) Regulations 2023 to ensure improved absorption of the Entity's Procurement Plan;
- iv. In the event that amendments are made to the procurement plan, the Head, Procurement and Disposal Unit should update the procurement plan in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023;
  - v. Task the Heads of User Departments to ensure that thorough needs assessment and estimation of procurement requirements is done in line with Regulation 3 (3) of the PPDA (Rules and Methods for procurement of supplies, works and non-Consultancy services) Regulations, 2023;
  - vi. Task the Head, Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for the failure in submitting monthly reports to the Authority contrary to Regulation 20 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
  - vii. The Accounting Officer should ensure that all procurements are undertaken in a manner that enhances efficiency and economy as required by Section 51 of the PPDA Act Cap 205;
  - viii. Implement targeted measures to increase bidder participation, including conducting market surveys, widely publishing bid opportunities, engaging supplier associations, and organizing bidder sensitization sessions. These efforts will enhance transparency, promote competition, and ensure value for money in line with Sections 48 and 49 of the PPDA Act, Cap 205;
  - ix. Ensure that the items for disposal are disposed using appropriate disposal methods stipulated under Part II, Conditions and Rules for disposal of public assets, of the PPDA (Disposal of public assets) Regulations, 2023;
  - x. Ensure recovery of the unaccounted UGX 18,000,000 from the contractor's retention funds in the procurement for completion of new administration block offices and submit evidence to the Authority within three months of receipt of this report. If this is not done, the Authority shall initiate suspension proceedings against the contractor, Engedi Company Limited in accordance with Section 128 (e) of the PPDA Act, Cap 205;
  - xi. In future procurements, where the contractor fails to furnish the Performance Security within the stipulated period; withhold the bid security, annul the contract award decision and award the contract to the next best evaluated bidder in accordance with Regulation 12 (2) and (3) of the PPDA (Contracts) Regulations, 2023;
  - xii. Task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be instituted against him for failure to maintain solicitation documents, procurement requisition forms and evaluation reports on the procurement action files indicated in Table 10 contrary to Section 44 of the PPDA Act, Cap 205; and
  - xiii. Task the contract managers to show cause why disciplinary action should not be instituted against them for failing to maintain contract management records including contract implementation plans, monthly progress reports, payment records, site visit minutes and completion certificates for the procurements indicated in Table 9 contrary to Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations 2023.
2. The Contracts Committee should;
- i. Scrutinize all sections of the bidding documents for completeness and appropriateness before approval for issuance in accordance with Regulation 10 of the PPDA (PDEs) Regulations, 2023; and

- ii. Ensure that the principles of fairness and transparency are observed during evaluation processes in accordance with Section 48 of the PPDA Act, Cap 205 before approving the evaluation reports.
3. The Head, Procurement and Disposal Unit should:
  - i. Maintain and archive all documents pertaining to a particular procurement on each respective file in accordance with Section 44 of the PPDA Act, Cap 205;
  - ii. Ensure that contract documents prepared are comprehensive and clear on key contract deliverables in the special conditions of contract such as contract start date and end date in accordance to Regulation 9 of the PPDA (Contracts) Regulations 2023;
  - iii. Consider providing for a performance securing declaration in the bidding documents for procurements under restricted domestic, restricted international, quotation and direct bidding methods in accordance with Clause 2.0 (iii) of Guidelines Reference: 3/2024 on Bid and Performance Securities; and
  - iv. Prepare bidding documents for works that clearly define the statement of requirements that are environmentally and socially responsive in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
4. The Permanent Secretary Ministry of Local Government should task the Accounting Officer to show cause why disciplinary action should not be taken against him for failure to fully implement 100% of the previous audit recommendations which compromised the performance of the Entity;
5. User Departments should propose technical specifications to the Procurement and Disposal Unit in accordance with Section 36 (1) (d) of the PPDA Act, Cap 205; and
6. The Accounting Officer, Head Procurement and Disposal Unit and the Contracts Committee should ensure that all procurements are included in the procurement plan in accordance with Regulation 6 (a) of the PPDA (Procurement Planning) Regulations, 2023.

Nakapiripirit District Local Government should implement the recommended action plan on pages **32 to 34** of the compliance inspection report.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the compliance inspection of Nakapiripirit District Local Government that covered a representative sample of 11 procurement transactions under the Financial Year 2023/24. The inspection involved a review of the procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act Cap 205 and the attendant PPDA Regulations.

### 1.2 Overall Objective

The overall objective of the inspection was to assess and establish the degree of compliance of Nakapiripirit District Local Government's procurement system, process and disposal process with the provisions of the Public Procurement and Disposal of Public Assets Act, Cap 205, the Local Governments (PPDA) Regulations, 2006 and the PPDA Regulations, 2023, and assess the level of procurement performance over the inspection period.

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

1. Establish the level of compliance by the Entity with the general provisions of the PPDA Act Cap 205, the Local Governments (PPDA) Regulations, 2006 and attendant PPDA Regulations with regard to the performance of the procurement structures and the conduct of the procurement process;
2. Assess the degree of compliance of the Entity's disposal process with the provisions of the PPDA Act Cap 205 and the PPDA (Disposal of Public Assets) Regulations 2023; and
3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

### 1.3 Methodology

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

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

A debrief meeting to clear all pending issues that arose during the inspection was held with the Entity management and staff on **19<sup>th</sup> December 2024** before the auditors could embark on preparation of the management letter. The Authority prepared the management letter, which was sent to the Entity on **4<sup>th</sup> March 2025** with a request to submit a management response by **14<sup>th</sup> March 2025** which was submitted on **4<sup>th</sup> April 2025**.

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 audit report presents the key findings and conclusions arising from the audit.

## CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

### 2.1 Compliance by the Entity with the general provisions of the PPDA Act Cap 205 and attendant PPDA Regulations with regard to the performance of the procurement structures and the conduct of the procurement process

#### 2.1.1 Procurement structures

The key players in the procurement structure at Nakapiripirit District Local Government include the Chief Administrative Officer as Accounting Officer, the Contracts Committee, the Procurement and Disposal Unit and the User Departments.

The Authority noted the following regarding the Entity's procurement structures:

##### i. Accounting Officer

Section 28 of the PPDA Act, Cap 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The Chief Administration Officer; Mr. Lawrence Wadada was designated as the Accounting Officer of the Entity during the Financial Year 2023-2024 and is the current Accounting Officer.

##### ii. Staffing and tenure of the Contracts Committee

The Entity's Contracts Committee was fully constituted in accordance with Section 29 of the PPDA Act, Cap 205 and Regulation 15 of the Local Governments (PPDA) Regulations, 2006 at the time of the audit. However, the terms of office for three committee members expired in April and May 2025. The composition of the Contracts Committee during the audit period is presented in Table 1 below.

**Table 1: List of Contracts Committee Members**

No	Name	Job Title	Position on Contract Committee	Appointment Date By PS/ST	Date of Expiry
1.	Sr. Putan Molly Risa	Assistant DHO Maternal	Chairperson Contracts Committee	2 <sup>nd</sup> May, 2022	2 <sup>nd</sup> May 2025
2.	Mr. Jobs Ilukwol Lomenen	Principal Chief Administrative Officer	Secretary	21 <sup>st</sup> April, 2022	21 <sup>st</sup> April 2025
3.	Ms. Joyce Teko Molly	Education Officer	Member	21 <sup>st</sup> April, 2022	21 <sup>st</sup> April 2025
4.	Mr. Atibu Abdallah Loese	Senior Agricultural Officer	Member	8 <sup>th</sup> November, 2024	7 <sup>th</sup> November 2027
5.	Mr. Kotol Setimo Ogwang	Senior Community Development Officer	Member	8 <sup>th</sup> November, 2024	7 <sup>th</sup> November 2027

**Note:** The tenure for three Contracts Committee members expired. The Entity should recommend to the Permanent Secretary, Ministry of Finance, Planning and Economic Development to either have their tenure extended or recommend new members.

### iii. Staffing of the Procurement and Disposal Unit

At the time of audit, the Authority observed that the Entity's Procurement and Disposal Unit (PDU) is understaffed with only one staff, Mr. Joseph Ngiro Kelae at the level of Procurement Officer, yet the structure provides for both a Senior Procurement Officer and a Procurement Officer.

#### Implication

An understaffed Procurement and Disposal Unit (PDU) may adversely impact the day-to-day procurement operations within the Entity, leading to inefficiencies at various stages of the procurement cycle.

#### Management response

*It is true that PDU has been understaffed for quite some time since Nabilatuk District was created. The Entity recommended and seconded one staff to Nabilatuk leaving one staff alone. However, recruitment is being done to get a Senior Procurement Officer such that they become two.*

#### Recommendation

The Accounting Officer should ensure that the PDU is staffed to an appropriate level in accordance with Section 26 (1) (c) of the PPDA Act, Cap 205.

### 2.1.2 Failure to fully implement previous audit recommendations

The Authority noted that the Entity had been issued its previous audit report for the Financial Year 2022/2023 on 28<sup>th</sup> April 2021. Out of the 14 recommendations, four (29%) were partially implemented and ten (71%) remained unimplemented. None of the recommendations were fully implemented as indicated in Table 2 below;

**Table 2 :Implementation of previous audit recommendations**

No.	Recommendation	Status	Response
The Accounting Officer:			
1.	The Accounting Officer is advised to fully constitute the Contracts Committee in accordance with Section 26 (1) of the PPDA Act 2003	Not implemented	<i>By the time of audit the CC was already fully constituted find attached their appointment letters in Annex 1.</i>  <b>Authority's comment.</b> The Authority noted the Entity's response. However, there was no Annex to support the submission.
2.	The Accounting Officer should ensure that a strong mechanism is put in place to implement recommendations made by the Authority so as to improve the Entity's performance.	Not implemented	<i>The Accounting Officer has noted this</i>
3.	The Entity should liase with the Authority to conduct capacity building on public	Not implemented	<i>Accounting Officer has noted this and will do it</i>

No.	Recommendation	Status	Response
	procurement processes for the User Departments, Contracts Committee and Procurement and Disposal Unit and other stakeholders		<i>when funds are available</i>
4.	Chairpersons' evaluation committees should ensure that a request for clarification and communication of the errors is signed and sent to a bidder and all requests for clarifications are copied to all bidders for information purposes only and noted in the evaluation report in accordance with Regulation 74 of the LG (PPDA) Regulations 2006.	Partially implemented	<i>The new PPDA reforms have now outlawed errors in BOQs of Bids. Bidders will however be informed of the cause of their failure.</i>
5.	Contracts Committee should ensure that a negotiation team is put in place and negotiations held with the Best Evaluated Bidder before award of contract where required in accordance with Regulations 83 of the LG (PPDA) Regulations 2006	Partially implemented	<i>This has been noted</i>
6.	The Head, Procurement and Disposal Unit and User departments should ensure that the solicitation documents 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 Local Government's Regulations 48 (2) and 48 (4)	Not implemented	<i>This has been noted</i>
7.	Heads of User departments should charge all contract supervisors to prepare and submit progress reports/contract management reports and all contract implementation documentation to the Procurement and Disposal Unit in accordance with Local Government Regulations (PPDA) Regulations, 2006.	Not implemented	<i>This will be improved in the future</i>
8.	The Accounting Officer should ensure that procurements are undertaken in a manner that ensures efficiency as required by Section 43 of the PPDA Act, 2003	Not implemented	<i>This has been noted</i>
9.	Heads of User Departments should ensure that contracts are completed in the contractual period and contract progress submitted as well in accordance with Regulation 25 (3) (f) of the LG (PPDA) Regulations, 2006.	Not implemented	<i>This has been noted</i>
10.	Heads of User Departments should ensure that contract supervisors prepare contract	Not implemented	<i>This has been noted</i>

No.	Recommendation	Status	Response
	implementation plans as per Regulation 119 (3) of the Local Governments (PPDA) Regulations 2006		
11.	Contract supervisors should ensure that the implemented works are technically assessed for quality and completion before issuing payment certificates to pay the contractors.	Partially implemented	<p><i>This is being done. See evidence inform of supervision report attached in Annex 1</i></p> <p><b>Authority's comment.</b> The Authority noted the Entity's response. However, there was no Annex to support the submission.</p>
12.	The Accounting Officer should ensure that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-123 of the Local Governments (PPDA) Regulations, 2006.	Not implemented	<p><b>The Entity has initiated the disposal of assets, see evidence in Annex 1</b></p> <p><b>Authority's comment.</b> The Authority noted the Entity's response. However, while the Entity requested valuation services from the Ministry of Works on 13<sup>th</sup> January 2023, further follow-up is required to ensure the assets are disposed of.</p>

### Implication

Failure to fully implement audit recommendations affects performance of the procurement function and is an indicator of a weak implementation mechanism by the Entity.

### Recommendation

1. The Permanent Secretary Ministry of Local Government should task the Accounting Officer to show cause why disciplinary action should not be taken against him for failure to fully implement 71% of the previous audit recommendations which compromised the performance of the Entity.
2. The Accounting Officer should appoint a taskforce that shall ensure a strong mechanism is in place to enable all audit recommendations are regularly monitored and implemented in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205.

### 2.1.3 Procurement plan implementation rate

Assessment of the procurement plan and utilization of funds revealed that the procurement plan implementation rate of the Entity for FY 2023/24 was 69.8%. Whereas, the Entity planned to spend UGX 5,903,710,000 on procurement, the Authority noted that the Entity carried out procurements worth UGX 4,120,445,908 creating an implementation variance of UGX 1,783,264,092. Table 3 below summarizes information about the procurement plan, budget and utilization of funds.

**Table 3: Procurement Plan Implementation**

Analysis of procurement spend	
Total procurement plan value inclusive of VAT (UGX)	5,903,710,000
Total procurement spend value inclusive of VAT (UGX)	4,120,445,908
Procurement plan implementation rate (%)	69.8%
Implementation variance (UGX)	1,783,264,092
Implementation variance (%)	30.2%

#### **Implication**

Failure to fully implement the procurement plan denies service delivery to the intended beneficiaries and also exposes the Entity to risks of budgetary cuts for subsequent periods due to non-performance.

#### **Management Response**

*It is true that not all planned projects were implemented. This was a result of budget shortfalls during the financial year 2023/24. An example all planned road routine maintenance under Uganda Roads Fund were not implemented due to budgetary short fall.*

#### **Authority's comment**

The Authority noted the Entity's response, however, the procurement plan was not updated to incorporate these changes.

#### **Recommendation**

The Accounting Officer along with management should regularly carry out a review of the implementation of the procurement plan in the event that amendments are made to departmental workplans and have the procurement plan updated in accordance with Section 60 (7) of the PPDA Act, Cap 205 and Regulation 4 of the PPDA (Procurement Planning) Regulations 2023 to ensure improved absorption of the Entity's Procurement Plan.

### 2.1.4 Procuring outside the procurement plan

The Authority noted that the Entity carried out the procurement of Management of Nakapiripirit Town Council Market worth UGX 4,500,000 outside the procurement plan for FY 2023/2024 contrary to Section 30 (d) of the PPDA Act Cap 205.

#### **Implication**

Failure to plan for revenue sources could lead to procurement delays and disruptions thus costing the Entity revenue.

#### **Management Response**

*The user department has noted the anomaly and has promised to ensure that all Markets should have planned figures attached before submission to PDU*

## **Recommendations**

1. The Accounting Officer, Head Procurement and Disposal Unit and the Contracts Committee should ensure that all procurements are included in the procurement plan in accordance with Regulation 6 (a) of the PPDA (Procurement Planning) Regulations, 2023.
2. In the event that amendments are made to the procurement plan, the Head, Procurement and Disposal Unit should update the procurement plan in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023.

### **2.1.5 Inadequacy in conducting needs assessment**

In the procurement of completion of new administration block offices quoted at UGX. 1,488,670,359 but eventually signed at UGX. 579,249,504 following negotiations, the Authority found that the User Department did not adequately conduct a needs assessment and this resulted into a wide variation between bidder prices and the estimated procurement value. The estimated market price of the procurement was UGX 659,000,000 but the contractor, Engedi Co Limited quoted UGX 1,488,670,359 while the second bidder, Lila Enterprises Limited quoted UGX 1,336,340,500. This was contrary to Regulation 3 (3) of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023 which requires procurement estimates to be based on an assessment of the market price and to take into account the total cost of acquiring the requirement.

#### **Implication**

Poor needs assessment leads to unnecessary contract variations, project delays, increased risk of project failure and potential creation of domestic arrears.

#### **Management Response**

*The district attempted to do the work in a phase manner. That was the reason for seeking quotation for the whole work. This could not be done.*

#### **Authority's response**

The Authority acknowledges the Entity's response; however, it was incumbent upon the Entity to ensure that the estimated cost reflected the total project scope as outlined in the Bills of Quantities (BOQs). The failure to align the estimated cost of UGX 659,000,000 with the full project requirements created a disconnect between the procurement plan and the actual market conditions.

#### **Recommendation**

The Accounting Officer should task the Heads of User Departments to ensure that thorough needs assessment and estimation of procurement requirements is done in line with Regulation 3 (3) of the PPDA (Rules and Methods for procurement of supplies, works and non-Consultancy services) Regulations, 2023.

### **2.1.6 Failure to submit quarterly report for Financial year 2023/2024**

Regulation 20 of the PPDA (Procuring and Disposing Entities) Regulations, 2023 requires an Entity to submit to the Authority their monthly procurement transactions. The Authority noted that the Entity did not submit monthly procurement reports for the months of January, February and March 2024.

#### **Implication**

Failure to submit monthly reports shows lack of transparency and accountability in the conduct of public procurements.

### Management Response

Given the introduction of new rules and methods, entities were trained by end of March, 2024 about the reforms and hence it was difficult to immediately implement. However, a quarterly/Monthly report for March was prepared and submitted.

### Authority's response

The Authority has noted the Entity's response, it should be noted that reports for January, February and March were not submitted. No evidence has been adduced to support the Entity's submission.

### Recommendation

The Accounting Officer should task the Head, Procurement and Disposal to show cause why disciplinary action should not be taken against him for the failure in submitting monthly reports to the Authority contrary to Regulation 20 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

#### 2.1.7 Inadequately prepared bidding documents

The Authority noted that there were weaknesses in the bidding documents such as lack of clear statements of requirements, unclear evaluation criteria and inadequate contract terms for six procurements worth UGX 537,653,994 contrary to Regulation 10 of the PPDA (PDEs) Regulations, 2023 as detailed in Table 4 below;

**Table 4: Procurements with inadequacies in the bidding documents**

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
1.	Citing and drilling of four boreholes in the District Nakp901/Wrks/23-24/00002 East Africa Boreholes Limited	88,851,640	<ul style="list-style-type: none"><li>Lacked Statement of requirements.</li><li>Unclear requirements were noted, such as the demand for "evidence of at least 50% cash in bank of the contract sum." Notably the contract had not been awarded and as such the contract sum could not be determined.</li></ul>
2.	Construction of staff house in Tokora Health Centre IV Nakp901/Wrks/23-24/00007 Page Movers 2020 Limited	62,457,374	<ul style="list-style-type: none"><li>No bills of Quantities-what was attached was a bar bending schedule.</li><li>Unclear requirements were noted, such as the demand for "evidence of at least 50% cash in bank of the contract sum." Notably the contract had not been awarded and as such the contract sum could not be determined.</li><li>The payment period is not stipulated under the Special Conditions of contract.</li></ul>
3.	Construction of Maternity ward at Nabalenger Nakp901/Wrks/23-24/00006HC IIJaasag	118,889,980	The bidding document lacked section 2 (bid data sheet), consequently, the project specific details such as the name and scope of the procurement, bid submission deadlines and address for submission were not stipulated.

S/No	Details of procurements	Contract Amount (UGX)	Inadequacies in the bidding document
	Investment Company Limited		
4.	Nakp901/Wrks/23-24/00001 Supply of borehole parts Joeniah Contractors and Suppliers Limited	68,955,000	Unclear evaluation criteria. The following requirements were found to be unclear and could have left doubt pertaining the requirements of the Entity. <ul style="list-style-type: none"> <li>• Relevant proposed equipment for works execution if any without indicating the exact equipment.</li> <li>• Experience of firm in similar services for the last two years without indicating the magnitude of experience required.</li> </ul>
5.	Construction of two units staff houses at Kakomongole Seed S.S Nakp901/Wrks/23-24/00005 Galaxy General Supplier and Constructors Limited	198,500,000	Clause I under preliminaries stated that; Safety, health and welfare for work people without elaborating what this entailed.
<b>Total</b>		<b>537,653,994</b>	

### **Implication**

Provision of inadequate, inaccurate and contradictory information in the bidding document may lead to bidders misunderstanding the Entity's requirements and thereafter submitting poorly prepared and nonresponsive bids. Similarly, it may confuse bidders and may become a source of potential conflicts with the Entity.

### **Management response**

*The Entity will improve on this.*

### **Recommendations**

1. User departments should propose technical specifications to the Procurement and Disposal Unit in accordance with Section 36 (1) (d) of the PPDA Act, Cap 205.
2. The Head, Procurement and Disposal Unit should ensure that the bidding documents issued to bidders have all the relevant required information including adequate specifications in accordance with Regulations (33), (34), (35), (36), (37), (38) and 40 of the PPDA (Rules and Methods for procurement of supplies, works and non-Consultancy services) Regulations, 2023.
3. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approval for issuance in accordance with Regulation 10 of the PPDA (PDEs) Regulations, 2023.

### 2.1.8 Delays at various stages of the procurement process

The Authority noted delays at some stages of the procurement processes such as at submission of initiated procurements to Contracts Committee for review (average delay was 48 working days), and contract execution (average delay was 3 months) in four procurements worth UGX 562,726,207, contrary to Section 51 of the PPDA Act, Cap 205 that requires Entities to conduct procurements in a manner that promotes economy and efficiency. Details of these procurements are shown in Table 5 below, -

**Table 5: Showing delays at various stages of procurement**

No	Subject of Procurement	Contract Amount (UGX)	Observations
1.	Construction of piped water supply system at Nakaale village phase IV Nakp901/Wrks/23-24/00001 Wotamax Engineering Limited	318,000,000	The Accounting Officer approved the procurement on 8 <sup>th</sup> August 2023, yet submission to the Contracts Committee was done on 3 <sup>rd</sup> October 2023 causing a delay of 43 working days
2.	Citing and drilling of four boreholes in the District Nakp901/Wrks/23-24/00002 East Africa Boreholes Limited	88,851,640	The Accounting Officer approved the procurement on 3 <sup>rd</sup> August 2023, yet submission to the Contracts Committee was done on 5 <sup>th</sup> October 2023 causing a delay of 48 working days.
3.	Completion of three classroom block at Aoyareng Primary School Nakp901/Wrks/23-24/00008 Kadam Construction Co SMC Limited	86,919,567	Delayed completion of project by three months: project was to be completed by 27 <sup>th</sup> March 2024, however, as per the completion certificate; completion was on 7 <sup>th</sup> June 2024.
4.	Nakp901/Wrks/23-24/00001 Supply of borehole parts Joeniah Contractors and Suppliers Limited	68,955,000	Whereas confirmation of funding by the Accounting Officer was made on 3 <sup>rd</sup> August 2023, Contracts Committee considered the procurement on 3 <sup>rd</sup> October 2023 causing a delay of 50 working days.
<b>Total</b>		<b>562,726,207</b>	

#### Implication

Delays in the procurement cycle are an indicator of inefficiencies in the procurement process which in turn lead to delayed service delivery to the intended beneficiaries ultimately compromising achievement of value for money.

### **Management Response**

*All delays were due to late submission of the procurement needs by the User departments. The Entity will improve on this in the future.*

### **Authority's comment**

The Authority acknowledges the Entity's response; however, the delays were primarily attributed to internal inefficiencies within the Procurement and Disposal Unit, specifically the untimely submission of initiated procurements to the Contracts Committee. Additionally, the delay in contract execution for the procurement relating to the completion of the three-classroom block at Aoyareng Primary School was due to ineffective contract management and failure to enforce agreed timelines.

### **Recommendation**

The Accounting Officer should ensure that all procurements are undertaken in a manner that enhances efficiency and economy as required by Section 51 of the PPDA Act Cap 205.

#### **2.1.9 Low bidder participation**

The Authority noted that in five procurements worth UGX 883,188,478, the Entity received an average of 1.2 bids in response to invitations to bid an indicator of lack of confidence by bidders in the Entity's procurement processes. This was contrary to Section 49 of the PPDA Act, Cap 205 which provides that all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money. The procurements with low bidder participation are indicated in the Table 6 below: -

**Table 6: Procurements with low bidder participation**

<b>S/No</b>	<b>Procurement</b>	<b>Amount (UGX)</b>	<b>Bids received</b>	<b>Form of invitation</b>
1.	Construction of piped water supply system at Nakaale village phase IV Nakp901/Wrks/23-24/00001 Wotamax Engineering Limited	318,000,000	1	Open Bidding
2.	Construction of staff house in Tokora Health Centre IV Nakp901/Wrks/23-24/00007 Page Movers 2020 Limited	62,457,374	1	Open bidding
3.	Management of Nakapiripirit Town Council Market Nakp901/Srvcs/23-24/00005 Bukedea Metal Works Limited	4,500,000	1	Open bidding
4.	Construction of two units staff houses at Kakomongole Seed S.S Nakp901/Wrks/23-24/00005 Galaxy General Supplier and Constructors Limited	198,500,000	1	Open bidding
5.	Completion of new administration block offices Nakp901/Wrks/23-24/00004 Engedi Company Limited	299,731,104	2	Open bidding
<b>Total</b>		<b>883,188,478</b>		

S/No	Procurement	Amount (UGX)	Bids received	Form of invitation
	Average number of bids received		1.2	

### **Implications**

- Inadequate competition inhibits achievement of value for money.
- This could also be a sign of possible loss of confidence by bidders in the procurement processes of the Entity due to issues in the Entity such as failure by members of the Evaluation Committees to adhere to the set criteria thus failure to obtain competitive offers.

### **Management response**

*The above projects were procured under open domestic bidding which was opened to whoever wants to bid. It was therefore not true and proper to attribute the low bidder turn up to any challenge with the Entity. The providers in the above list are from different locations, En Gedi is from Kampala, Wotamax is from Gulu, Page Movers from Moroto, Galaxy is from Moroto and Bukedea Metal Works from Bukedea according to their addresses. This we think was evident that the Entity followed the procurement process and attempted to achieve all associated benefits.*

### **Authority's comment**

The Authority acknowledges that the procurements under review were conducted using the open domestic bidding method, which is intended to promote transparency and wide bidder participation. However, the consistently low bidder turnout suggests underlying issues within the Entity's procurement environment that are deterring wider participation. The presence of bidders from various geographic locations, as cited by the Entity, does not negate the concern of limited competition. Low participation despite national reach indicates a possible lack of confidence by providers in the Entity's processes.

### **Recommendation**

The Accounting Officer should implement targeted measures to increase bidder participation, including conducting market surveys, widely publishing bid opportunities, engaging supplier associations, and organizing bidder sensitization sessions. These efforts will enhance transparency, promote competition, and ensure value for money in line with Sections 48 and 49 of the PPDA Act, Cap 205.

#### **2.1.10 Irregularities at Evaluation**

The Authority noted irregularities during the evaluation stage of eight procurement transactions worth UGX 1,467,088,808 that included, passing non-compliant bidders, adjustment of bidders' prices without communication among others contrary to Regulation 73 (1) (2) and (3) of the Local Governments (PPDA) Regulations, 2006 that provided that detailed evaluation shall be conducted to compare the details of the received bids with the terms, conditions and criteria stated in the bidding documents and that the detailed evaluation shall not be based on any terms, conditions or criteria that was not included in the bidding documents. These are indicated in Table 7 below:

**Table 7: Procurements for which irregularities at evaluation were noted**

No.	Subject of the procurement	Contracts Value (UGX)	Observations	Entity's responses
1.	Citing and drilling of four boreholes in the District Nakp901/Wrks/23-24/00002 East Africa Boreholes Limited	88,851,640	Unjustified adjustment of bidder's price without communication to the bidder. From UGX 93,505,560 to UGX 88,851,640.	<i>Noted it was an oversight.</i>
2.	Supply of borehole parts Nakp901/Wrks/23-24/00001 Joeniah Contractors and Suppliers Limited	68,955,000	Improper financial evaluation. Whereas, the financial evaluation assessment related to a framework contract with a detailed list of supplies. The evaluation was based on the total lumpsum amount for each bidder instead of assessing the unit cost for each item on the list to determine the most economical provider.	<p><i>The provider sourced provided unit prices which were generally low compared to the competitor. This was the basis of their recommendation for award. (About 95% lower) in unit prices.</i></p> <p><b>Authority's response</b> There were no additional documents provided by the Entity for verification. The Authority reiterates that, in framework contracts, financial evaluation must be based on a comprehensive comparison of unit rates to ensure that the Entity obtains competitive pricing for each item throughout the contract period. The Entity should ensure that future evaluations are conducted in line with the applicable procurement guidelines and best practices</p>
3.	Construction of two units staff houses at Kakomongole Seed S.SNakp901/Wrks/23-	500,000,000	No evidence that due diligence or post qualification was conducted, yet this	<i>The providers have been doing construction works in Nakapiripirit, they are</i>

No.	Subject of the procurement	Contracts Value (UGX)	Observations	Entity's responses
	24/00005 Galaxy General Supplier and Constructors Limited		was a mega project estimated at UGX 500,000,000, additionally, the contractor had mostly dealt with private companies as per the completion certificates which necessitated due diligence.	<i>not new.</i>  <b>Authority's response</b> The Authority notes the Entity's explanation; however, it does not negate the requirement for due diligence or post-qualification. The estimated contract value of UGX 500,000,000 classifies this as a major procurement, warranting thorough verification of the bidder's capacity, regardless of prior engagements.
4.	Completion of new administration block offices Nakp901/Wrks/23-24/00004 Engedi Company Limited	299,731,104	No evidence that due diligence or post qualification was conducted, yet this was a mega project estimated at UGX 659,000,000	
5.	Construction of Maternity ward at Nabalenger Nakp901/Wrks/23-24/00006HC II Jaasag Investment Company Limited	118,889,980	The Best Evaluated Bidder (Jaasag Investment Company Limited) was not compliant on the criteria of providing evidence of ownership/renting of equipment stated: i.e dump trucks, concrete mixer, plate compactor, poker vibrator, dumpy level.	<i>The Entity pledges to improve in these areas</i>
6.	Supply of building and road construction materials Nakp901/Supl/23-24/00008 Vento Technical Services	273,540,000	The Best Evaluated Bidder (Vento Technical Services) was not compliant on the requirement of a tax clearance certificate.	
7.	Construction of Maternity ward at Nabalenger Nakp901/Wrks/23-24/00006HC II Jaasag Investment Company Limited	118,889,980	Academic qualifications for the Best Evaluated Bidder's proposed construction Manager; Mr. Jerry Aleku were not provided.	
8.	Completion of new	299,731,104	There was no	

No.	Subject of the procurement	Contracts Value (UGX)	Observations	Entity's responses
	administration block offices Nakp901/Wrks/23-24/00004 Engedi Company Limited		evidence that the proposed contract manager, Mr. Faisal Kiberu, was currently employed by the contractor, Engedi Company Limited. His CV indicated he was employed by Sueligh Engineering Works Limited. Additionally, his declaration of availability for the project was retrospectively dated 26 <sup>th</sup> June 2022, prior to the procurement process. No link was established between the contractor, Engedi Company Limited, and Mr. Faisal Kiberu	
<b>TOTAL</b>		<b>1,467,088,808</b>		

### Implications

- This is an indicator that members of the Evaluation Committees lacked adequate capacity to review bids which could have compromised fairness and transparency in the evaluation process.
- This may lead to award of contracts to non-compliant bidders which could result into substandard work and failure to attain value for money.

### Recommendations

1. The Head Procurement and Disposal Unit should ensure that Evaluation Committees conduct evaluation in accordance with the criteria set in the bidding document and in line with Section 76 (3) & (4) of the PPDA Act, Cap 205 and Regulation 5(1) & (2) of the PPDA(Evaluations) Regulations 2023.
2. The Contracts Committee should ensure that the principles of fairness and transparency are observed during evaluation processes in accordance with Section 48 of the PPDA Act, Cap 205 before approving the evaluation reports.
3. The Accounting Officer should always conduct due diligence on all the information submitted by bidders before signing contracts in accordance with the PS/ST circular Ref: FAD154/308/01 issued on 7<sup>th</sup> August 2014.

### **2.1.11 Failure to avail accountability for works carried out under Force Account Mechanism**

The Authority noted that despite a fully staffed Engineering Department, there was however missing records for works undertaken using Force Account Mechanism thus inhibiting accountability;

- 1) Scope of works to be undertaken.
- 2) Estimated unit price and budget for the works.
- 3) List, specifications and quantities of supplies for the works to be undertaken.
- 4) Personnel involved in the works
- 5) Equipment to be used in the works.
- 6) Detailed work programme for the execution of each of the works to be undertaken.
- 7) Works management plan
- 8) Daily worksheets to indicate the works executed.
- 9) Periodic progress reports.
- 10) Final report at the completion of the assignment including daily worksheets.
- 11) Schedule of allowances.
- 12) Powers of the force account supervisor.
- 13) Evidence of verification of works undertaken.
- 14) Performance and completion certificates in relation to the works executed.

Therefore because of lack of the above documentation the Authority could not ascertain how the total release from Uganda Road Fund was spent by the Entity which is an indicator of lack of accountability thus a risk of fraud and embezzlement.

#### **Implications**

- This casts doubt on the transparency and accountability for works undertaken using force account.
- There was no achievement of value for money.
- This could be an indicator of fraud and embezzlement of public funds thus no accountability.

#### **Management response**

*All Force Account documents are available for scrutiny by the audit team.*

#### **Authority's comment**

The Authority noted the Entity's response, however, there was no documentation provided.

#### **Recommendations**

1. The Accounting Officer should ensure that the above documentation is availed together with the Entity response.
2. The Accounting Officer should ensure that works undertaken using Force Account Mechanism are implemented in accordance with circular No. 3 of 2012 to Local Governments on use of Force Account Mechanism.
3. The Accounting Officer should ensure that all procurements are conducted in a manner which promotes economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003.

**2.2 Compliance of the Entity's disposal process with the provisions of the PPDA Act, Cap 205 and the PPDA (Disposal of Public Assets) Regulations 2023**

**2.2.1 Failure to dispose obsolete items**

The Board of Survey report for the Financial Year 2023/2024 recommended several items for disposal including motorcycles, motor vehicles, one chain link, water pipes, drawers, 1,000 litre metallic tank generator among others but at the time of audit, no disposal process had commenced to ensure that these items are disposed. Some of the items identified for disposal are indicated in Table 8 below:

**Table 8: Showing some of the assets identified for disposal**

No	Item	Engraved Code/ Reg. No.	Condition
1.	Motorcycle (Yamaha)-Production	UG 2584A	Very poor/grounded
2.	Motorcycle (Honda Sage)	UG0316Y	Very poor/grounded
3.	Motorcycle	UAC721Z	Very poor/grounded
4.	Motorcycle (Yamaha DT)	UG4253M	Very poor/grounded
5.	Motorcycle (Yamaha DT)- Education	UES306M	Very poor/grounded
6.	Motorcycle (Honda)-Water	UEG 784F	Very poor
7.	Motorcycle (Honda Sage)	NONE	Very poor
8.	Motorcycle (Yamaha DT)-NAADS Moruits	UDX394Y	Very poor
9.	Honda Brazil-Sports	None	Very poor
10.	Motorcycle (Yamaha DT)- Education	UG2776E	Very poor
11.	Motorcycle (Yamaha DT)-Health Stores	UG5342M	Very poor
12.	Motorcycle Suzuki TF (NAADS Namalu)	None	Very poor
13.	25 metallic beds	None	Old, rusted, broken
14.	1 chain link	None	Old, rusted and abandoned in the bush in the compound
15.	23 metallic water guards	None	Old
16.	3 windows	None	Old
17.	10 water pipes	None	Old water pipes
18.	Drawers	None	Abandoned and rotting in grass
19.	Heap of mixed scrap	None	Mixed scrap of medical equipment rotten and broken damped in the white container
20.	1,000 liter metallic tank	None	Very old tank
21.	6 metallic pipes of old timber house	None	Old metallic pipes of a house built but now vandalized and demolished and rotting in the bush.
22.	generator	None	Current state not given

No	Item	Engraved Code/ Reg. No.	Condition
23.	Metallic safe in HSD office	None	Damaged and spoilt
24.	8 deep freezers in Tokora	None	Damaged and damped
25.	1 damaged tent	None	Abandoned and rusting in the grass of health compound
26.	Massey Ferguson tractor	None	Old

**Pictorial showing some items due for disposal**





**Pictures from top: Grader, vehicle, tractor, tractor hauler wagon, motorcycles**

### **Implications**

- Failure to dispose of assets whose use ceased inhibits achievement of value for money as funds are held up in assets and also lost through depreciation of these assets.
- This also exposes the assets to possible theft, destruction or vandalism.

### **Management Response**

*The Entity has already initiated the disposal of all disposable assets.*

### **Authority's response**

The Authority has noted the Entity's response in which the Entity wrote to Ministry of Works and Transport requesting for valuation services, the Entity should fast track this submission to ably initiate the disposal process.

### **Recommendations**

1. The Accounting Officer should ensure that the items for disposal are disposed using appropriate disposal methods stipulated under Part II, Conditions and Rules for disposal of public assets, of the PPDA (Disposal of public assets) Regulations, 2023.
2. User Departments may initiate a process for disposal of public assets where the board of survey of the entity recommends for the disposal of a public asset in accordance with Regulation (3) (2) of the (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 in the procurement process**

### **2.3.1 Failure to provide accountability**

In the procurement for completion of new administration block offices worth UGX 299,731,104, the Entity failed to provide evidence confirming that the following items, which were included in the Bills of Quantities and paid for, were delivered or executed by the contractor, Engedi Company Limited. Details are provided in Table 9 below:

**Table 9: Quoted BOQ Items Lacking Evidence of Execution**

No	Item in the BOQ	Amount quoted (UGX)
1.	Insurance cover	13,000,000
2.	Gender mainstreaming	1,000,000
3.	Site accommodation	4,000,000
<b>Total amount unaccounted for</b>		<b>18,000,000</b>

**Implication**

The Entity incurred a financial loss of UGX 18,000,000.

**Management response**

*The district acknowledges the fact that the above funds were paid to the contractor for the works including the above costs.*

*However, since the same contractor has not received the retention fees, the district shall eventually recover all the above funds.*

**Recommendation**

The Accounting Officer should ensure recovery of the unaccounted UGX 18,000,000 from the contractor's retention funds and submit evidence to the Authority within three months of receipt of this report. If this is not done, the Authority will initiate suspension proceedings against the contractor, Engedi Company Limited in accordance with Section 128 (e) of the PPDA Act, Cap 205.

**2.3.2 Failure to maintain complete procurement action files**

Section 44 (1) of the PPDA Act, Cap 205 requires the Procurement and Disposal Unit to maintain and archive records of the procurement and disposal process. During the audit, it was noted that a number of documents/ records such as solicitation documents, contract management documents such as progress reports, Contract Implementation Plans and payment records in nine procurements under audit worth UGX **1,158,156,187** were not provided. These are listed below in Table 10:

**Table 10: Procurements with missing documents**

No	Subject of Procurement	Contract Amount (UGX)	Missing document
1.	Fuel, Oils and Lubricants Nakp543/Supls/21-22/00003 Makro Energy Limited	Framework contract	<ul style="list-style-type: none"> <li>• Solicitation document</li> <li>• Payment records</li> <li>• Goods received notes</li> <li>• Consumption sheets</li> </ul>
2.	Completion of three classroom block at Aoyareng Primary School Nakp901/Wrks/23-24/00008 Kadam Construction Co SMC Limited	86,919,567	Solicitation document
3.	Management of Nakapiripirit Town Council Market Nakp901/Srvcs/23-24/00005 Bukedea Metal Works Limited	4,500,000	Procurement initiation form
4.	Construction of Maternity ward at Nabalenger Nakp901/Wrks/23-	118,889,980	<b>Missing documents:</b> <ul style="list-style-type: none"> <li>• Contract implementation</li> </ul>

No	Subject of Procurement	Contract Amount (UGX)	Missing document
	24/00006HC II Jaasag Investment Company Limited		<ul style="list-style-type: none"> <li>plan</li> <li>• Copy of performance security</li> <li>• Monthly progress reports</li> <li>• Evidence of payment</li> </ul>
5.	Supply of building and road construction materials Nakp901/Supl/23-24/00008 Vento technical services	273,540,000	<b>Missing documents:</b> <ul style="list-style-type: none"> <li>• Initiation document</li> <li>• Bidding document</li> <li>• Evaluation report</li> </ul>
6.	Construction of two units staff houses at Kakomongole Seed S.S Nakp901/Wrks/23-24/00005 Galaxy General Supplier and Constructors Limited	198,500,000	<ul style="list-style-type: none"> <li>• Procurement requisition form</li> <li>• Solicitation document</li> </ul>
7.	Nakp901/Wrks/23-24/00001 Supply of borehole parts Joemiah Contractors and Suppliers Limited	68,955,000	Contract management records i.e payment and delivery records
8.	Construction of piped water supply system at Nakaale village phase IV Nakp901/Wrks/23-24/00001 Wotamax Engineering Limited	318,000,000	<ul style="list-style-type: none"> <li>• Solicitation document</li> <li>• Progress reports (only one status report dated 14th June 2024) was submitted by contract manager) Additionally, a completion certificate signed on 28th June 2024 was shared.</li> <li>• Program of works not attached</li> <li>• No contract management plan</li> <li>• Site visit minutes.</li> <li>• No completion certificate</li> <li>• No evidence of payment</li> </ul>
9.	Citing and drilling of four boreholes in the District Nakp901/Wrks/23-24/00002 East Africa Boreholes Limited	88,851,640	<b>Contract management</b> <ul style="list-style-type: none"> <li>• No contract management plan</li> <li>• No site possession certificate</li> <li>• No progress reports</li> <li>• No site visit meeting minutes</li> <li>• Lacks program of works</li> <li>• No completion</li> </ul>

No	Subject of Procurement	Contract Amount (UGX)	Missing document
			certificate
<b>Total</b>		<b>1,158,156,187</b>	

### **Implication**

Lack of records on the procurement action files affects the audit trail. Missing records are a sign of non-transparency, poor accountability and weakness in the internal controls of the Entity.

### **Management Response**

*The Entity will improve in this area by providing copies of reports to PDU in future.*

### **Recommendations**

1. The Accounting Officer should task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be instituted against him for failure to maintain solicitation documents, procurement requisition forms and evaluation reports indicated in Table 10 on the procurement action files contrary to Section 44 of the PPDA Act, Cap 205.
2. The Accounting Officer should task the contract managers to show cause why disciplinary action should not be instituted against them for failing to maintain contract management records including contract implementation plans, monthly progress reports, payment records, site visit minutes and completion certificates as indicated in Table 9 above contrary to Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations 2023.

### **2.3.3 Poorly drafted contracts**

The Authority noted that the Entity poorly drafted seven procurements worth UGX 1,147,158,561 and a framework contract for Procurement of fuel, oils and lubricants. There were deficiencies in the contracts which included lack of special conditions of contract, variations of contractual durations and lack of contract completion periods contrary to Regulation 9 of the PPDA (Contracts) Regulations 2023. Details are provided in Table 11 below:

**Table 11: Procurements with poorly drafted contracts**

S/No	Details of procurements	Contract Amount (UGX)	Issues
1.	Fuel, Oils and Lubricants Nakp543/Supls/21- 22/00003 Makro Energy Limited	Framework contract	Lacked special conditions of contract
2.	Construction of piped water supply system at Nakaale village phase IV Nakp901/Wrks/23- 24/00001 Wotamax Engineering Limited	318,000,000	Lacked special conditions of contract.
3.	Construction of staff house in Tokora Health	62,457,374	

S/No	Details of procurements	Contract Amount (UGX)	Issues
	Centre IV Nakp901/Wrks/23-24/00007 Page Movers 2020 Limited		
4.	Citing and drilling of four boreholes in the District Nakp901/Wrks/23-24/00002 East Africa Boreholes Limited	88,851,640	<ul style="list-style-type: none"> <li>• Inconsistency in the contract, duration was captured as 2 months yet there are two dates of completion captured therein, i.e. 28<sup>th</sup> February 2024 and 30<sup>th</sup> August 2024.</li> <li>• Lacked special conditions of contract</li> </ul>
5.	Completion of three classroom block at Aoyareng Primary School Nakp901/Wrks/23-24/00008 Kadam Construction Co SMC Limited	86,919,567	<ul style="list-style-type: none"> <li>• Inconsistency in the contract, duration was captured as 3 months yet there are two dates of completion captured therein, i.e. 27<sup>th</sup> March 2024 and 27<sup>th</sup> September 2024.</li> <li>• Lacked special conditions of contract.</li> </ul>
6.	Construction of two units staff houses at Kakomongole Seed S.S Nakp901/Wrks/23-24/00005 Galaxy General Supplier and Constructors Limited	198,500,000	<ul style="list-style-type: none"> <li>• The main body of the contract stated that the contract price would be UGX 500,000,000 for the first phase. However, the clauses in the contract indicated that the contract would be worth UGX 611,273,416 implementable in two phases i.e the first phase being UGX 500,000,000 and the second UGX 111,273,416. This was confusing since it raises doubt as to whether the contractor was being hired for only one or both phases.</li> <li>• The works were supposed to be implemented in two phases but there was no breakdown of what each phase entailed.</li> <li>• Lacked special conditions of contract.</li> </ul>
7.	Construction of Maternity ward at Nabulenger Nakp901/Wrks/23-24/00006HC IJaasag Investment Company	118,889,980	<ul style="list-style-type: none"> <li>• Inconsistency in the contract. Duration was captured as 4 months yet there are two dates of completion captured therein, i.e. 27<sup>th</sup> April 2024</li> </ul>

S/No	Details of procurements	Contract Amount (UGX)	Issues
	Limited		and 27 <sup>th</sup> October 2024 <ul style="list-style-type: none"> <li>Lacked special conditions of contract</li> </ul>
8.	Supply of building and road construction materials Nakp901/Supl/23-24/00008 Vento technical services	273,540,000	<ul style="list-style-type: none"> <li>Use of a wrong contract; a lumpsum contract was used instead of a framework contract.</li> <li>Lacked special conditions of contract</li> </ul>
<b>Total</b>		<b>1,147,158,561</b>	

### **Implication**

Lack of clear information in the contract may result into unnecessary conflicts between the service provider and the Entity, which may ultimately lead to litigation.

### **Management response**

*The entity will improve in this area*

### **Recommendation**

1. The Accounting Officer should task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for failure to ensure proper drafting of contracts, as required by Regulation 9 of the PPDA (Contracts) Regulations, 2023.
2. The Contracts Committee should ensure that all contract documents are thoroughly reviewed before approval to confirm that they are clear, comprehensive, and include essential provisions such as special conditions of contract, contract start and completion dates, and implementation phases in line with Section 30 (e) of the PPDA Act Cap 205.

### **2.3.4 Delayed project completion**

The Authority noted delayed contract implementation in two procurement transactions worth UGX 386,650,671, contrary to Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations 2023. The details are provided in Table 12 below:

**Table 12: Delayed project completion**

No	Subject of Procurement	Contract Amount (UGX)	Issues
1.	Completion of three classroom block at Aoyareng Primary School Nakp901/Wrks/23-24/00008 Kadam Construction Co SMC Limited	86,919,567	Delayed completion of project by three months: project was to be completed by 27 <sup>th</sup> March 2024, however, as per the completion certificate; completion was on 7 <sup>th</sup> June 2024.

2	Completion of new administration block offices Nakp901/Wrks/23-24/00004 Engedi Company Limited	299,731,104	Project completion date was to be 8 <sup>th</sup> October 2024. However, by the time of physical verification on 18 <sup>th</sup> December 2024, the following had not yet been done i.e electrical installation, solar installation, compound design and demobilization.
	<b>Total</b>	<b>386,650,671</b>	

#### **Implication**

This increases project completion timelines resulting into commitment of more resources in terms of staff and time by the Entity to projects that ought to have been completed.

#### **Management response**

*Delay in project completion were caused also by bad weather and late funds release which the Entity had no control over.*

#### **Recommendation**

Accounting Officer should prevail upon the contract Managers to ensure that each provider meets all performance or delivery obligations as per the terms and conditions in the contract in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations 2023.

#### **2.3.5 Failure by contractors to submit Performance Securities**

The Authority found that contractors did not submit Performance Securities in four procurements worth UGX 612,661,187 yet it was a requirement under the special conditions of contract. The details are listed in Table 13 below: -

**Table 13: Procurements where contractors did not submit Performance Securities**

No	Subject of Procurement	Contract Amount (UGX)
1.	Construction of Maternity ward at Nabulenger Nakp901/Wrks/23-24/00006HC II Jaasag Investment Company Limited	118,889,980
2.	Construction of piped water supply system at Nakaale village phase IV Nakp901/Wrks/23-24/00001 Wotamax Engineering Limited	318,000,000
3.	Citing and drilling of four boreholes in the District Nakp901/Wrks/23-24/00002 East Africa Boreholes Limited	88,851,640
4.	Completion of three classroom block at Aoyareng Primary School Nakp901/Wrks/23-24/00008 Kadam Construction Co SMC Limited	86,919,567
	<b>Total</b>	<b>612,661,187</b>

### **Implication**

Without obtaining Performance Securities, the Entity loses out on compensation that results from the contractors' failure to meet their obligations under the contract.

### **Management Response**

*This requirement undermines contractors' performance. It needs to be reviewed in the future for effective contract implementation. The Entity failed to enforce it because all contractors cannot afford it.*

### **Authority's comment**

The Authority acknowledges the Entity's response and notes that the revised Regulations now provide for a performance securing declaration in place of a performance security, except in cases of open bidding. However, at the time of the referenced procurements, the Entity had the discretion to require performance securities and had opted to include them in the contract conditions. Therefore, the failure to enforce this requirement remains a compliance concern.

### **Recommendations**

1. In future procurements, where the contractor fails to furnish the Performance Security within the stipulate period; the Accounting Officer should withhold the bid security, annul the contract award decision and award the contract to the next best evaluated bidder in accordance with Regulation 12 (2) and (3) of the PPDA (Contracts) Regulations, 2023.
2. The Head, Procurement and Disposal Unit should consider providing for a performance securing declaration in the bidding documents for procurements under restricted domestic, restricted international, quotation and direct bidding methods in accordance with Clause 2.0 (iii) of Guidelines Reference: 3/2024 on Bid and Performance Securities.

### **2.3.6 Failure to have clear provisions regarding Environment, Social, Health and Safety issues including Gender issues in the Bills of Quantities**

In two procurements worth UGX. 498,231,104, environmental, social, health and safety issues in the Bills of Quantities were not clearly stipulated which might have left doubt to the bidders regarding the requirements of the Entity contrary to Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. The details are provided in Table 14 below:

**Table 14: Procurements for which the Environment, Social, Health and Safety issues were not clearly stipulated**

No.	Subject of Procurement	Contract Amount (UGX)	Observations
1.	Construction of two units staff houses at Kakomongole Seed S.S Nakp901/Wrks/23-24/00005 Galaxy General Supplier and Constructors	198,500,000	<ul style="list-style-type: none"><li>• Clause I under preliminaries stated that; Safety, health and welfare for work people without elaborating what this entailed. For instance, requiring PPE for workers, safe drinking water among others.</li><li>• Clause N under preliminaries stated that; safe guarding and protecting works from damage without elaborating what this entailed. For instance, requiring hoarding, security guards among others.</li></ul>

No.	Subject of Procurement	Contract Amount (UGX)	Observations
	Limited		
2.	Completion of new administration block offices Nakp901/Wrks/23-24/00004 Engedi Company Limited	299,731,104	The following requirements in the BOQs were unclear and as such there was no evidence that they were executed by the contractor i.e Allow for gender main streaming and allow for labor and social protection. UGX 1,000,000 was quoted for this.
<b>Total</b>		<b>498,231,104</b>	

#### **Implication**

Unclear environment, social, health and safety requirements can potentially lead to environmental harm, worker and public health risks, delays in contract implementation and may result into outcomes which do not meet the end user requirements.

#### **Management Response**

*There was a separate implementation budget for this purpose. It could not hence be captured in the BOQ*

#### **Authority's response**

The Authority found the Entity's response unsatisfactory, since these requirements were part of the Statements of Requirements for implementation by the contractor.

#### **Recommendation**

The Head, Procurement and Disposal Unit should prepare bidding documents for works that clearly define the statement of requirements that are environmentally and socially responsive in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

#### **2.3.7 Physical verification of selected projects**

The Authority on 18<sup>th</sup> December 2024 conducted physical verification on five projects. Out of the five projects, there were observed defects and non-conformities to specifications in two projects worth UGX 388,582,744 contrary to Regulation 52 (1) (b) of the PPDA (Contracts) Regulations 2023. Details are provided in Table 15 below: -

**Table 15: Issues noted during physical verification**

<p><b>Subject of procurement:</b> Citing and drilling of four boreholes in the District  <b>Ref No:</b> Nakp901/Wrks/23-24/00002  <b>Contractor:</b> East Africa Boreholes Limited  <b>Contract value:</b> UGX 88,851,640  <b>Completion Date:</b> 28<sup>th</sup> Feb 2024  <b>DLP expiry:</b> 28<sup>th</sup> August 2024</p>
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#### Observation

- The borehole lacked a soak pit leading to poor water drainage

**Subject of procurement:** Completion of new administration block offices

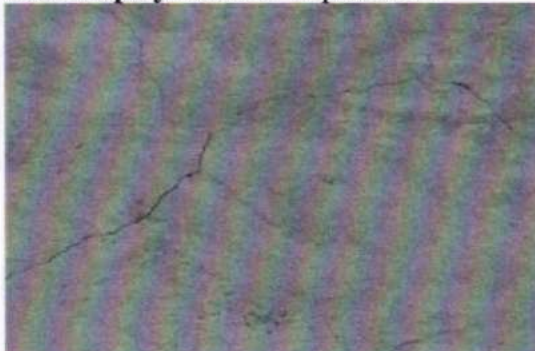
**Ref No:** Nakp901/Wrks/23-24/00004

**Contractor:** Engedi Company Limited

**Contract value:** UGX 299,731,104

**Completion date:** 8<sup>th</sup> October 2024

**DLP Expiry:** date: 8<sup>th</sup> April 2025



#### Observations

- Cracked ceiling
- Overly steep ramp to be used by PWDs
- Incomplete works

### Implication

Irregularities at contract implementation compromise quality and the intended beneficiaries do not get the desired effects of the services delivered.

### Management Response

*The said works are still within the defects liability period. An instruction shall be issued to have these defects and omission put in place/rectified*

### Recommendation

The Accounting Officer should task the District Engineer to ensure that the above defects are rectified and status report on all these projects provided to the Authority within a month of receipt of this report.

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

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

### 3.1 Overall Audit Conclusion

The performance of Nakapiripirit District Local Government for the Financial Year 2023/24 was unsatisfactory with overall weighted average risk rating of **96.3%**.

### 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 in Table 16 below:

**Table 16: Summary of performance of Nakapiripirit District Local Government**

Risk Category	Number of Sampled Procurements	% No	Value (UGX)	% Value	Weights	Total weighted average	
						By No.	By Value
High	10	90.9	1,514,282,665	30.8	0.6	54.5	57.3
Medium	1	9.1	68,955,000	31.1	0.3	2.7	1.3
Low	0	0	0	0	0.1	0	0
Satisfactory	0	0	0	0	0	0	0
<b>Total</b>	<b>11</b>	<b>100</b>	<b>1,583,237,665</b>	<b>100.0</b>	<b>1</b>	<b>57.2</b>	<b>58.6</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{57.2}{60} \times 100 = 95\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{58.6}{60} \times 100 = 97.6\%$$

$$\text{The average weighted risk rating} = \frac{95 + 97.6}{2} = 96.3$$

**Table 17: The risk rating is as follows:**

<b>Risk Rating (%)</b>	<b>Description of Performance</b>
0 - 30%	Satisfactory
31-70%	Moderately satisfactory
71-100%	Unsatisfactory

### 3.3 Chart representation of risk rating

Figure 1: Chart Representation of Risk Rating by Value

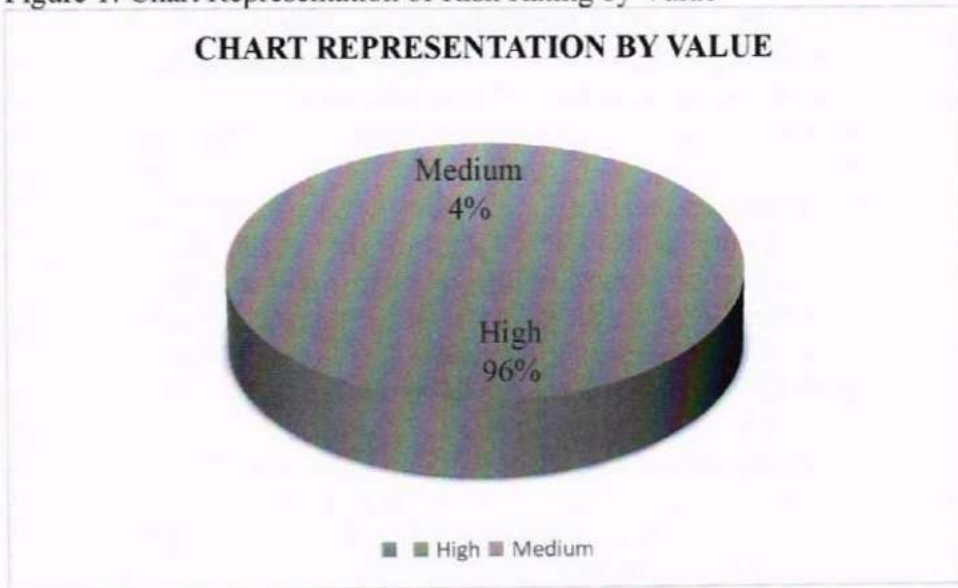
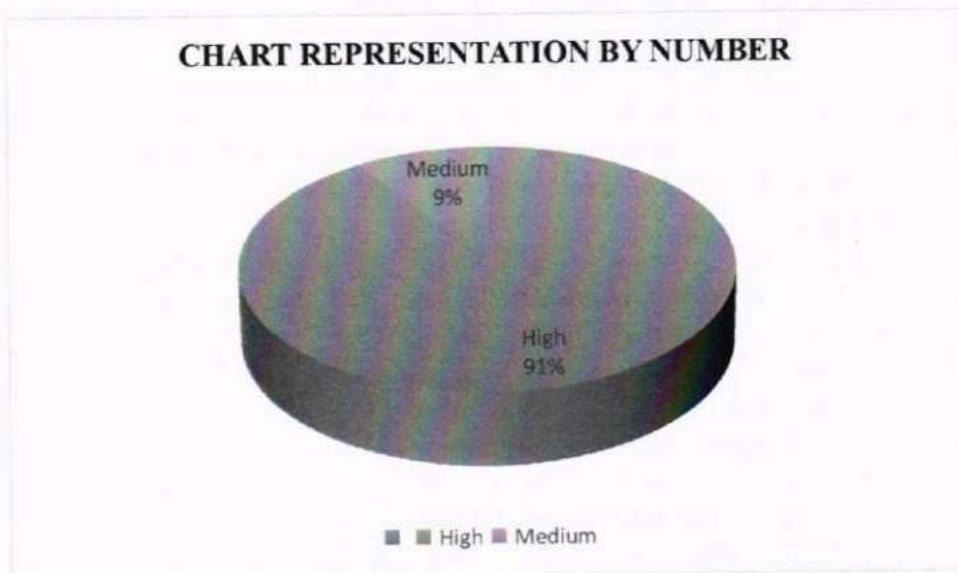


Figure 2: Chart Representation of Risk Rating by Number



### 3.4 Recommended Action Plan

Nakapiripirit District Local Government should implement the following recommendations in Table 18 within the timeframe given in order to improve its performance in Procurement and Disposal.

**Table 18: Recommended Action plan**

No.	Recommendation	Target Date
1.	<p>The Accounting Officer should:</p> <ol style="list-style-type: none"> <li>i. Ensure that the PDU is staffed to an appropriate level in accordance with Section 26 (1) (c) of the PPDA Act, Cap 205;</li> <li>ii. Appoint a taskforce that shall ensure a strong mechanism is in place to have all audit recommendations regularly monitored and implemented in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205;</li> <li>iii. Along with management regularly carry out a review of the implementation of the procurement plan in the event that amendments are made to departmental workplans and have the procurement plan updated in accordance with Section 60 (7) of the PPDA Act, Cap 205 and Regulation 4 of the PPDA (Procurement Planning) Regulations 2023 to ensure improved absorption of the Entity's Procurement Plan;</li> <li>iv. In the event that amendments are made to the procurement plan, the Head, Procurement and Disposal Unit should update the procurement plan in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023;</li> <li>v. Task the Heads of User Departments to ensure that thorough needs assessment and estimation of procurement requirements is done in line with Regulation 3 (3) of the PPDA (Rules and Methods for procurement of supplies, works and non-Consultancy services) Regulations, 2023;</li> <li>vi. Task the Head, Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for the failure in submitting monthly reports to the Authority contrary to Regulation 20 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;</li> <li>vii. The Accounting Officer should ensure that all procurements are undertaken in a manner that enhances efficiency and economy as required by Section 51 of the PPDA Act Cap 205;</li> <li>viii. Implement targeted measures to increase bidder participation, including conducting market surveys, widely publishing bid opportunities, engaging supplier associations, and organizing bidder sensitization sessions. These efforts will enhance transparency, promote competition, and ensure value for money in line with Sections 48 and 49 of the PPDA Act, Cap 205;</li> <li>ix. Ensure that the items for disposal are disposed using appropriate disposal methods stipulated under Part II, Conditions and Rules for disposal of public assets, of the PPDA (Disposal of public assets) Regulations, 2023;</li> <li>x. Ensure recovery of the unaccounted UGX 18,000,000 from the contractor's retention funds in the procurement for completion of</li> </ol>	November 2025

No.	Recommendation	Target Date
	<p>new administration block offices and submit evidence to the Authority within three months of receipt of this report. If this is not done, the Authority shall initiate suspension proceedings against the contractor, Engedi Company Limited in accordance with Section 128 (e) of the PPDA Act, Cap 205;</p> <p>xi. In future procurements, where the contractor fails to furnish the Performance Security within the stipulated period; withhold the bid security, annul the contract award decision and award the contract to the next best evaluated bidder in accordance with Regulation 12 (2) and (3) of the PPDA (Contracts) Regulations, 2023;</p> <p>xii. Task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be instituted against him for failure to maintain solicitation documents, procurement requisition forms and evaluation reports on the procurement action files indicated in Table 10 contrary to Section 44 of the PPDA Act, Cap 205; and</p> <p>xiii. Task the contract managers to show cause why disciplinary action should not be instituted against them for failing to maintain contract management records including contract implementation plans, monthly progress reports, payment records, site visit minutes and completion certificates for the procurements indicated in Table 9 contrary to Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations 2023.</p>	
2.	<p>The Head, Procurement and Disposal Unit should:</p> <p>i. Maintain and archive all documents pertaining to a particular procurement on each respective file in accordance with Section 44 of the PPDA Act, Cap 205;</p> <p>ii. Ensure that contract documents prepared are comprehensive and clear on key contract deliverables in the special conditions of contract such as contract start date and end date in accordance to Regulation 9 of the PPDA (Contracts) Regulations 2023;</p> <p>iii. Consider providing for a performance securing declaration in the bidding documents for procurements under restricted domestic, restricted international, quotation and direct bidding methods in accordance with Clause 2.0 (iii) of Guidelines Reference: 3/2024 on Bid and Performance Securities; and</p> <p>iv. Prepare bidding documents for works that clearly define the statement of requirements that are environmentally and socially responsive in accordance with Regulation 37 (2) (i) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.</p>	November 2025
3.	<p>The Contracts Committee should;</p> <p>i. Scrutinize all sections of the bidding documents for completeness and appropriateness before approval for issuance in accordance with Regulation 10 of the PPDA (PDEs) Regulations, 2023; and</p> <p>ii. Ensure that the principles of fairness and transparency are observed during evaluation processes in accordance with Section 48 of the PPDA Act, Cap 205 before approving the evaluation reports.</p>	November 2025

No.	Recommendation	Target Date
4.	The Permanent Secretary Ministry of Local Government should task the Accounting Officer to show cause why disciplinary action should not be taken against him for failure to fully implement 100% of the previous audit recommendations which compromised the performance of the Entity.	November 2025
5.	User Departments should propose technical specifications to the Procurement and Disposal Unit in accordance with Section 36 (1) (d) of the PPDA Act, Cap 205.	November 2025
6.	The Accounting Officer, Head Procurement and Disposal Unit and the Contracts Committee should ensure that all procurements are included in the procurement plan in accordance with Regulation 6 (a) of the PPDA (Procurement Planning) Regulations, 2023.	November 2025

**ANNEXES**

**Annex 1: Risk Rating Per Case**

<b>No</b>	<b>HIGH RISK CONTRACTS</b>	<b>REASONS FOR HIGH RISK</b>
1.	Fuel, Oils and Lubricants Nakp543/Supls/21-22/00003 Makro Energy Limited (Framework contract)	<ul style="list-style-type: none"> <li>• Lacked solicitation document</li> <li>• Contract lacked Special Conditions of contract</li> <li>• Lacked contract management records</li> </ul>
2.	Construction of piped water supply system at Nakaale village phase IV Nakp901/Wrks/23-24/00001 Wotamax Engineering Limited UGX 318,000,000	<ul style="list-style-type: none"> <li>• Lacked bidding document</li> <li>• Delay of 43 working days to submit the procurement to the Contracts Committee for approval of evaluation committee, procurement method and bidding document</li> <li>• Insufficient BEB display period of only 8 working days, i.e from 16th-25th November 2023</li> <li>• Low bidder participation, despite open bidding being conducted, only one bidder submitted a bid under the subject procurement.</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• Failure to participate in evaluation of bid. Only two members signed the evaluation report, i.e Loitakori Joshua and Twalamwe Ben on 21st November contrary to the third member who was approved by the Contracts Committee, i.e Nangiro Hellen-the Senior Community Development Officer</li> <li>• Bid security not seen</li> </ul> <p><b>Inconsistency in the Contract</b> Lacked special conditions of contract</p> <p><b>Contract management</b></p> <ul style="list-style-type: none"> <li>• No performance security seen</li> <li>• No progress reports (only one status report dated 14th June 2024) was submitted by contract manager) Additionally, a completion certificate signed on 28th June 2024 was shared.</li> <li>• Program of works not attached</li> <li>• No contract management plan</li> <li>• No completion certificates</li> <li>• No evidence of payment</li> <li>• No site meeting minutes</li> </ul> <p><b>Missing documents:</b></p> <ul style="list-style-type: none"> <li>• Bidding document</li> <li>• Contract implementation plan</li> <li>• Monthly progress reports</li> <li>• Site visit minutes</li> </ul>
3.	Citing and drilling of four boreholes in the District Nakp901/Wrks/23-24/00002 East Africa Boreholes Limited UGX 88,851,640	<ul style="list-style-type: none"> <li>• Delay of 48 working days to submit the procurement to the Contracts Committee for approval of evaluation committee, procurement method and bidding document</li> </ul> <p><b>Poorly drafted bidding document</b></p> <ul style="list-style-type: none"> <li>• Statement of requirements not attached</li> </ul>

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<ul style="list-style-type: none"> <li>• Unclear requirements such as; Provision of at least evidence of 50% cash in bank of the cost sum</li> </ul> <p><b>Evaluation</b></p> <ul style="list-style-type: none"> <li>• Adjustment of bidder's price without communication to the bidder from UGX 93,505,560 to UGX 88,851,640</li> </ul> <p><b>Contract</b></p> <ul style="list-style-type: none"> <li>• Inconsistency in the contract, duration was captured as 2 months yet there are two dates of completion captured therein, i.e 28<sup>th</sup> February 2024 and 30<sup>th</sup> August 2024</li> <li>• Lacked special conditions of contract are attached to the contract.</li> </ul> <p><b>Contract management</b></p> <ul style="list-style-type: none"> <li>• No contract manager appointment</li> <li>• No contract management plan</li> <li>• No site possession certificate</li> <li>• No progress reports</li> <li>• No site meeting minutes</li> <li>• Program of works not submitted by the contractor</li> <li>• Lacked completion certificate</li> <li>• Lacked evidence of payment</li> <li>• Lacked performance security</li> </ul> <p><b>Missing documents:</b></p> <ul style="list-style-type: none"> <li>• Contract implementation plan</li> <li>• Monthly progress reports</li> <li>• Site visit minutes</li> <li>• Bills of Quantities</li> </ul>
4.	<p>Construction of staff house in Tokora Health Centre IV  Nakp901/Wrks/23-24/00007  Page Movers 2020 Limited  UGX 62,457,374</p>	<p><b>Initiation</b></p> <ul style="list-style-type: none"> <li>• Delay of 22 working days to submit the procurement to the Contracts Committee for approval of evaluation committee, procurement method and bidding document.</li> <li>• Low bidder participation, despite open bidding being conducted, only one bidder submitted a bid under the subject procurement.</li> <li>• Failure to conduct a pre-bid meeting.</li> </ul> <p><b>Poorly drafted bidding document</b></p> <ul style="list-style-type: none"> <li>• No technical person was involved in drafting the bidding document</li> <li>• No bills of Quantities-what is attached is a bar bending schedule. BOQs should be costed with a monetary value attached to them reflected.</li> </ul>

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<ul style="list-style-type: none"> <li>• Unclear requirements such as; At least 5 years' experience at 60 million minimum, Provision of at least evidence of 50% cash in bank of the cost sum.</li> </ul> <p><b>Contract</b></p> <ul style="list-style-type: none"> <li>• Inconsistency in the contract, duration was captured as 6 months yet date of completion was captured as 24<sup>th</sup> December 2024.</li> <li>• Lacked special conditions of contract are attached to the contract.</li> </ul> <p><b>Contract management</b></p> <ul style="list-style-type: none"> <li>• No site possession certificate</li> <li>• No progress reports were submitted by the CMT</li> <li>• Program of works not submitted by the contractor</li> <li>• No contract management plan</li> <li>• No completion certificate</li> <li>• No evidence of payment</li> <li>• No site meeting minutes</li> </ul> <p><b>Missing documents:</b></p> <ul style="list-style-type: none"> <li>• Contract implementation plan</li> <li>• All the documents under contract management captured above.</li> </ul>
5.	<p>Completion of three classroom block at Aoyareng Primary School Nakp901/Wrks/23-24/00008 Kadam Construction Co SMC Limited UGX 86,919,567</p>	<ul style="list-style-type: none"> <li>• Lacked bidding document</li> </ul> <p><b>Contract</b></p> <ul style="list-style-type: none"> <li>• Inconsistency in the contract, duration was captured as 3 months yet there are two dates of completion captured therein, i.e 27<sup>th</sup> March 2024 and 27<sup>th</sup> September 2024.</li> <li>• No special conditions of contract are attached to the contract</li> </ul> <p><b>Contract management</b></p> <ul style="list-style-type: none"> <li>• No contract management plan</li> <li>• Only one progress report was submitted, dated 28<sup>th</sup> May 2024</li> <li>• No site meeting minutes</li> <li>• Lacked program of works.</li> <li>• No performance security</li> <li>• No completion certificate</li> </ul> <p><b>Contract management</b> Delayed completion of project by three months: project was to be completed by 27<sup>th</sup> March 2024, however, as per</p>

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		the completion certificate; completion was on 7 <sup>th</sup> June 2024
6.	Management of Nakapiripirit Town Council Market Nakp901/Srvcs/23-24/00005 Bukedea Metal Works Limited UGX 4,500,000	<ul style="list-style-type: none"> <li>• Lacked contract on file</li> <li>• Item was not on plan.</li> <li>• Low bidder participation. Only one bid received.</li> <li>• No solicitation documents</li> <li>• No evidence of revenue remittances</li> </ul>
7.	Construction of two units staff houses at Kakomongole Seed S.S  Nakp901/Wrks/23-24/00005 Galaxy General Supplier and Constructors Limited UGX 198,500,000	<ul style="list-style-type: none"> <li>• Lacked solicitation document</li> <li>• Poorly drafted contract. The main body of the contract stated that the contract price would be UGX 500,000,000 for the first phase. However, the clauses in the contract indicated that the contract would be worth UGX. 611,273,416 implementable in two phases i.e the first phase being UGX 500,000,000 and the second UGX. 111,273,416. This was confusing since it raises doubt as to whether the contractor was being hired for only one or both phases. The works were supposed to be implemented in two phases but there was no breakdown of what each phase entailed.</li> <li>• Contract lacked special conditions of contract did not form part of the contract.</li> <li>• Low bidder participation. Only one bid received from galaxy general suppliers and constructors limited.</li> <li>• No evidence that social and environmental screening was done at the start of the project.</li> <li>• The contractor quoted UGX 3,000,000 for insurance cover but there was no evidence that it was furnished.</li> <li>• Clause I under preliminaries stated that; Safety, health and welfare for work people without elaborating what this entailed. For instance, requiring PPE for workers, safe drinking water among others.</li> <li>• Furthermore, Clause N under preliminaries stated that; safe guarding and protecting works from damage without elaborating what this entailed. For instance, requiring hoarding, security guards among others.</li> <li>• No evidence that due diligence or post qualification was conducted, yet this was a mega project estimated at UGX 500,000,000, additionally, the contractor had mostly dealt with private companies as per the completion certificates which necessitated due diligence.</li> </ul>
8.	Completion of new administration block offices Nakp901/Wrks/23-24/00004 Engedi Company Limited UGX 299,731,104	<ul style="list-style-type: none"> <li>• Failure to fully implement the Guidance of the Solicitor General. The Guidance stated that the contractor should be required to provide insurance for the works. However, the contract provided that insurance shall not be applicable.</li> <li>• Low bidder participation. Only two bids received from Engedi Co Limited and Lila Enterprises Limited.</li> </ul>

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<ul style="list-style-type: none"> <li>• Failure to include a provision for a pre-bid meeting, just site visits</li> <li>• No evidence that social and environmental screening was done at the start of the project.</li> <li>• Poor market price assessment. The estimated amount at initiation was UGX 659,000,000 but the contractor quoted UGX, 1,488,670,359 and the second quoted UGX 1,336,340,500.</li> <li>• No evidence that due diligence or post qualification was conducted, yet this was a mega project estimated at UGX 659,000,000, additionally, the contractor had mostly dealt with private companies as per the completion certificates which necessitated due diligence.</li> <li>• There was no indication that the contract manager Mr. Kiberu Faisal was currently employed by the contractor. Their CV indicated that they were currently employed by Sueligh engineering works limited. Furthermore, the declaration of availability was dated retrospectively on 26<sup>th</sup> June 2022 before the procurement process.</li> <li>• Works were incomplete by the time of physical verification on 18<sup>th</sup> December 2024 yet the completion date was 8<sup>th</sup> oct 2024. The following had not yet been done i.e electrical installation, solar installation, compound design and demobilization.</li> <li>• Financial loss. UGX 13m was quoted for insurance of works but there was no evidence that this was furnished by the contractor</li> <li>• The following requirements in the Bills of Quantities were unclear and as such there was no evidence that they were executed by the contractor i.e. Allow for gender main streaming and allow for labor and social protection. UGX. 1,000,000 was quoted for this, UGX 4,000,000 was quoted for site accommodation but this was not done.</li> </ul>
9.	<p>Construction of Maternity ward at Nabulenger Nakp901/Wrks/23-24/00006HC II  Jaasag Investment Company Limited  UGX 118,889,980</p>	<p><b>Poorly drafted bidding document</b></p> <ul style="list-style-type: none"> <li>• Lacked section 2 (bid data sheet)</li> <li>• Unclear requirements under section 3 (evaluation methodology) B: preliminary examination criteria: Eligibility criteria: item 16: 'Should provide at least evidence of 40% cash in the Bank of the cost sum'</li> <li>• The requirement under post-qualification 'Total volume of construction work over the last 5 years of at least Ug Shs:60,000,000 under; for Firms who have been getting Construction Works' -this should be have been under financial evaluation criteria.</li> </ul>

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
		<ul style="list-style-type: none"> <li>• No consideration for ESHS requirements.</li> </ul> <p><b>Poor evaluation</b></p> <ul style="list-style-type: none"> <li>• Work program provided by the bidder does not relate to the submission in the bidding document. It involves substructure, construction of external wall, construction of internal walls and partition, demobilization and hand over.</li> <li>• Academic qualifications for the Construction Manager; Jerry Aleku were not provided. Did not evaluate the Health And Safety Officer. The only documents submitted were those of; Okoboi Charles, Okello Dickens, Opio Alfred, Opolot Jorem, Mwidu George Makiita, Otunu Philip, Adilo Moses, Wamai Abdu.</li> </ul> <p><b>Poorly drafted Contract</b></p> <ul style="list-style-type: none"> <li>• Inconsistency in the contract, duration was captured as 4 months yet there are two dates of completion captured therein, i.e 27<sup>th</sup> April 2024 and 27<sup>th</sup> October 2024</li> <li>• Lacked special conditions of contract are attached to the contract</li> <li>• No evidence of ownership/renting of equipment stated: I.e dump trucks, concrete mixer, plate compactor, poker vibrator, dumpy level.</li> </ul> <p><b>Contract management</b></p> <ul style="list-style-type: none"> <li>• No contract management plan</li> <li>• No site possession certificate</li> <li>• No progress reports</li> <li>• No site meeting minutes</li> <li>• Program of works not submitted by the contractor</li> <li>• Lacked completion certificate</li> <li>• Lacked a performance security</li> </ul> <p><b>Missing documents:</b></p> <ul style="list-style-type: none"> <li>• Contract implementation plan</li> <li>• Monthly progress reports</li> <li>• Copy of bid security</li> <li>• All contract management documents indicated above under contract</li> </ul>
10.	Supply of building and road construction materials Nakp901/Supl/23-24/00008 Vento technical services	<p><b>Poor evaluation</b></p> <ul style="list-style-type: none"> <li>• Engaging a bidder who lacked a tax clearance certificate.</li> </ul>

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
	273,540,000	<p><b>Poorly drafted Contract</b></p> <ul style="list-style-type: none"> <li>• Use of a wrong contract; a lumpsum contract instead of a framework contract.</li> <li>• Lacked special conditions of contract</li> <li>• Lacked powers of attorney</li> </ul> <p><b>Contract management</b></p> <ul style="list-style-type: none"> <li>• Lacked contract management plan</li> <li>• Lacked progress reports</li> <li>• No evidence of payments made</li> </ul> <p><b>Missing documents:</b></p> <ul style="list-style-type: none"> <li>• Initiation document</li> <li>• Evaluation report</li> <li>• Bidding document</li> <li>• Contract management documents</li> </ul>

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	Nakp901/Wrks/23-24/00001 Supply of borehole parts Joeniah Contractors and Suppliers Limited UGX 68,955,000	<ul style="list-style-type: none"> <li>• Lacked solicitation document</li> <li>• Delayed submission to Contracts Committee. The confirmation of funding was made on 3<sup>rd</sup> August 2023 but Contracts Committee was on 3<sup>rd</sup> October 2023.</li> <li>• Improper financial evaluation. Whereas, the financial evaluation assessment related to a framework contract with a detailed list of supplies. The evaluation was based on the total lumpsum amount for each bidder instead of assessing the unit cost for each item on the list to determine the most economical provider.</li> <li>• Unclear evaluation criteria. The following requirements were found to be unclear and could have left doubt pertaining the requirements of the entity. (a) relevant proposed equipment for works execution if any (b) experience of firm in similar services for the last two years.</li> <li>• Lacked contract management records i.e delivery and payment records.</li> </ul>

**Annex 2: Transaction list and rating per case**

No.	Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Risk rating
1.	Nakp543/Supls/21-22/00003	Fuel, Oils and Lubricants	Open Domestic Bidding	Makro Energy Limited	62,893,000	HIGH
2.	Nakp901/Wrks/23-24/00001	Construction of piped water supply system at Nakaale village phase IV	Open Domestic Bidding	Wotamax Engineering Limited	318,000,000	HIGH
3.	Nakp901/Wrks/23-24/00002	Citing and drilling of four boreholes in the District	Open Domestic Bidding	East Africa Boreholes Limited	88,851,640	HIGH
4.	Nakp901/Wrks/23-24/00007	Construction of staff house in Tokora Health Centre IV	Open Domestic Bidding	Page Movers 2020 Limited	62,457,374	HIGH
5.	Nakp901/Wrks/23-24/00008	Completion of three classroom block at Aoyareng Primary School	Open Domestic Bidding	Kadam Construction Co SMC Limited	86,919,567	HIGH
6.	Nakp901/Srvcs/23-24/00005 (f)	Management of Nakapiripirit Town Council Market	Open Domestic Bidding	Bukedea Metal Works Limited	4,500,000	HIGH
7.	Nakp901/Wrks/23-24/00001	Supply of borehole parts	Open Domestic Bidding	Joemiah Contractors and Suppliers Limited	68,955,000	MEDIUM
8.	Nakp901/Wrks/23-24/00005	Construction of two units staff houses at Kakomongole Seed S.S	Open Domestic Bidding	Galaxy General Supplier and Constructors Limited	198,500,000	HIGH
9.	Nakp901/Wrks/23-24/00004	Completion of new administration block offices	Open Domestic Bidding	Engedi Company Limited	299,731,104	HIGH
10.	Nakp901/Wrks/23-24/00006	Construction of Maternity ward at Nabalenger HC II	Open Domestic Bidding	Jaasag Investment Company Limited	118,889,980	HIGH
11.	Nakp901/Supl/23-24/00008	Supply of building and road construction materials	Open Domestic Bidding	Vento technical services	273,540,000	HIGH

### Annex 3 : 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
<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	<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	This implies lack of efficiency, standardisation and avoiding competition.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	
		<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.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.  Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
<b>LOW</b>	Procurements with weaknesses where resolution within the normal management framework is considered	<b>Planning:</b> Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.

RISK	DESCRIPTION	AREA	IMPLICATION
	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>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.