



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

"Procurement That Delivers"

**COMPLIANCE INSPECTION REPORT OF SHEEMA MUNICIPAL
COUNCIL FOR THE FINANCIAL YEAR 2023/2024**

JANUARY 2025

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ACRONYMS

ESHS	Environment, Social, Health and Safety
GCC	General Conditions of Contract
ITB	Instructions to Bidders
UGX	Uganda Shillings
FY	Financial Year
Ltd	Limited
HC	Health Centre
PPDA	Public Procurement and Disposal of Public Assets Authority
HQ	Head Quarters
MC	Municipal Council
P/S	Primary School
UPDF	Uganda People's Defense Force
MoH	Ministry of Health
SUPLS	Supplies
OPD	Out-Patient Department

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal compliance inspection exercise of Sheema Municipal Council that covered a representative sample of 12 procurement transactions during the financial year 2023/2024.

The overall objective of the compliance inspection exercise was to assess and establish the degree of compliance of Sheema Municipal Council's procurement system and processes with the provisions of the PPDA Act, Cap. 205, and the PPDA Regulations to assess the level of procurement performance over the period under review.

From the findings of the Compliance Inspection exercise, the performance of Sheema Municipal Council for the Financial Year 2023/2024 was **moderately satisfactory** with an overall weighted average risk rating of **53.9%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of this compliance inspection report.

Despite the moderately satisfactory performance, the following key exceptions were noted:

1. The Entity did not implement all the audit recommendations for the Financial Year 2021/2022, contrary to Section 10 (1) (a) of the PPDA Act, Cap 205, an indicator that the Entity did not have a mechanism in place to track and monitor the audit recommendations which raises concerns about the Entity's commitment to improving its procurement function and addressing identified risks as well as ensuring accountability.
2. Land titles were not secured for 32 plots belonging to the Municipality making the land susceptible to theft and encroachment.
3. The Entity did not develop a disposal plan for the Financial Year 2023/2024 contrary to Section 60 (1) of the PPDA Act, Cap. 205 leading to obsolete assets to further deteriorate and these may attract zero value if not managed within the shortest time possible.
4. Incomplete procurement action files were noted in seven sampled procurements worth UGX 12,118,893,739 contrary to Section 44 of the PPDA Act, Cap. 205. Failure to keep complete procurement records on the file affects the audit trail.
5. Bidding documents were not scrutinized for completeness before they were issued to bidders contrary to Section 31 (1) (a) (ii) of the PPDA Act, Cap. 205. As a result, five procurements worth UGX 212,369,583 had inconsistencies in the statement of requirements, evaluation criteria and the terms and conditions of the contract which may lead to bidders preparing non-responsive bids.
6. In the design and documentation for the construction of Kabwohe HC IV worth UGX 44,885,000, bids were not evaluated in accordance with the evaluation criteria stated in the bidding documents contrary to Section 76 of the PPDA Act, Cap. 205; there was no combined technical and financial scoring. There is a risk of unfair award decisions and awarding contracts to firms without sufficient capacity;
7. The Beneficial Ownership of firms was not recorded and also reported to the Authority in the monthly reports for all contracts awarded to bidders. This was noted in 13 sampled procurement transactions worth UGX 12,390,427,646 contrary to the PPDA Circular No. 1 of 2021. Non-compliance to Beneficial Ownership Declaration increases the risk of corruption, fraud and tax evasion by the ultimate beneficiaries of company.

8. Failure to implement the Environmental, Social, Health and Safety safeguards during contract execution of two projects worth UGX 102,554,521 contrary to Section 66 of the PPDA Act, Cap. 205. Non-compliance with safety standards puts workers and beneficiaries at risk of accidents and injuries.

In light of the above, Sheema Municipal Council should implement the following recommendations:

1. The Accounting Officer should:
 - i) Suspend the following Evaluation Committee members; namely Ms. Maude Katusime (Senior Procurement Officer), Ms. Sarah Lubega (Senior Nursing Officer) and Mr. Archiles Byabasheija (Municipal Engineer) from participating in any evaluation process for a period of one year. The above members have been recommended for suspension for wrongly evaluating the procurement for design and documentation for the construction of Kabwohe HC IV worth UGX 44,885,000 in accordance with Section 9 (1) (a) of the PPDA Act, Cap 205.
 - ii) Put in place a mechanism for implementing PPDA audit recommendations within the specified time frame in the action plan in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205;
 - iii) Ensure that all Municipal land is surveyed and titled to ease identification in accordance with Regulation 2 (1) of the PPDA (Disposal) 2023; and
 - iv) Task the contract managers to submit contract management records to the Procurement and Disposal Unit for filing on their respective procurement action file in accordance with Section 33 (o) of the PPDA Act, Cap. 205;
2. The Procurement and Disposing Unit should:
 - i) Prepare a disposal plan for all assets that were recommended by the Board of Survey report in accordance with Section 60 (1) of the PPDA Act, Cap. 205;
 - ii) Prepare solicitation documents with clear statements of requirements, evaluation criteria and terms and conditions of the contract that are comprehensive to avoid ambiguities during the bidding process in accordance with Regulation 42 (a) and (b) of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023; and
 - iii) Request bidders to submit Beneficial Ownership Declarations through bidding forms and company Form 1 and include these details in their monthly reports to the Authority in accordance with the PPDA Circular No. 1 of 2021.
3. The Contracts Committee should scrutinize all sections of the bidding documents for completeness before they are issued to bidders in accordance with Section 30 (e) of the PPDA Act, Cap 205.
4. The Evaluation Committee(s) members should strictly adhere to the evaluation criteria set out in the solicitation document in accordance with Section 76 (3) of the PPDA Act, Cap. 205.
5. The User Departments should ensure that the Environmental, Social, Health and Safety safeguards requirements are adhered to in accordance with Section 66 of the PPDA Act, Cap. 205.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a compliance inspection exercise at Sheema Municipal Council. The exercise covered a sample of 13 procurement transactions carried out during the Financial Year 2023/2024. The exercise involved a review of the procurement system, and procurement processes following the Public Procurement and Disposal of Assets Act, Cap. 205, and the attendant PPDA Regulations.

1.2 Structure of the Entity

According to Section 28 of the PPDA Act, Cap. 205, the Accounting Officer has the overall responsibility for the successful execution of procurement, disposal and contract management in a Procuring and Disposing Entity. The Accounting Officer of Sheema Municipal Council for the Financial Year 2023/2024 was the Town Clerk, Ms. Lillian Kobusingye.

Section 28 (1) (a) and (c) of the PPDA Act, Cap 205 specifically gives the responsibility to the Accounting Officer to cause the establishment of a Procurement and Disposal Unit and Contracts Committee staffed at an appropriate level. Sheema Municipal Council had an established Contracts Committee and Procurement and Disposal Unit at the time of the inspection and their composition is detailed in Tables 1 & 2 below;

a. Procurement and Disposal Unit

The Procurement and Disposal Unit was constituted with a Senior Procurement Officer and Procurement Officer as detailed in Table 1 below:

Table 1: Composition of the Procurement and Disposal Unit

S/N	Name	Job Title
1.	Ms. Katusime Mauda	Procurement Officer
2.	Ms. Annah Nkwatsibwe	Assistant Procurement Officer

b. Contracts Committee composition

The Contracts Committee was comprised of the following appointed members as detailed in Table 2 below:

Table 2: Composition of the Contracts Committee

No.	Name	Job Title	Committee Position
1.	Mr. Latwifu Kaganda	Senior Education Officer	Chairperson
2.	Mr. Edward Biyindo	Community Development Officer	Member
3.	Mr. Richards Namanya	Ass. Veterinary Officer	Member
4.	Ms. Hilda Karungi	Health Inspector	Member

1.3 Objectives of the compliance inspection

The overall objective of the compliance inspection was to assess and establish the degree of compliance of Sheema Municipal Council's procurement processes with the provisions of the PPDA Act, Cap. 205, Regulations and assess the level of procurement performance in the inspection period.

The specific objectives were to:

1. Establish the level of performance with the general provisions of the PPDA Act, Cap. 205, and PPDA Regulations concerning the procurement structures and conduct of procurement processes;
2. Establish the level of compliance compliance of the school's disposal process with the provisions of the PPDA Act, Cap. 205 and PPDA Regulations; 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.

1.4 Scope of the compliance inspection

The compliance inspection involved a review of the procurement process, disposal process, general compliance issues and contract implementation on a sample basis. The inspection covered a representative sample of 13 procurement transactions under the Financial Year 2023/2024. The list of sampled transactions is contained in **Appendix 1**.

1.5 Inspection Methodology

Sheema Municipal Council was notified about the inspection exercise on **8th October 2024**. A sample of 13 procurement transactions was selected based on stratified random sampling using Contracts Committee minutes, the contracts register, and monthly procurement and disposal reports. The team also reviewed the procurement plan for the FY 2023/2024. The inspection commenced on **21st October 2024**.

Two Senior Performance Monitoring Officers conducted the exercise under the supervision of the Regional Manager Western Region. The inspection team examined records and documents for each sampled procurement transaction and obtained the relevant evidence to derive inspection conclusions. This involved a review of the Entity's procurement and disposal planning, initiation, bidding, evaluation, contract award and execution.

A debrief meeting was held on **22nd October 2024** to clear all pending issues that arose during the inspection with the school management and staff before the inspection team could embark on the preparation of the management letter. The team prepared the management letter, which was sent to the Entity on **7th November 2024** with a request to submit a management response by **18th November 2024**. However, the Entity submitted its response on **27^h November 2024**.

On completion of data collection and before writing the report, the Regional Manager reviewed the working papers for completeness. The working papers contain a detailed chronology of findings on each of the sampled transactions. The inspection report presents the key findings and conclusions arising from the inspection. Reporting is in a format that identifies the findings by exception, the level of risk and the recommendations. The procurements are rated in four categories according to the weakness identified namely; High risk, Medium risk, Low risk and Satisfactory.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.1 COMPLIANCE WITH THE GENERAL PROVISIONS OF THE PPDA ACT, CAP. 205, AND PPDA REGULATIONS CONCERNING THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT PROCESSES

The following areas of non-conformity were observed:

2.1.1 Failure to implement the previous PPDA audit recommendations

The Entity did not implement all the audit recommendations for the Financial Year 2021/2022, equivalent to 100% of recommendations not implemented contrary to Section 10 (1) (a) of the PPDA Act, Cap 205 as shown in Table 3 below:

Table 3: Status of implementation of previous audit recommendations

No	Recommendation	Implementation Status
1.	The Accounting Officer should investigate the reasons for low-bidder participation in the Entity's procurement processes and put in place a mechanism for promoting competition.	Not Implemented
2.	The Accounting Officer should recover UGX 856,524 from Mutara Works Enterprises Ltd using the retention money as payment made due to wrong computation during the construction of Administration Block Phase V.	Not Implemented
3.	The Accounting officer should recover UGX 18,899,582 from Arthur Technical Services, Bush Engineering Services Ltd and Detu Development services9U)-SMC Ltd due to payment of VAT to non-VAT registered companies.	Not Implemented
4.	The Evaluation committees should evaluate bids in line with the evaluation methodology and criteria stated in the solicitation documents.	Not Implemented
5.	The Accounting Officer should facilitate the PDU with sufficient and secure office space and filing cabins for proper storage of procurement and disposal records.	Not Implemented

Implication

Failure to implement PPDA audit recommendations raises concerns about the Entity's commitment to improving its procurement function and addressing identified risks as well as ensuring accountability.

Management response

Management acknowledged the query and reiterated their commitment to implementing PPDA audit recommendations.

Recommendation

The Accounting Officer should task the Internal Auditor to monitor the status of the implementation of PPDA audit recommendations within the specified time frame to improve the Entity's performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap 205.

2.1.2 Inadequate storage and poor record keeping of past procurement and disposal 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 for seven years.

However, the Authority observed poor storage of procurement and disposal records for previous Financial Years, whose seven-year retention period had not yet expired. These records were haphazardly stacked on shelves, filled with dust, and vulnerable to unauthorized access compromising their integrity and security as shown in Figure 1 below:

Figure 1: Poor storage of procurement and disposal action files



The above photos were taken on 22nd October 2024 showing records scattered all over the floor in the store room.

Implication

Inadequate storage of procurement and disposal records puts the Entity's critical documents at risk of loss, damage, unauthorized access, and tampering, compromising the integrity of its procurement processes.

Management response

Management acknowledged the space constraint and planned to resolve it once the new Administration block offices are completed.

Recommendations

The Accounting Officer should:

- i. Provide secure storage facilities for the Procurement and Disposal Unit to maintain and archive records in accordance with Section 44 (1) of the PPDA Act, Cap. 205.
- ii. Provide training to the Procurement and Disposal Unit on record storage best practices to optimize their storage space and organize records during their retention period.

2.1.3 Procurement plan implementation rate

Section 60 (2) of the PPDA Act, Cap. 205 requires Procuring and Disposing Entities to plan their procurement and disposal activities rationally.

An analysis of the procurement plan and monthly reports on procurements conducted for the Financial Year 2023/2024, indicated that the Entity procured items worth UGX 4,733,896,806

amounting to 86.9% of the planned procurement value. There was no evidence that procurements worth UGX 709,568,857 were implemented as shown in Table 4 below:

Table 4: Analysis of Procurement Plan Performance

Total procurement plan value inclusive VAT (UGX)	5,443,465,663
Total procurement spend value inclusive VAT (UGX)	4,733,896,806
Procurement Plan Implementation Rate	86.9%
Procurement Plan Implementation Variance (UGX)	709,568,857

Implication

Failure to implement planned procurements deprives the intended beneficiaries of effective service delivery which cripples the economic development of the Municipal Council.

Management response

Management acknowledged the query and pledged to improve by reviewing and updating the procurement plan.

Recommendation

The Accounting Officer should ensure that the Entity’s procurement plan is reviewed and updated whenever necessary in accordance with Section 60 (7) of the PPDA Act, Cap 205 and that User Departments implement planned activities to improve service delivery.

2.1.4 Procuring outside the plan

Section 60 (10) of the PPDA Act, Cap 205, states that *“a procurement shall not be carried outside the procurement plan except in cases of emergencies.”*

A review of the monthly reports submitted to the Authority against the procurement plan revealed that six procurements worth UGX 61,275,000 were conducted outside the consolidated procurement plan for the Financial Year 2023/2024 contrary to Section 60 (10) of the PPDA Act, Cap 205. Table 5 below shows procurements conducted outside the procurement plan:

Table 5: Procurements conducted outside the procurement plan

No.	Subject of procurement	Amount (UGX)
1.	Kitojo weekly market	840,000
2.	Brewing permit in Sheema Central Division	360,000
3.	Market brokerage fees at Kagango Division	13,560,000
4.	Loading and offloading in Kabwohe Division	951,000
5.	Kabwohe matooke daily market	44,400,000
6.	Beer club fees in Kabwohe division	1,164,000
Total		61,275,000

Implications

- Procuring outside the plan compromises the effectiveness of procurement planning and potentially diverts resources to non-essential activities.
- The procurement plan is treated as a mere compliance requirement, rather than a strategic tool for delivering timely and essential services to the community.

Management response

Management acknowledged the query and pledged to improve.

Recommendations

- The User Departments should regularly review and update their procurement plans quarterly, or as needed, and submit them to the Procurement and Disposal Unit for consolidation and approval before implementing any changes in accordance with Section 60 (7) of the PPDA Act, Cap 205.
- The Accounting Officer should ensure that all procurement transactions conducted are within the procurement plan except in emergencies in accordance with Section 60 (10) of the PPDA Act, Cap 205.

2.1.5 Irregularities during the bidding process

There were irregularities in inviting bidders, issuance, receipt and opening of bids in two procurements worth UGX 74,668,383 contrary to Section 48 of the PPDA Act, Cap 205 as indicated in Table 6 below:

Table 6: Procurement transactions with irregularities during the bidding process

No	Subject of procurement	Amount (UGX)	PPDA Finding
1.	Design and documentation for the construction of Kabwohe HC IV	44,885,000	<ul style="list-style-type: none">➤ Although the evaluation report indicated that technical bids were opened on 14th November 2023 and financial bids opened on 21st November 2023, there was only one bid opening form (LG PP Form 10) on file dated 21st November 2023. This implies that the bids opened on 14th November 2023 were not recorded on LG PP Form 10.➤ Acceptance of late bids. Although the deadline for the bid submission was 14th November 2023 at 10:00 am, the record of receipt indicated that bids from Mkron Company Ltd and Green Serve Investments (U) Limited were received on 21st November 2023. No addendum was on file➤ The record of the bid opening (LG PP Form 10) was not signed by the Contracts Committee member who witnessed the bid opening. Only the Procurement Officer who managed the bid opening session signed the LG PP Form 10.
2.	Construction of a 5-stance lined	29,783,383	<ul style="list-style-type: none">➤ The record of the bid opening (LG PP Form 10) was not signed by the Contracts Committee member who

No	Subject of procurement	Amount (UGX)	PPDA Finding
	VIP Latrine with a urinal at Rwakizibwa P/S		witnessed the bid opening. Only the Procurement Officer who managed the bid opening session signed the LG PP Form 10.
Total		74,668,383	

Implication

Irregularities in inviting bidders, issuing, receiving, and opening bids undermine the principles of transparency and accepting late bids.

Management response

Management acknowledged the query and pledged to improve.

Recommendation

The Procurement and Disposal Unit and Contracts Committee should ensure that the bidding process for all procurements is conducted in a manner that promotes transparency in accordance with Section 48 of the PPDA Act, Cap 205.

2.1.6 Issuance of solicitation documents with inadequate requirements

The Authority reviewed the solicitation documents and observed that they had inconsistencies in the statement of requirements, outdated evaluation criteria and inconsistencies in contractual terms contravening Regulation 48 of the Local Governments (PPDA) Regulations, 2006. This was noted in three procurement transactions worth UGX 118,588,200 and details are shown in Table 7 below:

Table 7: Procurements with inadequate solicitation documents

No	Subject of procurement	Amount (UGX)	PPDA Finding
1.	Completion of 2-classroom block at Katwe P/S	51,000,000	<ul style="list-style-type: none"> ➤ The date of expiry of bid validity was not explicitly stated in the bidding document. The days stated were 120 days. ➤ Inadequate evaluation criteria. The bidding document did not provide a criterion to assess the financial capacity of the bidders.
2.	Supply of a Multi-Purpose photocopying machine for Kashozi Division and 2 Laptops for Education	22,703,200	<ul style="list-style-type: none"> ➤ The bidding document issued was for works and not supplies. ➤ The date of expiry of bid validity was not stated in the bidding document but 120 days was indicated. ➤ GCC 1.1 (ii) stated that the contract was for the supply of sports equipment to the Education Department and not the supply of a multipurpose photocopying machine.

No	Subject of procurement	Amount (UGX)	PPDA Finding
3.	Construction of a 5-stance lined VIP Latrine with a urinal at Rwakizibwa P/S	29,783,383	➤ The date of expiry of bid validity was not explicitly stated in the bidding document but 120 days was indicated.
4.	Supply of medical equipment to HC III	63,998,000	
5.	Design and documentation for the construction of Kabwohe HC IV	44,885,000	<ul style="list-style-type: none"> ➤ The date of expiry of bid validity was not explicitly stated in the bidding document but 120 days was indicated. ➤ There were contradictions in the contract duration as shown in ITB 13.1 which stated that the estimated number of professional staff months required for the assignment was three-man months but GCC 18.1 stated that the services shall be completed within five months. On the other hand, the terms of reference indicated that the consultant was to carry out the assignment within two months. ➤ No scoring system was provided to the sub-criteria for the qualification of staff. Whereas the positions were scored, e.g. Civil Engineer (25 points), Engineer (15 points), Architect (05 points), Surveyor (15 points) the Sub criteria were not scored i.e., i. qualification and competence ii. Adequacy for the assignment iii experience in working in the region was not stated.
Total		212,369,583	

Implication

There is a risk of bidders preparing non-responsive bids and it also leads to the procurement of items that do not meet the users' requirements.

Management response

Management acknowledged the query and explained that the Procurement and Disposal Unit had not received updated standard bidding documents from PPDA, which have since been obtained and are now in use.

Authority's comment

During the Financial Year 2022/23 under review, the solicitation documents were inadequate. Therefore, the query was maintained.

Recommendation

- a. The Procurement and Disposal Unit should prepare complete and appropriate sections of the bidding documents in accordance with Section 33 (i) of the PPDA Act, Cap 205.
- b. The Contracts Committee should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 30 (e) of the PPDA Act, Cap 205.
- c. The Accounting Officer should request for refresher capacity building training for the Contracts Committee and the Procurement and Disposal Unit in accordance with Section 8 (m) of the PPDA Act, Cap 205.

2.1.7 Low bidder participation

Section 49 of the PPDA Act, Cap. 205 emphasizes the need to maximize competition in all procurement and disposal processes to achieve value for money. However, 15% of the sampled procurements under open domestic bidding worth UGX 147,439,521 received only two bidders responding to bid invitations as detailed in Table 8 below:

Table 8: Procurements with low bidder participation

No.	Subject of procurement	Amount (UGX)	Method of procurement	Number of bids received
1.	Completion of 2-classroom block at Katwe P/S	51,000,000	Open Domestic Bidding	2
2.	Design and documentation for the construction of Kabwohe HC IV	44,885,000	Open Domestic Bidding	2
3.	Completion of 2-classroom block at Kihunda Primary School	51,554,521	Open Domestic Bidding	2
Total		147,439,521	Average	2

Implication

The low bidder participation with an average of two bids per procurement, falls significantly short of the desired competitive standards, potentially compromising the achievement of value for money in the Municipal Council's procurement processes.

Management response

Management acknowledged the query and pledged to improve.

Recommendation

The Procurement and Disposal Unit should review its evaluation criteria and requirements to stimulate competition and also sensitize bidders to improve the level of confidence bidders have in the procurement processes of the Entity to maximize competition in accordance with Section 49 of the PPDA Act, Cap 205.

2.1.8 Irregularities during the evaluation of bids

Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006 states that a substantially compliant and responsive bid shall conform to all the instructions, requirements, terms, and conditions of the bid documents without material deviation, or omission.

The Authority noted that the above regulation was not adhered to by the Evaluation Committee in four procurement transactions worth UGX 161,369,583 as detailed in Table 9 below:

Table 9: Procurements with evaluation irregularities

No.	Subject of procurement	Amount (UGX)	PPDA Findings
1.	Design and documentation for the construction of Kabwohe HC IV	44,885,000	Irregular evaluation Clause 12 of the evaluation criteria indicated that the best-evaluated bidder shall be the bid achieving the highest combined technical and financial score. Whereas Mkron Company Ltd emerged as the best-evaluated bidder, there was no combined technical and financial score.
2.	Supply of a Multi-Purpose photocopying machine for Kashozi Division and 2 Laptops for Education	22,703,200	Failure to sign the evaluation report by Ms. Tusiime Phionah the Chairperson of the Evaluation Committee.
3.	Supply of medical equipment to HC III	63,998,000	The Evaluation Committee members did not sign the ethical code of conduct form.
4.	Construction of a 5-stance lined VIP Latrine with a urinal at Rwakizibwa P/S	29,783,383	
Total		161,369,583	

Implications

There is a risk of unfair and wrong contract award decisions denying the Entity value for money from the procurement processes since competition and transparency are compromised.

Management response

Management acknowledged the query and pledged to improve.

Recommendations

- a. The Accounting Officer should suspend the following Evaluation Committee members; namely Ms. Maude Katusime (Senior Procurement Officer), Ms. Sarah Lubega (Senior Nursing Officer) and Mr. Archiles Byabasheija (Municipal Engineer) from participating in any evaluation process for a period of one year. The above members have been recommended for suspension for wrongly evaluating in the procurement for design and documentation for the construction of Kabwohe HC IV worth UGX 44,885,000 in accordance with Section 9 (1) (a) of the PPDA Act, Cap 205.

- b. The Evaluation Committee members should strictly adhere to the evaluation criteria set out in the solicitation document in accordance with Section 76 (3) of the PPDA Act, Cap 205.
- c. The Evaluation Committee members should sign the evaluation reports in accordance with Regulation 4 (14) of the PPDA (Evaluation) Regulations, 2023.

2.1.9 Irregularities at contract signing and poorly drafted contract documents

The Authority observed that five contracts worth UGX 174,561,983 did not follow procedure and contracts were poorly drafted as detailed in Table 10 below:

Table 10: Procurements with poorly drafted contract documents

No	Subject of procurement	Amount UGX	PPDA Finding
1.	Supply of fuel, lubricants, oils and servicing of the vehicle	63,998,000	Missing contract agreement on file
2.	Design and documentation for the construction of Kabwohe HC IV	44,885,000	<ul style="list-style-type: none"> ➤ No witness to the contract for the provider. ➤ All pages were not initialed by the signatories on behalf of the Entity. ➤ The contract document was for works and not consultancy services. ➤ Contradictions in the contract duration within the contract. Whereas the terms of reference attached to the signed contract required the consultancy service to be executed within two months from the date of signing the contract, GCC 17.1 stated that the intended construction date was three months from the date of signing.
3.	Supply of furniture to Migina HC III	13,192,400	<ul style="list-style-type: none"> • Inadequate contract document ➤ No witness to the contract for the provider. ➤ All pages were not initialed by the signatories on behalf of the Entity. ➤ The contract document was for works and not supplies.
4.	Construction of a 5-stance lined VIP Latrine with a urinal at Rwakizibwa P/S	29,783,383	<ul style="list-style-type: none"> • Inadequate contract document ➤ No witness to the contract for the provider. ➤ All pages were not initialed by the signatories on behalf of the Entity.
5.	Supply of a Multi-Purpose photocopying machine for Kashozi Division and 2 Laptops for Education	22,703,200	<ul style="list-style-type: none"> • Inadequate contract document ➤ No witness to the contract for the provider. ➤ All pages were not initialed by the signatories on behalf of the Entity.

No	Subject of procurement	Amount UGX	PPDA Finding
			<ul style="list-style-type: none"> ➤ The contract document was for works and not supplies. ➤ Contradictions in the contract duration within the signed contract. Whereas the signed contract stated that the contract duration was two months from the date of signing the contract, GCC 17.1 of the same contract stated that the intended delivery time for all the supplies was five months from the date of signing.
Total		174,561,983	

Implication

This implies that the general and special conditions of the contract were not accented to by parties to the contract.

Management response

Management acknowledged the query and pledged to improve.

Recommendation

The Contracts Committee should thoroughly review contract documents for completeness, consistency, correctness, and accuracy before approval, as required by Section 31 (1) (a) (iv) of the PPDA Act, Cap. 205.

2.1.10 Missing records on procurement action files

Section 41 of the PPDA Act, Cap 205 and Guideline 10 of 2024 requires the Procuring and Disposing Entity to maintain records on the procurement and disposal proceedings. However, the audit revealed that seven sampled procurement action files worth UGX 12,118,893,739 were incomplete with the following missing records detailed in Table 11 below:

Table 11: List of missing records on procurement action files

No.	Subject of Procurement	Amount (UGX)	Records missing
1.	Design and documentation for the construction of Kabwohe HC IV	44,885,000	<ul style="list-style-type: none"> • Copy of the appointment letter issued to the contract manager • Contract management plan • Invoice • Inception report • Draft report • Final designs and drawings • Payment voucher
2.	Construction of Administration Block at the Municipal Council	5,105,126,762	<ul style="list-style-type: none"> • Copy of the appointment letter issued to the contract manager • Contract management plan • Contract management reports

No.	Subject of Procurement	Amount (UGX)	Records missing
3.	Supply of furniture to Migina HC III	13,192,400	<ul style="list-style-type: none"> • Copy of the appointment letter issued to the contract manager • Contract management plan • Invoice • Delivery Note • Goods Received Note
4.	Construction of OPD and wards at Kabwohe HC IV	1,992,176,298	<ul style="list-style-type: none"> • Copy of the appointment letter issued to the contract manager • Contract management plan • Contract management reports
5.	Supply of a Multi-Purpose photocopying machine for Kashozi Division and 2 Laptops for Education	22,703,200	<ul style="list-style-type: none"> • Copy of the appointment letter issued to the contract manager • Contract management plan
6.	Construction of theatre and maternity complex at Kabwohe HC IV	4,822,655,079	<ul style="list-style-type: none"> • Copy of the appointment letter issued to the contract manager • Contract management plan • Contract management reports
7.	Supply of Fuel for Kabwohe Nyakashambya-Kyabahaya Roads	118,155,000	<ul style="list-style-type: none"> • Evaluation Report • Call Off Order
Total		12,118,893,739	

Implication

This implies that the Entity was not supervising contract implementation by providers which led to poor service delivery and unsatisfactory works.

Management response

Management acknowledged the query and explained that some of the documents for projects 1, 2, 4, and 6 were taken by the Inspectorate of Government for verification.

Authority's Comment

The Entity did not provide any evidence of submitting the above documents to the Inspectorate for Government. Therefore, the query was maintained.

Recommendation

The Accounting Officer should ensure that all necessary documentation relevant to a procurement process is submitted to the Procurement and Disposal Unit to enable the Unit to close off the respective procurement action file in accordance with Section 33 (o) of the PPDA Act, Cap 205 and PPDA Guideline 10 of 2024.

2.1.11 Non-Compliance with Beneficial Ownership Declaration

PPDA Circular No. 1 of 2021 requires Procuring and Disposing Entities to submit Beneficial Ownership Declaration for awarded contracts in their monthly reports to the Authority.

The Authority found that, in 13 procurement transactions worth UGX 12,390,427,646; the Entity did not enforce the above requirement. Specifically, bidders were not required to disclose information related to the Directors of firms and consequently, the Entity omitted this important detail in their monthly reports to the Authority.

Implication

This non-compliance increases the risk of corruption, fraud, and tax evasion by the ultimate beneficiaries of company proceeds.

Management response

Management acknowledged the query and pledged to improve.

Recommendations

The Procurement and Disposal Unit should:

- a. Require bidders to submit Beneficial Ownership Declaration through bidding forms and company Form 1; and
- b. Include particulars of Beneficial Ownership Declaration in monthly reports submitted to the Authority in accordance with the PPDA Circular No. 1 of 2021.

2.1.12 Land Ownership Vulnerabilities

Regulation 122(6) of the Local Governments (PPDA) Regulations, 2006, mandates the Accounting Officer to conduct an annual review of all Council assets to identify obsolete assets.

The Board of Survey Report for the Financial Years 2023/2024 revealed that Sheema Municipal Council owned 32 untitled plots as detailed in Table 12 below:

Table 12: Untitled land

S/N	Description	Physical location	Issue observed
1.	Mihambo farmland	Ndeebo	Not titled
2.	Karera HC III land	Karera HC III	Not titled
3.	Kiziba HC II land	Kiziba HC II	Not titled
4.	Kyabandara HC II land	Kyabandara HC II	Not titled
5.	Rushozi HC II land	Rushozi HC II	Not titled
6.	Rwamujojo HC II land	Rwamujojo HC II	Not titled
7.	Kabwohe mid-market with Ecosan	Masheruka road	Not titled
8.	Kibingo shelter market with VIP Latrine	Kitagata Road	Not titled
9.	Kagango Market	Kagango Market	Not titled
10.	Kitojo Market with VIP latrine	Kitojo Market	Not titled
11.	Kagango Division Headquarters land	Kagango Division HQ	Not titled
12.	Kashozi Division Headquarters land	Kashozi Division HQ	Not titled
13.	Kihunda Ward Headquarters land	Kihunda Ward HQ	Not titled
14.	Ktojo Ward Headquarters land	Ktojo Ward HQ	Not titled

S/N	Description	Physical location	Issue observed
15.	Kiziba Ward Headquarters land	Kiziba Ward HQ	Not titled
16.	Kyabandara Ward Headquarters land	Kyabandara Ward HQ	Not titled
17.	Kyagaju Ward Headquarters land	Kyagaju Ward HQ	Not titled
18.	Nyarweshama Ward Headquarters land	Nyarweshama Ward HQ	Not titled
19.	Rushozi Ward Headquarters land	Rushozi Ward HQ	Not titled
20.	Rwamujojo Ward Headquarters land	Rwamujojo Ward HQ	Not titled
21.	Kabwohe Taxi-park & Ecosan toilet	Market cell	Not titled
22.	Kabingo Valley Dam land	Kabingo	Not titled
23.	Itendero ecosan toilet land	Itendero	Not titled
24.	Kemikyera ecosan toilet land	Kemikyera	Not titled
25.	Kyehabure weekly market land	Kyehabure	Not titled
26.	Mikyerere Kyabandara land	Mikyerere Kyabandara	Not titled
27.	Nyamufumura plot	Nyamufumura	Not titled
28.	Okwenjenjenta land	Okwenjenjenta	Not titled
29.	Kabwohe commercial plot-Icobi	Opposite Icobi	Not titled
30.	Rushoroza commercial plot	Rushoroza cell	Not titled
31.	Rushozi dip tank	Rushozi	Not titled
32.	Kihunda Health Centre III land	Kihunda	Not titled

Implication

The lack of land titles makes the Council's land vulnerable to grabbing and theft by squatters.

Management response

Management has acknowledged the query and stated that land titling is being conducted in a phased manner, with 15 titles processed thus far.

Authority's Comment

The Entity did not provide any evidence of land registration procedures or the 15 titles processed. Therefore, the query was maintained.

Recommendation

The Accounting Officer should process land titles for all untitled Municipal land to facilitate its identification and protection in accordance with Regulation 2 (1) of the PPDA (Disposal) Regulations, 2023.

2.1.13 Unidentified assets at the Entity

Regulation 122 (6) of the Local Government (PPDA) Regulations, 2006 states that the Accounting Officer should review all assets of the Council annually to identify obsolete assets.

The Board of Survey report for the Financial Year 2022/2023 revealed that Sheema Municipal Council's movable assets were not labeled with unique identification numbers as detailed in Table 13 below:

Table 13: Unmarked Assets

No.	Item	Number	Location
1.	Armed and cushioned chairs	2	Kagongo Sub County
2.	Big table	1	Kagongo Sub County
3.	Plastic Chair	2	Kagongo Sub County
4.	Bench	10	Kagongo Sub County
5.	Office chair swivel	1	Sheema MC
6.	Bench with back leaning	1	Sheema MC
7.	Sofa set two-seater	1	Sheema MC
8.	Office table	1	Sheema MC
9.	Bench with leather	1	Sheema MC
10.	Twin seater desk	4	Sheema MC
11.	Office chair armed and cushioned	1	Sheema MC
12.	Metallic architectural drawing table	1	Sheema MC
13.	Flip board with stand	1	Sheema MC
14.	Coffee stools	1	Kabwohe
15.	Cupboard	1	Kabwohe
16.	Cushioned office chairs	1	Kabwohe
17.	Office tables/ desks	6	Kabwohe
18.	Filing cabinet	1	Kabwohe
19.	Table	6	Itegyero P/S
20.	Chair	5	Itegyero P/S
21.	Twin desk	33	Itegyero P/S
22.	Twin desk	50	Rweigaga P/S
23.	Office chair	7	Rweigaga P/S
24.	Table	6	Rweigaga P/S
25.	Three-seater	27	Kashozi P/S
26.	Desktop	25	Butsibo Secondary School
27.	Monitor	25	Butsibo Secondary School
28.	Desktop	20	Kareera seed School
29.	Monitor	20	Kareera seed School

Implication

Council assets are prone to theft since they cannot be identified and the tracking of unlabelled assets can pose a challenge if not properly marked.

Management response

Management acknowledged the query and pledged to improve.

Recommendation

The Accounting Officer should ensure that all Council assets are labeled to ease identification in accordance with Regulation 2 (1) of the PPDA (Disposal) Regulations, 2023.

2.1.14 Procurement irregularities noted by the Internal Audit during Financial Year 2023/2024

Regulation 27 (1) of the PPDA (Procuring and Disposing Entities) Regulations 2023, states that the Internal Audit Department of a Procuring and Disposing Entity shall audit the method used for

procurement or disposal and the payment made to establish whether the supplies, works or services are properly ordered, received, verified and paid for in accordance with the Public Finance Management Act, 2015 and the other applicable laws.

A review of Internal Audit Reports for the Financial Year 2023/2024 revealed the following irregularities detailed in Table 14 below:

Table 14: Procurement irregularities from Internal Audit Reports

No.	Department	Finding	Internal Audit report reference
1.	Kabwohe Mixed Senior Secondary	Lack of independence of functions The Headteacher held and performed the roles of the Accounting Officer, Procurement and Disposal Unit and Contracts Committee of the school by individually procuring items to be used by the school contrary to Paragraph 5.1.1 of the Procurement and Disposal Guideline of Schools.	1 st Quarter
2.	Butsibo Secondary School	Use of non-prequalified providers 23 contracts worth UGX 116,255,129 were awarded to providers who were not on the prequalification list of the school contrary to paragraph 6.1.2 of the Procurement and Disposal Guideline for Schools	

Implications

These irregularities create a conducive environment for fraud and corruption to potentially thrive leading to further financial mismanagement and abuse of public resources.

Management response

Management acknowledged the query and pledged to improve.

Recommendations

The Accounting Officer should ensure that all procurement transactions in Secondary Schools strictly adhere to the provisions of the PPDA Act, Cap. 205 and the Procurement and Disposal Guidelines for Schools, 2014.

2.2 COMPLIANCE OF THE DISTRICT'S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, CAP. 205 AND REGULATIONS

The Authority found the following exceptions:

2.2.1 Failure to prepare a disposal plan during Financial Year 2023/24

Section 60 (2) of the PPDA Act, CAP. 205 requires a Procuring and Disposing Entity to plan its procurement and disposal rationally. The inspection revealed that the Procurement and Disposal Unit did not prepare a disposal plan for the Financial Year 2023/2024, despite having several obsolete assets recommended for disposal by the Board of Survey Report for the Financial Year 2022/2023.

Implication

Failure to prepare a disposal plan prevents the Entity from effectively disposing of obsolete assets, resulting in items becoming obsolete.

Management response

Management acknowledged the query and pledged to improve.

Recommendation

The Head Procurement and Disposal Unit should prepare a disposal plan for all assets that were recommended by the board of survey report in the disposal plan according to Section 60 (1) of the PPDA Act, Cap 205

2.2.2 Failure to dispose of obsolete assets

Sheema Municipal Council did not dispose of obsolete assets recommended by the Board of Survey Report for Financial Year 2022/2023 contrary to Regulation 122 of the Local Governments (PPDA) Regulations, 2006. The details of these assets are shown in Table 15 below:

Table 15: Obsolete assets recommended for disposal

S/N	ITEM	Quantity
1.	Screening curtains	5
2.	Patient's beds	7
3.	Delivery bed	1
4.	Oxygen concentrator	1
5.	Solar panels	2
6.	Doors from demolished Health Centre IV buildings	39
7.	Tyres	15
8.	Motorcycle Jailing	1
9.	Yamaha	1
10.	Grade cutting edges	424
11.	Timber	250
12.	Water gutters	20
13.	Wooden door frames	12
14.	Metallic poles	50
15.	Wooden windows	26

S/N	ITEM	Quantity
16.	Metallic windows	24
17.	Autoclave	3

Some of the obsolete assets are pictured below in Figure 2

Figure 2: Obsolete assets spread all over the compound



Figure 2: Pictures showing various obsolete assets at the Sheema Municipal Council parking yard. Pictures were taken on 21st October 2024.

Implication

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

Management response

Management acknowledged the query and pledged to improve.

Recommendation

The Accounting Officer should conduct the disposal of all the obsolete items identified by the Board of Survey in accordance with Regulation 2 of the PPDA (Disposal) 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

The Authority found the following exceptions:

2.3.1 Delayed procurement processes

The Authority identified substantial delays in three sampled procurement transactions worth UGX 2,059,764,498 with an average timeline overrun of 23.3 days as shown in Table 16 below:

Table 16: Procurements whose planned timelines were exceeded during implementation

No	Subject of procurement	Amount (UGX)	Planned procurement duration (days)	Actual Procurement Duration (days)	Procurement time overrun (days)
1.	Design and documentation for the construction of Kabwohe HC IV	44,885,000	33	42	9
2.	Construction of OPD and wards at Kabwohe HC IV	1,992,176,298	180	230	50
3.	Supply of a Multi-Purpose photocopying machine for Kashozi Division and 2 Laptops for Education	22,703,200	33	44	11
Total		2,059,764,498			23.3

Implication

The Entity's planned procurement timelines were overly ambitious and posed a significant risk to effective service delivery, potentially compromising the quality of services provided to the community.

Management response

Management acknowledged the query and pledged to improve.

Recommendation

The Procurement and Disposal Unit should efficiently implement all procurement processes in accordance with Section 51 of the PPDA Act, Cap 205.

2.3.2 Implementation of Environmental, Social, Health and Safety Safeguards

The inspection revealed that the Environmental, Social, Health and Safety safeguards were not adhered to during the construction of two projects worth UGX 102,554,521 as shown in Table 17 below:

Table 17: Table showing procurements without ESHS requirements

No	Subject of procurement	Amount (UGX)	Contractor	PPDA finding
1.	Completion of 2-classroom block at Katwe P/S	51,000,000	Muhwezi Abert Construction Co. Ltd	Non-implementation of key ESHS requirements at project implementation Muhwezi Abert Construction Co. Ltd did not implement the ESHS safeguards estimated at UGX 400,000. These included planting trees and grass, according to the completion report issued on 15 th May 2024.
2.	Completion of 2-classroom block at Kihunda Primary School	51,554,521	NUATU Consult LTD	Non-implementation of key ESHS requirements at project implementation NUATU Consult LTD did not implement the ESHS safeguards estimated at UGX 400,000 including the planting of endogenous short grass in the leveled compound and flowers along walkways in the compound, according to the completion report issued on 15 th May 2024.
Total		102,554,521		

Implication

Failure to adhere to ESHS provisions can have adverse impacts on the planet and humanity.

Management response

Management acknowledged that at the time of making the report some safeguards were not in place but the respective contractors were followed up and all the safeguards were implemented as per the Bills of Quantities.

Authority's Comment

The Entity did not provide any evidence to prove that the safeguards were implemented. Therefore, the query was maintained.

Recommendation

The Accounting Officer should ensure that all environmental, social, health, and safety safeguards requirements are adhered to in accordance with Section 66 of the PPDA Act, Cap 205.

2.3.3 Inadequate contract management

In two procurements worth UGX102,554,521, there were contract management challenges as detailed in Table 18 below:

Table 18: Delayed appointment of the contract manager

No.	Subject of procurement	Amount (UGX)	PPDA Finding
1.	Completion of 2-classroom block at Katwe P/S	51,000,000	Delayed appointment of the contract manager: The Entity appointed Mr. Ruthler Kemigisha, the Assistant Engineering Officer, as the contract manager for the two-month project. The commencement date was 20 th December 2023 but the Contract Manager was appointed on 20 th February 2024, two months later when the project was scheduled to expire.
2.	Completion of 2-classroom block at Kihunda Primary School	51,554,521	Delayed appointment of the contract manager The Entity appointed Mr. Innocent Nuwagira, the Assistant Engineering Officer, as the contract manager for the two-month project. Whereas the commencement date was 20 th December 2023, the Contract Manager was appointed on 20 th February 2024, two months later when the project was scheduled to expire.
Total		102,554,521	

Implication

Ineffective contract management risks financial loss, delays, and reputational damage.

Management response

Management acknowledged the query and pledged to improve.

Recommendations

The Contract Managers should:

- i. Manage the contractual obligations and duties specified in the contract in accordance with Regulation 52 (1) (a) of the PPDA (Contracts) Regulations, 2023; and
- ii. Ensure that the provider performs the contract in accordance with the terms and conditions specified in the contract and in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023.

2.3.4 Delayed contract completion

The Contract Managers did not ensure that all contractual obligations were undertaken before the expiry of the contract. This was noted in three projects worth UGX 97,371,583 contrary to

Regulation 52 (3) (a) (vi) of the PPDA (Contracts) Regulations, 2023. It was further noted that the contracts were not extended before they expired. These are highlighted in Table 19 below:

Table 19: Delayed contract completion

No.	Subject of procurement	Contractor	Amount (UGX)	Original Contract End Date	Actual Completion Date	Delay (Days)
1.	Supply of a Multi-Purpose photocopying machine for Kashozi Division and 2 Laptops for Education	Mwenya General Services	22,703,200	19 th February 2024	18 th March 2024	20 days
2.	Design and documentation for the construction of Kabwohe HC IV	Mkron Company Ltd	44,885,000	18 th March 2024	27 th March 2024	10 days
3.	Construction of a 5-stance lined latrine at Rwakizibwa P/S	Mkron Company Ltd	29,783,383	18 th May 2024	4 th June 2024	16 days
4.	Upgrade of Kabwohe Health Centre IV	UPDF Engineering Brigade	1,992,176,298	5 th December 2023	Incomplete at the time of the compliance inspection conducted on 22 nd October 2024	200 days
Total			2,089,547,881			

Implications

- Failure to complete contracts within the specified contract period leads to delayed service delivery.
- Executing works without a valid contract exposes the Entity to a contract risk of failing to seek damages in case of contract injuries.

Management response

Management acknowledged the query and pledged to improve.

Recommendation

The contract managers should ensure that all the contractual obligations are undertaken before the expiry of the contracts in accordance with Regulation 52(3) (vi) of the PPDA (Contracts) Regulations, 2023 or extend the contract period prior to expiry incase the contractual obligations are not met.

2.3.5 Delayed payments

The Entity did not pay Emperor's Hill Life Investments Ltd within 30 working days after certification of their payment claim in the procurement for the supply of medical furniture to Migina HC III worth UGX 13,192,400 contrary to Clause 52.1 of the General Conditions of the Contracts. The details are in Table 20 below:

Table 20: Delayed Payments

No.	Subject of Procurement	Contractor	Payment Delayed (UGX)	Payment Due Date	Payment Date	Delay (Days)
1.	Supply of medical furniture to Migina HC III	Emperor's Hill Life Investments Ltd	13,192,400	4 th March 2024	Not yet paid as of 21 st October 2024 when the compliance inspection was undertaken.	137
	Total		13,192,400			

Implication

This cripples the financial performance of local businesses that deal with Government.

Management response

Management acknowledged the query and attributed the delayed payment to a budget shortfall for 2023/2024. However, the payment was being processed in the current financial year.

Recommendations

The Accounting Officer should ensure that payments to providers are made within 30 days or a period stated in the special conditions of the contracts from certification of the invoices in accordance with Regulation 49(3) of the PPDA (Contracts) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Overall compliance inspection conclusion

The performance of Sheema Municipal Council for the financial year 2023/2024 was **moderately satisfactory** with an overall weighted average risk rating of **53.9%**.

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 21 below:

Table 21: Summary of performance of Sheema Municipal Council

Risk category	No	No.%	Value	Value %	Weights	Total weighted Average	
						By No.	By Value
High	2	15.4	2,037,061,298	16.4	0.6	9.2	9.8
Medium	8	61.5	10,221,028,444	82.5	0.3	18.5	24.8
Low	3	23.1	132,337,904	1.1	0.1	2.3	0.1
Satisfactory	-	-	-	-	0	-	-
Total	13	100	12,390,427,646	100	1	30	34.7

$$\text{Performance by Number} = \frac{30 \times 100}{60} = 50$$

$$\text{Performance by Value} = \frac{34.7 \times 100}{60} = 57.83$$

$$\text{The average weighted risk rating} = \frac{50 + 57.83}{2} = 53.9$$

Since **53.9%** falls within the **31% - 70%** risk range, the performance of the Entity is rated *moderately satisfactory* as detailed in Table 22 below.

Table 22: Risk rating

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

Appendix 1: Inspection sample list for Financial Year 2023/2024

S/N	Reference No	Subject of procurement	Method of procurement	Provider	Amount (UGX)	Risk rating
1.	SHMC/730/Framework/23-24/00001	Supply of assorted medical equipment for Migina HC III	Open domestic bidding	N2M Company LTD	63,998,000	Medium risk
2.	SHMC/730/Wrks/23-24/00002	Completion of a 2-classroom block at Kihunda P/S	Open domestic bidding	NUATU Consult LTD	51,554,521	Low risk
3.	SHMC/730/Wrks/23-24/00001	Completion of a 2-classroom block at Katwe P/S	Open domestic bidding	Muhwezi Abert Construction Co. Ltd	51,000,000	Low risk
4.	SHMC/730/Srvcs/23-24/00001	Design & documentation for the construction of Kabwohe HC IV	Open domestic bidding	Mkron Company Ltd	44,885,000	High risk
5.	SHMC/730/Wrks/23-24/00003	Construction of a 5-stance lined latrine at RwakizibwaP/S	Selective bidding	Mkron Company Ltd	29,783,383	Low risk
6.	MoH/Supls/23-24/0001 Lot 4	Supply of medical furniture to Migina HC III	Selective bidding	Emperor's Hill Life Investments Ltd	13,192,400	Medium risk
7.	SHMC/730/Framework/23-24/00001	Purchasing and supply of heavy-duty cutting edges	Open Domestic Bidding	Tumoga Enterprises Ltd	11,200,003	Medium risk
8.	SHMC/730/Framework/23-24/00001	Supply of Fuel for Kabwohe Nyakashambya-Kyabahaya Roads	Open Domestic Bidding	Tumuhimbise Petrol Ltd	118,155,000	Medium risk
9.	SHMC/730/Framework/23-24/00001	Supply of fuel for monitoring HCIV in Health Centers	Framework	Nepa Investments Ltd	63,998,000	Medium risk

S/N	Reference No	Subject of procurement	Method of procurement	Provider	Amount (UGX)	Risk rating
10.	SHMC730/Supls/23-24/0001	Supply of a Multi-Purpose photocopying machine for Kashozi Division and 2 Laptops for Education.	Open domestic bidding	Mwenya General Services	22,703,200	Medium risk
11.	SHMC730/WORK S/23-24/00002	Construction of OPD and wards at Kabwohe HC IV	Direct Procurement	UPDF Service Brigade	1,992,176,298	High risk
12.	SHMC730/WORK S/23-24/00005	Construction of Administration Block at the Municipal Council	Direct Procurement	UPDF Service Brigade	5,105,126,762	Medium risk
13.	SHMC730/WORK S/23-24/00004	Construction of theatre and maternity complex at Kabwohe HC IV	Direct Procurement	UPDF Service Brigade	4,822,655,079	Medium risk
TOTAL					12,390,427,646	

Appendix 2: Risk Rating Criteria:

RISK	DESCRIPTION	AREA	IMPLICATION
<p>HIGH</p> <p>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.</p> <p>Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".</p>		<p>Planning: Lack of or failure to procure within the approved plan</p>	<p>This implies emergencies and the use of the direct procurement method which affects competition and value for money.</p>
		<p>Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals, and usurping the powers of the PDU.</p>	<p>This implies the use of less competitive methods which affects transparency, accountability and value for money.</p>
		<p>Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.</p>	<p>This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend an award to a responsive bidder.</p>
		<p>Record Keeping: Missing procurement files and missing key records on the files namely; solicitation documents, submitted bids, evaluation reports and contracts.</p>	<p>This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.</p>
		<p>Fraud/forgery: Falsification of Documents</p>	<p>This implies a lack of transparency and value for money.</p>
		<p>Contract Management: Payment for shoddy work or work not delivered.</p>	<p>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.</p>

RISK	DESCRIPTION	AREA	IMPLICATION
MEDIUM	Procurements that were considered to have weaknesses, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands-on management control and oversight" at an appropriate level of seniority.	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	This implies a lack of efficiency, standardization and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies a lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: 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.
		Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendments 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.	

RISK	DESCRIPTION	AREA	IMPLICATION
		Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practices. 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.	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare a conflict of interest and a 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.