



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT
FOR FINANCIAL YEAR 2018/2019**

AGAGO DISTRICT LOCAL GOVERNMENT

AUGUST 2019

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Acronyms

AO	Accounting Officer
BEB	Best Evaluated Bidder
DLG	District Local Government
EC	Evaluation Committee
FY	Financial Year
HC	Health Centre
HPDU	Head Procurement and Disposal Unit
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
UD	User Department
UGX	Uganda Shilling
VAT	Value Added Tax

EXECUTIVE SUMMARY

Introduction

The Public Procurement and Disposal of Public Assets Authority carried out the Procurement and Disposal audit of Agago District Local Government. The audit covered a representative sample of nineteen (19) procurements carried out during the Financial Year 2018/19. The audit involved a review of procurement system, procurement processes, asset disposal processes, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

From the findings of the procurement audit exercise, the summary performance of your entity revealed that the compliance score was 63%, the performance score was 59% and the overall weighted average performance of **61%** which is **satisfactory** performance as summarized in the table below:

Table 1: Overall Procurement Performance

No.	Compliance Indicator	Score %	Weight	Weighted Score
	Average Compliance Indicator Score	63	0.4	25.2
	Average Performance Indicator Score	59	0.6	35.4
Entity's Weighted Procurement Performance Score				61

Despite the satisfactory performance the following exceptions were noted for management attention:

1. There were 40% of the sampled procurements worth UGX 409,539,401 were not conducted in accordance with the planned timelines. .
2. The Entity did not complete 52% of the sampled procurements worth UGX 532,401,221 within the contractual completion timelines.
3. The Authority found that 46% of the providers were not paid within the contractual timelines.
4. The Entity received less than three (3) bids in 53% of the sampled procurements worth UGX, 639,706,000.
5. The Authority found that 28% of sampled procurements worth UGX 286,677,580 were not awarded within the cost estimate in the procurement plan. This implies that the Entity's market price assessment of requirements was not adequately conducted.
6. Confirmation of availability of funds without delegated authority from the Accounting Officer contrary to Section 39(a) of the PPDA Act 2003.
7. Failure to use PPDA prescribed procurement procedural forms when making submissions to the Contracts Committee for approval of procurement methods, solicitation documents and Evaluation Committee members contrary Regulation 24 (e) of the Local Governments (PPDA) Regulations, 2006.
8. Use of inappropriate procurement methods in one procurement worth UGX 43,500,000 contrary to Guideline No. 1/2007 (Thresholds for Procurement Methods) and the Fourth Schedule of the PPDA Act, 2003.
9. Issuance of wrong and inadequate bidding documents in eight (8) procurements worth UGX 233,420,503 contrary Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
10. Irregularities at during evaluation of bids in five (5) procurements worth UGX 82,271,000 Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006.
11. Failure to recommend statement of requirements to the Procurement and Disposal contrary Regulation 26 (1) (c) of the Local Governments (PPDA) Regulations, 2006.

Recommendation

Agago District Local Governments should implement the recommendations contained in this audit report. The target is to increase the Entity's performance from the current **61%** to **100%**.

Table 2: Performance rating

No.	Compliance Level (%)	Compliance Rating
1.	90-100	Highly Satisfactory
2.	60-89	Satisfactory
3.	30-59	Unsatisfactory
4.	0-29	Highly Unsatisfactory

Recommended Action plan

Agago District Local Government should implement the recommended action plan on pages **35-36** of this report.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Agago District Local Government. The audit covered a representative sample of nineteen (19) procurement transactions carried out during the Financial Year 2018/19. The audit involved a review of procurement system, procurement processes, asset disposal processes, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

1.1 Objectives of the Audit

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

The specific objectives were:

- To establish the level of compliance of the internal procurement system with provisions of the PPDA Act, Regulations and Guidelines and the adequacy for effective procurements and disposals.
- To assess procurement, contracting, and implementation processes based on a representative sample of contracts to confirm the level of compliance with the PPDA Act, Regulations and Guidelines.
- To assess the level of compliance of the asset disposal contracts with the PPDA Act, Regulations, and Guidelines.
- To establish the level of procurement performance of the Entity and the achievement of value for money for each of the sampled contracts in terms of time, competition and cost.
- Based on the key findings on the procurement system, processes and performance, to offer an opinion on attainment of value for money and recommend measures to improve performance.

1.1 Scope of the Audit

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Agago District Local Government from **29th April 2019** to **8th May 2019**. The Entity had a total procurement budget of UGX 2,206,270,568 in the audit period.

The audit covered representative sample of nineteen (19) procurement transactions that had been carried out during Financial Year 2018/19. The audited contracts totaled **UGX 1,924,522,410**. The list of sampled transactions is contained in Annex 1.

The audit questions and criteria were derived from the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006 as well as Local Government (PPDA) Guidelines, 2008. The three audit tools used in the audit were: Procurement System Audit Criteria, Procurement Process Audit Criteria, and Asset Disposal Audit Criteria as contained in the PPDA Procurement Audit Manual.

1.1 Methodology

Agago District Local Government was notified about the upcoming audit on **16th April 2019**. To prepare for the audit, the auditors reviewed the Entity's budget, procurement plan and quarterly reports.

The procured items in the transaction list were stratified by (a) category of works, supplies, consultancy, and non-consultancy services, (b) procurement method, (c) and contract value. A representative sample of the nineteen (19) procurement transactions were selected for audit based on a stratified random sampling method.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The distribution of the transaction population and sample is in Table 3.

Table 3. Distribution of the transactions population and sample for audit

Procurement Method	Popn No.	Sample No.	%age by No	Population Value (UGX)	Sample Value (UGX)	%age Value
Open Bidding	13	7	53	1,124,261,205	549,959,000	49
Selective Bidding	18	13	72	724,261,205	473,889,503	65
Disposal	10	5	50	76,000,000	41,842,000	55
Total	31	20	62.5	1,924,522,410	1,065,690,503	56

Note: *The audit failed to establish the total value of procurements conducted in the FY 2018/19. Although there were Contracts Committee minutes, the total procurements captured in the minutes and reported to the Authority were not representative of the procurements conducted and recurrent procurements like repairs, servicing of vehicles, vehicles, micro-procurements were not reported to the Authority.*

An entry meeting was held on 29th April 2019. At the meeting, the objectives of the audit was discussed as well as the timelines, roles and responsibilities. The Entity's management was requested to avail the required records in time for the audit, to which they agreed to give the necessary assistance to the auditors.

Two Procurement Audit Officers under the supervision of the Director, Performance Monitoring carried out the audit. During the audit, the auditors had personal interviews with the staff from the Procurement and Disposal Unit and User Departments. The meetings were necessary to obtain qualitative information that was crucial to understand the internal control system and processes. The list of the staff in the PDU during the audit is shown in Annex 2

The examination of records and documents was done for each of the sampled transactions. The auditors obtained the relevant evidence to arrive at audit conclusions. Physical inspection was carried out at the end of the audit.

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

At the end of the field data collection, a debriefing meeting was held on 7th May 2019 with the Entity management and staff to conclude pending issues and any records that could not be accessed during the audit.

The auditors prepared the management letter, which was sent to the Entity on 15th July 2019 with a request to submit management response by 22nd July 2019, which was submitted on 26th July 2019. The exit meeting was held on 26th July 2019 at PPDA Gulu Regional office premises.

CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS ON THE PROCUREMENT SYSTEM

2.1 Accounting Officer

The main areas of non-compliance for the Accounting Officer were;

2.1.1 Failure to fully constitute the Contracts Committee

The Entity had only four members on the Contracts Committee from the period 20th February 2017 to date. On 29th March 2017, the PS/ST in his letter requested the Entity to nominate a new member since Drajea Helen Iraku, the Assistant District Health Officer, was not approved, but this request was not acted upon by the Accounting Officer.

Implication

Failure to fully constitute the Contracts Committee may negatively affect adjudication of recommendations from the Procurement and Disposal Unit as well as award of contracts due to lack of sufficient expertise/ experience.

Management Response

The observation is true that the contract committee is not fully constituted it management is in the process of nominating and submitting for approval of additional member by PS/ST.

Recommendation

The Accounting Officer should nominate a member from among the public officers of the Entity to the Secretary to the Treasury for approval in accordance with Regulation 15 (1) of the Local Governments (PPDA) Regulations, 2006.

2.1.2. Inadequate facilitation of the Procurement and Disposal Unit

The Authority found that the Procurement and Disposal Unit had no storage space for procurement records; no internet connections as well as stationery to enable it perform its functions effectively and efficiently.

Implication

Inadequate facilitation affects effectiveness and efficiency in the performance of the Procurement and Disposal Unit.

Management Response

The concern is noted and currently we planning to relocate the PDU to the administration block were internet connectivity will not be a problem anymore and the office space where the senior procurement office is sitting will be for storage of documents. In addition to that the original bid documents will be archived in the central registry to create space and photocopies will be disposed.

Recommendation

The Accounting Officer should prioritize the facilitation of the Procurement and Disposal Unit to enable it carry out its functions effectively and efficiently.

2.1.3 Confirmation of availability of funds without delegated authority from the Accounting Officer

Mr. Obwor Peter confirmed funding and approval to tender revenue collection from butchery in Kalongo Town Council worth UGX 375,000 per month without evidence of delegation of authority by the Accounting Officer.

Implication

This commits the Entity to activities without funds certainty hence creation of domestic arrears.

Management Response

This is noted and the issue will be addressed with effect from FY 2019/2020. All other duties of the Accounting Officer shall be delegated in writing and by the Accounting Officer in accordance with Section 39(a) of the PPDA Act 2003

Recommendation

The Head Procurement and Disposal Unit should desist from handling procurements where the Accounting Officer or an officer with delegated authority has confirmed availability of funding and approved the procurement.

2.1.4 Low bidder participation

The Entity received less than three bids in four (4) procurements worth UGX 30,359,000 under selective national bidding method. In addition, there was no evidence of receipt of invitation to bid by all the shortlisted bidders hence the Authority could not confirm the Entity's efforts in ensuring competition contrary to Regulation 43 (4) of the Local Governments (PPDA) Regulations, 2006.

Table 4: Procurements with low bidder response rate

No.	Subject of procurement	Contract value (UGX)	No. of bids received
1.	Supply of stationary and non- printed stationary	Various rates	2
2.	Supply of fuel, oil, lubricants and gas	Various rates	2
3.	Completion of one classroom block at Okol Primary school	20,000,000	1
4.	Supply of 3453 KG of maize seeds to Production Department	10,359,000	1
	Total		

Implication

Limited competition prohibits attainment of value for money.

Management Response

The observation is true there is low bidders turn up, however, the District as it is nationally categorised as hard to reach present with various causes such as the road for entry for bidders to submit bids despite the fact that adverts come in the national newspapers. The district plans to continue engaging with constructors by way of sensitization and hence encourage them to bid in bigger numbers. This will be done by ensuring that this activity is planned for under capacity building fund.

Recommendation

The Accounting Officer should ascertain the causes for low bidder response and devise mechanisms of increasing competition in the Entity so as to achieve value for money.

2.2 Procurement and Disposal Unit

The Head of Procurement and Disposal Unit during the financial year under review was the Procurement Officer. The main areas of non-compliance were;

2.2.1 Failure to use PPDA prescribed Forms when making submissions to the Contracts Committee for approval of procurement method, solicitation document and Evaluation Committee members.

The Head Procurement and Disposal submitted documents to the Contracts Committee for approval without using the PPDA prescribed forms (LG PP Forms 2 and 5) in all the procurements sampled. There were no justifications given for the recommendations made in the submissions made.

Implication

There is no guidance for the Contracts Committee in adjudication of recommendations from the Procurement and Disposal Unit.

Management Response

It is a best practice to comply and use the required forms (LG PP Forms 2 and 5) in line with guidelines and the relevant laws. The observation is noted and the use of the relevant forms will be emphasized and complied with effect from 2019/2020

Recommendation

The Head Procurement and Disposal Unit should use LG PP Forms 2 and 5 when making submissions to the Contracts Committee and keep all records of the Contracts Committee, including, but not limited to agendas, submissions and minutes in accordance with Regulation 24 (e) of the Local Governments (PPDA) Regulations, 2006.

2.2.2 Use of inappropriate procurement methods

In the supply of executive furniture under Planning Unit worth UGX 43,500,000; the Entity used selective bidding method to invite bidders instead of open bidding yet the estimated market price at initiation was UGX 64,000,000.

The Entity after prequalification exercise signed framework agreements, instead of inviting bidders using the Open Bidding procurement method, for the period of one year for the following supplies:

- a) Stationary and non- printed stationary;
- b) Executive office furniture, fitting, filling cabinets and safes; and
- c) Fuel, oil, lubricants and gas.

In addition, there were no unit rates in the framework contracts which resulted into varying rates at time of each call off order.

Implication

Use of inappropriate procurement methods limits competition thereby hindering the attainment of competitive prices from bidders hence failure to obtain value for money.

Authority's Comment: The Authority noted the management response, however for any supply of above thirty million and above fall under open national bidding procurement method.

Management Response

- *The initial plan for this procurement of executive office furniture was UGX. 64,000,000= that requires the use of opened bidding but later on it was realised that the money*

available was UGX. 43,500,000= that is why the contract was changed from open bidding to selective bidding and three firms were called to submit in their quotations and were picked from prequalified service providers, evaluated and awarded in a competitive manner. However, for this FY the entity will comply with set down rules and regulations

- On framework contract, the District will enforce use of frame work contract by inviting prequalified firms to compete for common use items in accordance to Regulation 94 of the LG (PPDA) Regulation 2006

Recommendations

- The Head procurement should adhere to Guideline No. 1/2007 (Thresholds for Procurement Methods) and the Fourth Schedule of the PPDA Act, 2003 in choosing appropriate procurement methods.
- The Accounting Officer should enforce the use of framework contract for the common user items in according to Regulation 94 of the LG (PPDA) Regulations, 2006.

2.2.3 Issuance of wrong and inadequate bidding documents

This was observed in eight (8) procurements worth UGX 233,420,503 as detailed below:

Table 5: Procurements with wrong/ inadequate bidding documents

No	Subject of procurement	Findings of the Authority
1.	Construction of 2 classroom block at Geregere Primary School worth UGX 75,001,000	The bidding document issued had only Statement of Requirements which included bills of quantities that had drawings, preliminaries and general conditions. All the other Sections of the standard bidding document such as bidding procedures, evaluation methodology, conditions of contract, among others were lacking.
2.	Construction of 2 stance lined pit latrine at AcholPii H/C III worth UGX 11,849,503	The Entity issued bidders with the bidding document for the procurement of works under Open and Restricted Bidding issued by PPDA on March 2014 for Central Government Entities instead of the Local Governments bidding documents issued for works in 2008.
3.	Completion of one classroom block at Okol Primary School worth UGX 20,000,000	The Entity issued bidders with the bidding document for the procurement of works under Open and Restricted Bidding issued by PPDA on March 2014 for Central Government Entities instead of the Local Governments bidding documents issued for works in 2008
4.	Sitting, drilling, pump testing water quality analysis, supervision, casting and installation of 6 borehole under lot 1 worth UGX 119,300,000	The Entity issued bidders with the bidding document for the procurement of works under Open and Restricted Bidding issued by PPDA on March 2014 for Central Government Entities instead of the Local Governments bidding documents issued for works in 2008
5.	Revenue collection from butchery in Kalongo Town Council worth UGX 375,000 per month	Failure to include the required the bid validity periods. All bidding documents issued to bidders for tendering of revenue sources did not have a requirement for bid validity. This resulted into potential bidders submitting
6.	Revenue collection for Patongo Taxi Park and old market Patongo Town	

No	Subject of procurement	Findings of the Authority
	Council worth UGX 1,650,000 per month	open ended bids.
7.	Revenue collection for Patongo main market in Oliga Town Council worth UGX 1,645,000 per month	
8.	Revenue collection for Kotomor main Market worth UGX 3,600,000 per month	

Implications

- Issuance of wrong and inadequate bidding documents could result into preparation of inadequate bids by potential bidders that may fail to meet the needs of users.
- It could also lead to inadequate bid evaluations and comparisons of bids received hence recommendations of contract awards to incompetent/non-compliant bidders.

Management Response

We take note of the observation on the use of incorrect solicitation documents. The entity will for FY 2019/2020 use standard Solicitation documents in accordance with Regulation 48 of the Local Government (PPDA), Regulations, 2006 and consult the Authority where there are challenges.

Recommendations

- The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
- The Contracts Committee should always review all bidding documents and ensure their completeness and accuracy before approval.

2.2.4 Failure to send the Notice of Best Evaluated Bidder to all participating bidders

There was no evidence on file to prove that all bidders that participated in all the sampled procurements were notified of the outcomes of the procurements.

Implication

Failure to notify unsuccessful bidders of the procurement outcome denies them the right to appeal the decision of award in case they are aggrieved.

Management Response

At the time of audit, the notice of best evaluated bidders had not been fully put on files. The notices were in place and now available for verification. The notices are also published on district notice board for the public and the

Recommendation

The Head, Procurement and Disposal Unit should send copies of the Notice of Best Evaluated Bidder to all bidders that participated in the procurement process in accordance with Regulation 85 (5) of the Local Governments (PPDA) Regulations 2006.

2.3 Contracts Committee

The following areas of exceptions were noted in the functions of the Contracts Committee:

2.3.1 Approval of wrong and inadequate bidding documents as detailed in table 5;

2.3.2 Approval of evaluation reports with irregularities as detailed in table 9; and

2.3.3 Unfair adjudication of contract awards for revenue tenders

The Authority reviewed Contracts Committee minutes dated on 5th September 2018 and established unjustified award of revenue centres management contracts below the reserve prices established by the Entity, while some compliant firms that quoted above the reserve prices were never awarded contracts thus causing a financial loss to the Entity. The procurements were;

Table 6: Providers awarded tenders below the reserve price

No.	Subject of procurement	Reserve price (UGX) Per Month	Price of BEB (UGX) Per Month	Provider awarded contract
1.	Revenue collection for Kaket market (Lira- Kato) in Lapono Sub County	250,000	200,000	Lamulik Enterprises Limited
2.	Revenue collection for produce and loading in Patongo Sub County	280,000	260,000	Omakowiye and Family Limited
3.	Revenue collection for Lira-Palwo main market in Lira-Palwo Sub County	800,000	650,000	Abermaicel Construction Company Ltd
4.	Revenue collection for Patongo main market (Oliga) in Patongo S/C	1,800,000	1,645,000	Weris and Brothers Construction and Supplies Company Ltd.
5.	Revenue collection for Kotomor market and landing fees in Kotomor Sub County	1,300,000	1,200,000	Ogong United Company Limited

Table 7: Providers not awarded tenders for quoting below the reserve price

No.	Subject of procurement	Reserve price (UGX) per Month	Price of BEB (UGX) per Month	Contracts Committee reasons
1.	Revenue collection for produce and loading in Lapono Sub County	250,000	200,000	The amount quoted by Drego Kindred Enterprises Limited of UGX 170,000 and Agago Displaced Youth Association Group Company Limited of UGX 200,000 was too low compared to the reserve price. Contracts Committee decision: to be re-advertised
2.	Revenue collection for sand quarry site in	360,000	200,000	The amount quoted by Luyoro Builders and Supply Company Limited of UGX 50,000 was too low compared to reserve price.

No.	Subject of procurement	Reserve price (UGX) per Month	Price of BEB (UGX) per Month	Contracts Committee reasons
	Kalongo Town Council			Contracts Committee decision: to be re-advertised. However, the Authority noted that this was also a sole bidder and the Evaluation Committee had recommended contract award.
3.	Revenue collection for stone and sand quarry site in Wol Sub County	100,000	50,000	The amount quoted by Luyoro Builders and Supply Company Limited of UGX 50,000 was too low compared to reserve price. Contracts Committee decision: to be re-advertised. However, the Authority noted that this was also a sole bidder and the Evaluation Committee had recommended contract award.

Table 8: Unfair adjudication of contract award

No.	Subject of procurement	Reserve price (UGX) per month	Price of BEB (UGX) per month	Authority findings
1.	Revenue collection for Kalongo main market in Kalongo Town Council	750,000	850,000	Failure to award contract The evaluation committee minutes dated 24 th August 2018 recommended contract award to Owili and Family Company at UGX 850,000; however, the Contracts Committee did not award the contract citing inconsistency. The Authority did not find any explanation of the inconsistencies in the Contracts Committee minutes.
2.	Revenue collection for Taxi Park in Kalongo Town Council	480,000	570,000	Unfair contract award leading to a financial loss of UGX 10,000 per month The Contracts Committee awarded the contract to Drego Kindred Enterprises Limited at UGX 570,000 instead of Jackson and Brothers Company Limited at UGX 580,000. The justification was that Jackson and Brothers Company Limited did not submit audited accounts for the last two financial years, key personnel and any list of equipment required in the bidding document.

No.	Subject of procurement	Reserve price (UGX) per month	Price of BEB (UGX) per month	Authority findings
				However, the Authority found that the Contracts Committee unfairly awarded the contract to Drego Kindred Enterprises Limited because both bidders did not satisfy the requirements stated in the bidding document which were: a bank statement for the last six months, bio data of the applicant and passport photograph. The Contracts Committee introduced criteria which were not stated in the bidding document.

Implication

Unfair adjudication of contract awards contravenes the principle of fairness in public procurement and exposes the Entity to risks associated with non- performance of contracts awarded to incompetent/ non- compliant bidders.

Management Response

The entity has noted these observations and shall task the District Internal Auditor to verify this anomalies and appropriate disciplinary action will be taken accordingly to deter this from reoccurring

Recommendation

The Contracts Committee should conduct the contract award process in a manner that promotes transparency, accountability and fairness in accordance with Section 45 of the PPDA Act, 2003.

2.4 Evaluation Committee(s)

The main areas of non-compliance with regard to Evaluation Committee(s) were:

2.4.1 Irregularities at evaluation stage

Five (5) procurements worth UGX 82,271,000 had irregularities at the evaluation stage as detailed in the table below:

Table 9: Procurements with irregularities at evaluation stage

No	Subject of procurement	Findings
1.	Construction of 2 classroom block at Geregere Primary School worth UGX 75,001,000	Evaluating bidders on criteria not stated in the bidding document Bidders were evaluated on criteria not stated in the bidding document and this included: a copy of a valid trading licence, a valid income tax clearance certificate, and certificate of incorporation, nationality of the bidder, general experience, specific experience, personnel and equipment.

No	Subject of procurement	Findings
		<p>Correction of error when there were no errors in the bid The evaluation committee reduced the rate quoted by bidder the bidder's price was reduce from 76,156,000 to 75,001,000 a different of 1,146,000 this has disadvantaged another bidder who quoted lower than that.</p> <p>Failure to communicate arithmetic errors Arithmetic corrections worth UGX 1,155,000 were made in the bid submitted by Apuru & Family Company Limited (best evaluated bidder). Whereas this reduced the bid price from UGX 76,156,000 to UGX 75,001,000, there was no communication made in this respect to the affected bidder.</p>
2.	Revenue collection from butchery in Kalongo Town Council worth UGX 375,000 per month	<p>The best evaluated bidder, Ngomawango Yii Youth Association, did not submit the following:</p> <ul style="list-style-type: none"> • Evidence of payment of non-refundable fee; • Recommendation letter from bidder's place of residence or work; • A bank statement for the last six months; and • A business plan for the post applied for.
3.	Revenue collection for Patongo Taxi Park and old market Patongo Town Council worth UGX 1,650,000 per month	<p>The best evaluated bidder, Patongo Taxi Operators Drivers Association, did not submit the following:</p> <ul style="list-style-type: none"> • Evidence of payment of non-refundable fee; • Recommendation letter from bidder's place of residence or work; • Trading licence; • Certificate of registration; • A bank statement for the last six months; and • A business plan for the post applied for.
4.	Revenue collection for Patongo main market in Oliga Town Council worth UGX 1,645,000 per month	<p>The best evaluated bidder, Weris and Brothers Construction (U) Limited, did not submit the following:</p> <ul style="list-style-type: none"> • Evidence of payment of non-refundable fee; • Recommendation letter from bidder's place of residence or work; • A bank statement for the last six months; and • A business plan for the post applied for.
5.	Revenue collection for Kotomor main Market worth UGX 3,600,000 per month	<p>The best evaluated bidder, Ogong United Company Limited, did not submit the following:</p> <ul style="list-style-type: none"> • Evidence of payment of non-refundable fee; • Recommendation letter from bidder's place of residence or work; • Trading licence; • Certificate of registration; • A bank statement for the last six months; • Memorandum and articles of association; • The bio data of the applicant and passport photograph of the Director (Okello Julio); and • A business plan for the post applied for.

Implications

- Failure to inform bidders of arithmetic corrections made in their bid submission contravenes the principle of transparency.
- Failure to adhere to set criteria in the solicitation document could result into award of contracts to incompetent and non-compliant bidders.
- Adjusting rates quoted by bidders is an act of corruption.
Reach

Management Response

- This observation is noted and the management will hold pre evaluation meetings with the evaluation committee members to enhance their capacity and they have to give the copy of their preliminary and detail evaluation criteria to the District Internal Auditor for immediate review before the evaluated result is communicated out.*
- The entity has noted the anomalies and as stated in response (i) above follow up will be conducted and communicated for the correction done immediately*
- The District Internal Auditor will be task to review this recommendation and immediately the process of recovery will be instituted if at all this has resulted for financial loss*

Recommendations

The Evaluation Committees should:

- i) Always conduct evaluation of bids according to the evaluation criteria stated in the bidding document in accordance with Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006.
- ii) Always request for clarification in writing from the affected bidders in case of correction of arithmetic errors in accordance with Regulation 74(3) and (4) of the Local Governments (PPDA) Regulations, 2006.
- iii) The Accounting Officer should task the respective Evaluation Committee members to show cause as to why disciplinary action should not be taken against them for irregularities noted in the evaluation of the above procurements.

2.5 User Departments

The main areas of non-compliance were;

2.5.1 Failure to recommend statement of requirements to the Procurement and Disposal

Unit at time of initiation of the procurements User Departments did not attach statements of requirements to the procurement requisition forms at time of initiation of the following procurements:

- a) Supply of stationary and non-printed stationary; and
- b) Supply of executive office furniture, fitting, filling cabinets and safes.

Implication

Failure by User Departments to initiate procurements with clear statement of the requirements exposes the Entity to the risk of acquisition of goods that do not meet end user requirements or serve the intended purpose.

Management Response

The entity has noted this gap and communication will be sent to all heads of department and lower local government to that effect and they must comply with Regulations 26(1) of the

Local Government (PPDA) Regulations 2016. The Head of Internal Audit will be task to verify all documents related to initiation of procurement prior to the time other processes begin.

Recommendation

User Departments should recommend statements of requirements to the Procurement and Disposal Unit for all procurement transactions to be conducted in accordance with Regulation 26 (1) (c) of the Local Governments (PPDA) Regulations, 2006.

2.5.2 Failure to nominate contract supervisors and failure to prepare contract Implementation plans

In nine (9) procurements sampled worth UGX 489,078,503, User Departments did not nominate contract supervisors and consequently there were no contract implementation plans prepared.

Table9: Procurements without contract supervisors

No	Subject of procurement	Procurement method	Provider	Contract value (UGX)
1.	Revenue collection for Patongo Taxi Park and old market in Patongo Town Council	Selective Bidding	Patongo Taxi Operators Drivers Association	19,650,000
2.	Revenue collection for Patongo main market in Oliga Town Council	Selective Bidding	Weris & brothers Construction and Supplies Limited	19,650,000
3.	Revenue collection for Kotomor main Market	Selective Bidding	Ogong United Company Limited	43,200,000
4.	Supply of fuel, oils and lubricant	Selective bidding	Onex Service Station	98,000,000
5.	Supply of printed and non- printed stationeries	Selective bidding	PiiBerTicl Computing and General Supplies Ltd	2,340,000
6.	Supply of local and manufactured road construction materials	Selective bidding	Awinyo ma oruu Company Limited	45,000,000
7.	Supply of executive office furniture , fitting, filling cabinets, safe and fans	Selective bidding	Footsteps Company Limited	76,000,000
8.	Supply of computers and accessories, generators, camera, photocopiers, fax machine and small office equipment	Selective bidding	Service Technology Incorporated	23,000,000
9.	Revenue collection from butchery	Selective Bidding	Ngo Mawango Yii Youth Association	4,500,000
	Total		489,078,503	

Implication

Failure to nominate contract supervisor and prepare contract implementation plans hinders effective monitoring of contract execution thus affecting service delivery.

Management Response

At the time of audit, the user departments did not actually submit the copies of letter of appointment of contract supervisors to the contract files, these are now filed in the contract files and are ready for verification. See annex 1.4.2

Recommendations

- i) User Departments should nominate an existing member of staff with appropriate skills and experience, or who is supervised by a member of staff with appropriate skills and experience, as a contract supervisor and inform the Accounting Officer in writing copied to the Internal Audit Department, Secretary Contracts Committee and any other relevant stakeholders informing them of the designated contract supervisor, who shall take full responsibility in accordance with Regulation 119 (2) of the Local Governments Regulations, 2006.
- ii) The Accounting Officer should prevail over contract supervisors to prepare contract implementation plans in accordance with Regulations 119 (3) of the Local Governments (PPDA) Regulations, 2006.

2.5.3 Failure to enforce remittance of revenues in accordance with the terms and Conditions specified in the contract

There was no evidence availed to the Authority to ascertain that the contracted service providers remitted revenues and the 3 months' advance to the Entity as was required under the Terms of Reference. In addition, revenue registers/ schedules and collection receipts from the Sub Counties and Town Councils were not availed for review.

Table 10: Tenders with non- remittance of revenues to the Entity

No.	Subject of procurement	Terms of Reference in signed contracts
1.	Revenue collection for Patongo main market (Oluga) in Patongo Sub County worth UGX 1,645,000 per month from 1 st October 2018 to 30 th June 2019	<ul style="list-style-type: none"> • <i>Item No. 6 required service providers to pay three months' advance to the Entity prior to assumption of revenue collection.</i> • <i>Item No. 13 required the service provider to make the payment on the Agago DLG General Fund Account No: 0121350107087 in DFCU Bank.</i>
2.	Revenue collection for Kotomor market and landing fees in Kotomor Sub County worth UGX 1,200,000 per month from 1 st October 2018 to 30 th June 2019.	<ul style="list-style-type: none"> • <i>Item No. 14 required service providers to remit revenues not later than five days from the expiry of the previous month.</i> • <i>Item No.15 stated that "Failure to adhere to above conditions shall lead to automatic cancellation of the contract."</i>
3.	Revenue collection for butchery in Kalongo Town Council worth UGX 375,000 from 12 th October 2018 to 30 th June 2019	<p><i>Item No. 5 required service providers to pay three months' advance to the Entity prior to assumption of revenue collection.</i></p> <p><i>Item No. 12 required the service provider to make the payment on the Kalongo Town Council General Fund Account No: 01213551472222 in DFCU Bank.</i></p> <p><i>Item No. 13 required service providers to remit revenues not later than five days from the expiry of the previous month.</i></p> <p><i>Item No.14 stated that "Failure to adhere to above conditions shall lead to automatic cancellation of the</i></p>

No.	Subject of procurement	Terms of Reference in signed contracts
		<i>contract.”</i>
4.	Revenue collection for taxi park and old market in Patongo Sub County worth UGX 550,000 per month from 1 st October 2018 to 30 th June 2019.	<ul style="list-style-type: none"> • <i>Item No. 6 required service providers to pay three months’ advance to the Entity prior to assumption of revenue collection.</i> • <i>Item No. 13 required the service provider to make the payment on the Patongo Town Council General Fund Account No: 06815400001 (bank not stated).</i> • <i>Item No. 14 required service providers to remit revenues not later than five days from the expiry of the previous month.</i> • <i>Item No.15 stated that “Failure to adhere to above conditions shall lead to automatic cancellation of the contract.”</i>

Implication

The lack of accountability for the revenues collected is a red flag and signals the revenue denied to the Entity hence hindering its development.

Management Response

- i. *The observation is noted and the entity will task the District Internal Auditor to carry out procurement audit at each stage of procurement processes and any recommendation given will be acted on immediately to avoid these from reoccurring.*
- ii. *For non-compliance, the entity will require the user departments to update the Accounting Officer on the progress of their procurement processes on a monthly basis on that appropriate action is taken timely*
- iii. *Lower Local Government will be task to file their revenue return and submit the copy to PDU on quarterly basis. See annex 1.4.4*

Recommendations

- i) The Accounting Officer should cancel all non- performing contracts in accordance with Item No.s 14 and 15 under the Terms of Reference in the signed contracts.
- ii) The Accounting Officer should enforce close supervision and monitoring of revenue collections from divisions in order to realise the planned amounts required for implementation of other planned activities.

2.5.4 Failure to avail records to the Authority for reviews

Eight (8) procurements files worth UGX 338,779,503 lacked records as detailed per case below:

Table 11: Missing records

No.	Subject of procurement	Missing documents
1.	Supply of printed and non- printed stationary as per LPO	Delivery notes, invoices and payment records.
2.	Construction of 2stance lined pit latrine at AcholPii H/C III worth UGX 11,849,503	Bid invitation notice
3.	Sitting, drilling, pump testing water quality analysis, supervision, casting and installation of 6 borehole under lot 1 worth UGX 119,300,000	Performance security
4.	Supply of 3453Kgs of maize seeds to Production Department worth UGX 10,359,000	Delivery note, invoice and payment records.

No.	Subject of procurement	Missing documents
5.	Revenue collection for Patongo main market (Oluga) in Patongo Sub County worth UGX 1,645,000 per month from 1 st October 2018 to 30 th June 2019	Revenue collection receipts and remittances.
6.	Revenue collection for Kotomor market and landing fees in Kotomor Sub County worth UGX 1,200,000 per month from 1 st October 2018 to 30 th June 2019.	Revenue collection receipts and remittances.
7.	Revenue collection for butchery in Kalongo Town Council worth UGX 375,000 from 12 th October 2018 to 30 th June 2019	Revenue collection receipts and remittances.
8.	Revenue collection for taxi park and old market in Patongo Sub County worth UGX 550,000 per month from 1 st October 2018 to 30 th June 2019.	Revenue collection receipts and remittances.

Implication

Missing records affect the audit trail.

Management Response

The observation is noted and the entity has communicated to all the affected user departments to bring copies of the missing documents to the PDU for filings and those copies will be avail to the Authority for verification. See annex 1.4.4 (2 to 12)

Recommendation

The Head Procurement and Disposal Unit should archive all documents pertaining to a particular procurement in accordance with Section 31 (o) of the PPDA Act, 2003.

2.6 Internal Controls

2.6.1 Lack of a mechanism for implementation of PPDA previous audit recommendations

The Entity was issued with the previous audit report for Financial Year 2017/18 in November 2018 and out of the twenty-nine (29) recommendations made, 27.6% were not implemented, 41.4% were partially implemented and 31% were fully implemented as indicated in table 9 below:

Table 12: Status of implementation of previous audit recommendations (FY 2017/18)

Recommended Action	Status of implementation
Accounting Officer	
i. The Accounting Officer investigate further, provide a report to the Authority within a month after this report, recover all funds found to be lost and also direct officers involved in the mismanagement of fuel under force account mechanism to show cause why disciplinary action should not be taken against them.	Not implemented
ii. The Accounting Officer should task the Head of Engineering and Technical Services, the Contracts Committee and the Head Procurement and Disposal Unit to ensure that all works implemented under force account mechanism follow the provisions of the PPDA Act, 2003, PPDA (force account) Regulations, 2014 and circulars on	Partially implemented

Recommended Action	Status of implementation
<p>use of force account mechanism.</p> <p>iii. The Accounting Officer should ensure that confirmation of availability of funds is done in accordance with Section 39 of the PPDA Act, 2003 and Regulations 65 (7) of the Local Governments (PPDA) Regulations, 2006.</p> <p>iv. The Accounting Officer should put in place a mechanism which is shared by all departments of the Entity for implementation of recommendations made by the Authority.</p> <p>v. The Accounting Officer should urgently address the issue of low bidder participation since this could be a result of lost confidence by providers in the procurement processes of the Entity.</p> <p>vi. The Accounting Officer should organise capacity building exercises in procurement and disposal practices for all staff.</p> <p>vii. The Entity should formally submit to the Authority for suspension all firms that submitted invalid tax clearance certificates from Uganda Revenue Authority in accordance with Section 8(f) of the PPDA Act, 2003. A formal letter together with the bids of such firms containing the invalid documentation should be submitted at the exit meeting.</p> <p>viii. The Accounting Officer should urgently address the lack of documentation of the Entity's supervision and monitoring of contracts.</p> <p>ix. The Accounting Officer should ensure that the procurement plan is fully implemented by the end of the Financial Year by ensuring that there is early commencement of the procurement process and updating of the procurement plan whenever need arises.</p> <p>x. The Accounting Officer should dispose obsolete assets of the Entity in accordance with the PPDA Act, 2003.</p>	<p>Partially implemented</p> <p>Not implemented</p> <p>Not implemented</p> <p>Not implemented</p> <p>Not implemented</p> <p>Not implemented</p> <p>Partially implemented</p> <p>Not implemented</p> <p>Not implemented</p>
<p>Procurement and disposal unit</p> <p>i. The Head Procurement and Disposal Unit and the Contracts Committee should desist from handling procurements without confirmation of funding by the Accounting Officer or persons with delegated Authority.</p> <p>ii. The Procurement and Disposal Unit should conduct all procurements in a fair, transparent and competitive manner in accordance with Section 46 of the PPDA Act, 2003.</p> <p>iii. The Head, Procurement and Disposal Unit should maintain and archive records of the procurement and disposal process in accordance with Section 31 (o) of the PPDA Act, 2003.</p> <p>iv. The Head, Procurement and Disposal Unit should send the notices of</p>	<p>Partially implemented</p> <p>Partially implemented</p> <p>Partially implemented</p>

Recommended Action	Status of implementation
best evaluated bidders to all bidders who participate in a procurement process in accordance with Regulation 85 (1) and (5) of the Local Governments (PPDA) Regulations, 2006.	Not implemented
<p>Contracts Committee</p> <ul style="list-style-type: none"> i. The Contracts Committee should, when adjudicating over bidding documents check whether the correct standard document has been used to prepare the bidding document and that all relevant sections have been completed fully and correctly. ii. The Contracts Committee should in accordance with Section 28 (b) of the PPDA Act, 2003 desist from approving procurement outside the plan and further ensure updating of the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003. iii. The Contracts Committee should desist from approving evaluation recommendations where the requirements in the bidding document and those in the Local Governments (PPDA) Regulations, 2006 have not been adhered to. iv. The Contracts Committee should demand for proof of communication of arithmetic correction and subsequent responses prior to approval of evaluation reports. v. The Procurement and Disposal Unit should maintain copies of delivery documents and works completion certificates on procurement action files as proof of delivery of items in accordance with Regulation 46 (3) (e) of the Local Governments (PPDA) Regulations, 2006. 	<ul style="list-style-type: none"> Partially implemented Partially implemented Partially implemented Partially implemented Partially implemented
<p>Evaluation Committees</p> <p>Evaluation Committees should conduct detailed evaluation in accordance with Regulation 72 to 82 of the Local Governments (PPDA) Regulations, 2006 to avoid irregularities in the evaluation process.</p>	Partially implemented
<p>User Departments</p> <p>The user departments should attach statement of requirements and terms of reference at initiation according to Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006 and Section 34 (1) of the PPDA Act, 2003.</p>	Partially implemented

Implication

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

Management Response

The District Internal Auditor was task to follow up on recommendations of any audit recommendations but we realised that he concentrated on the Auditor General and Internal Audit reports. We have recruited one staff to boost the man power gap and the head of Internal Audit will be task to handle even the PPDA audit recommendations and any other corrective measures recommended for the Entity.

Recommendation

The Accounting Officer should take corrective action and also engage all stakeholders to develop strategies on implementation of all audit recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006.

2.6 Procurement planning

2.6.2 Procurement plan implementation

The procurement plan amount was UGX 4,206,270,568 of which the Entity implemented UGX 2,348,522,411 (56%) creating a variance of UGX 1,857,748,157(44%) not absorbed as indicated in tables 13:

Table 13: Analysis of procurement spend

<i>Analysis of procurement spend</i>	
Total procurement plan value inclusive VAT (UGX)	4,206,270,568
Total procurement spend value inclusive VAT (UGX)	2,348,522,411
Procurement plan implementation Rate (%)	56%
Budget Variance (UGX)	1,857,748,157

Implication

Planned items/activities worth UGX 1,857,748,157 were not executed which deprived service delivery to the intended beneficiaries.

Recommendation

The Accounting Officer should ensure that efficiency is improved in the procurement process to enable full utilization of funds before close of each financial year.

KEY FINDINGS AND RECOMMENDATIONS ON THE DISPOSAL PROCESS




A board of survey carried out in May 2017 identified the following items to be boarded off. The Contracts Committee approved the disposal methods on 26th October 2018. An invitation to bid advert under public bidding and public auction method was published in the Daily Monitor on 22nd November 2018 with a bid submission deadline of 14th December







Table 14: Assets auctioned under public bidding method

Procurement reference number	Item description
AGAG611/SUPLS/2018-19/00038	Ford Ranger, LG 0013-003
AGAG611/SUPLS/2018-19/00039	Toyota Hilux, LG 0100-53
AGAG611/SUPLS/2018-19/00040	Toyota Land Cruiser, UAA 155Y
AGAG611/SUPLS/2018-19/00041	Toyota Hilux (Spring) vehicle
AGAG611/SUPLS/2018-19/00042	Suzuki Maruti, UG 351M
AGAG611/SUPLS/2018-19/00043	Honda XL, LG 0104-53
AGAG611/SUPLS/2018-19/00044	AG Yamaha 100, UBA 094Y
AGAG611/SUPLS/2018-19/00045	Yamaha DT 125, UDQ 888C
//	100 assorted used/ old pipes
//	Broken office chairs and tables (10 chairs and 5 tables)
//	100 pieces of used floor tiles
//	13 used solar batteries
//	201 bags of cement
//	107 used / old vehicle tyres
//	Assorted numberless motorcycles (03 DT, 03 Jailing, 02 AG Yamaha and 01 Suzuki)

The status of disposal of the items is indicated in table 16 below:

Table 15: Status of boarded off items at time of audit


No.	Make / Type	Number plate	Findings
1.	Ford Ranger pick-up 	LG 0013-003 	Reserve price: UGX15,000,000 Status: Contract was awarded to Juk George on 25 th January 2019 at UGX 17,100,000, but no contract was signed and hence the motor vehicle was not disposed.
2.	Honda XL 125s 	LG 0104-53	Reserve price: UGX 500,000 Status: Contract was awarded to Okema James on 25 th January 2019 at UGX 1,300,000; but there was no evidence of payment for the motorcycle. In

No.	Make / Type	Number plate	Findings
			addition, the number plate was vandalized.
3.	<p>Toyota Hilux (Spring) vehicle</p> 	<p>UG 3518M</p> 	<p>Reserve price: Not valued because it belonged to Ministry of Health.</p> <p>Status: Not disposed. However, the Authority found that on 18th December 2018, the Chief Mechanical Engineer from Ministry of Works and Transport requested the Entity to obtain clearance from Ministry of Health under which the vehicle falls, but at the time of the audit, the Entity had not implemented the recommendation.</p>
4.	<p>AG Yamaha 100</p> 	<p>UBA-094Y</p> 	<p>Reserve price: none</p> <p>Status: Not disposed. Item was not valued by the Chief Mechanical Engineer from Ministry of Works and Transport. Although advertised for disposal, evaluation was not conducted and hence no contract awarded.</p>
5.	<p>Yamaha DT 125</p> 	<p>UDQ 888C</p> 	<p>Reserve price: none</p> <p>Status: Not disposed. Item was not valued by the Chief Mechanical Engineer from Ministry of Works and Transport. Although advertised for disposal, evaluation was not conducted and hence no contract awarded.</p>

No.	Make / Type	Number plate	Findings
6.	201 bags of cement 	-	Reserve price: none Status: Not disposed and no justification given.
7.	Suzuki Maruti	-	Reserve price: none Item was not valued by the Chief Mechanical Engineer from Ministry of Works and Transport. Status: Not disposed according to records on file; however the Authority did not find the motorvehicle on site.

The Authority was informed that they were disposed; however, there was no record on the reserve prices, the prices at which they were sold and to whom.

Table 16: Items disposed under public auction method

No.	Item description	Quantity	Reserve price (UGX)	Status
1.	100 assorted used/ old pipes	100	No record	All items sold, but there were no payment records.
2.	Broken office chairs and tables	10 chairs and 5 tables	No record	
3.	100 pieces of used floor tiles	100	No record	
4.	13 used solar batteries	13	No record	
5.	107 used / old vehicle tyres	107	No record	
6.	Assorted numberless motorcycles <i>Only one was found at the district</i> 	03 DT, 03 Jailing, 02 AG Yamaha and 01 Suzuki	No record	Eight motorcycles were sold, but there were no payment records.

Implication

- There is a risk of loss of revenue to the Entity due to continuous depreciation of the assets.

Management Response

By the time of the audit the process of disposal was ongoing but now most of the items have been disposed of and the list will be available for verification and all the records related to these disposals will also be presented to you for verification.

Recommendations

- i) The Accounting Officer should expedite the disposal of all assets earmarked for disposal in accordance with Regulation 122 (6) of the Local Governments (PPDA) Regulations, 2006.
- ii) The Head Procurement and Disposal Unit should keep all records of disposal of assets on file in accordance with Regulation 122(5) of the Local Governments (PPDA) Regulations, 2006.

CHAPTER4: PROCUREMENT PERFORMANCE INDICATORS

4.1 Compliance score

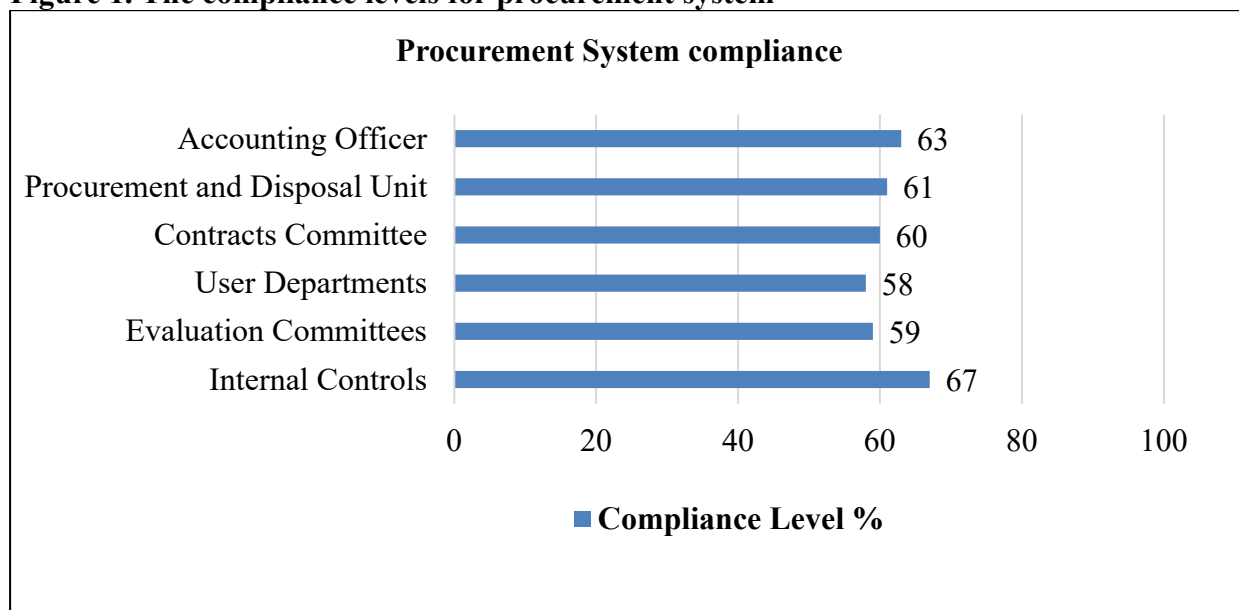
The compliance indicators for the Entity are summarized below:

4.1.2 Procurement System Compliance Level

The compliance levels for each dimension of the procurement system are shown in Figure 1. The overall compliance level for procurement system was **61%**. Thus, the Entity's performance was **satisfactory** regarding procurement system.

Figure 1 shows that the Entity had relatively higher compliance levels in the areas of Internal Control, Accounting Officer, Procurement and Disposal Unit and Contracts Committee. However, it had low compliance levels in the areas of User Departments, and Evaluation Committee.

Figure 1. The compliance levels for procurement system

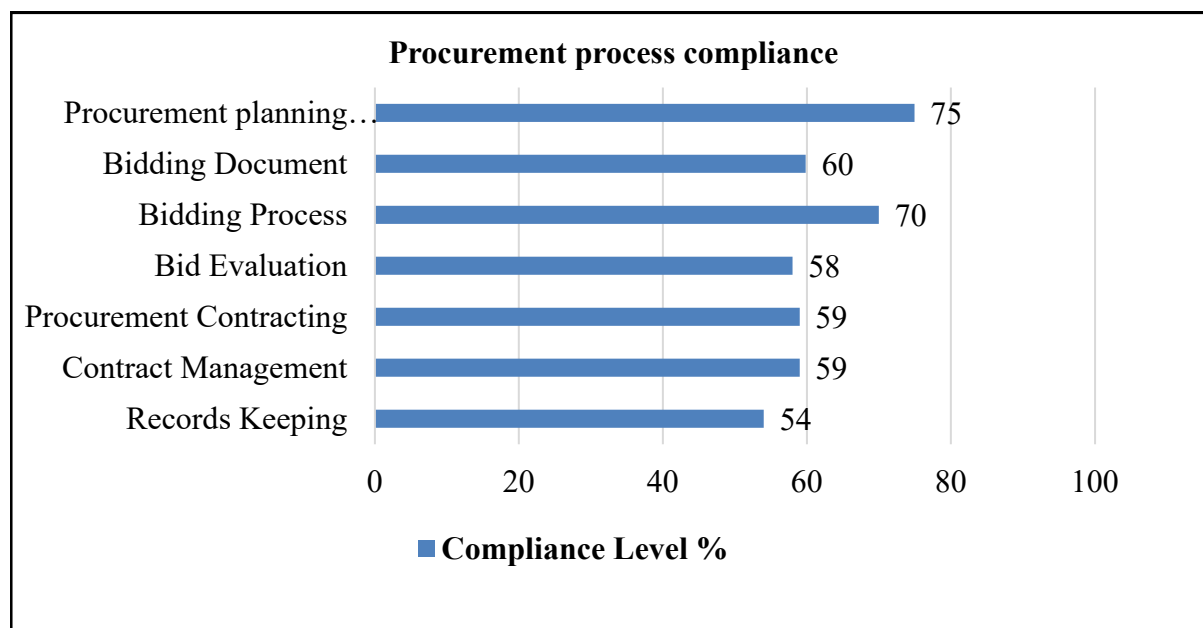


4.1.3 Procurement process compliance level

The compliance levels for each stage in the procurement process are shown in **Figure 2**. The overall compliance level for procurement processes was **62%**. Thus, the Entity's performance was rated **satisfactory** regarding procurement processes.

Figure 2 shows that the Entity had relatively higher compliance levels in the areas of procurement planning and initiation, bidding process, bidding document. However it had low compliance levels in the areas of record keeping, bid evaluation, contract management, and procurement contracting.

Figure 2. Procurement process levels of compliance



4.1.4 Disposal process compliance level

The compliance levels for each stage in the disposal process are shown in **Figure 3**. The overall compliance level for procurement processes was **74%**. Thus, the Entity’s performance was rated **satisfactory** regarding disposal processes.

Figure 3 shows that the Entity had higher compliance levels in the area of disposal method however it had relatively higher compliance levels in the areas of planning, delivery, initiation and record keeping.

Figure 3. Procurement process levels of compliance

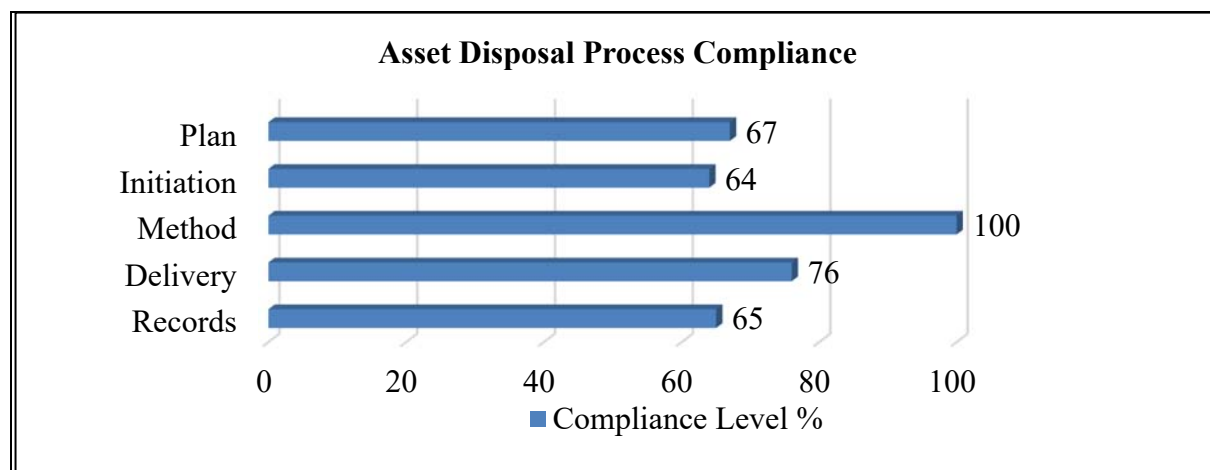


Table 18: Compliance scores

No.	Compliance indicators	Average score (%)	Weights	Score (%)
3	Procurement process	62	0.5	31
4	Procurement system	61	0.3	18
5	Asset Disposal Process Compliance Level	74	0.2	15
Compliance score				
Weighted Compliance score 64/100*100				64

The Weighted Compliance Indicator was **64%** which is **satisfactory**.

4.1.5 Performance Score

The performance indicators for the Entity are summarized below:

No.	PERFORMANCE INDICATOR	Score (%)
1.	Procure Ratio: Actual procurement time divided by planned procurement time in days.	60
2.	Completion Ratio: Actual completion time divided by contractual completion time in days	48
3.	Payment Ratio: Actual payment time divided by contractual payment time in days.	57
4.	Number of Received Bids: [If the number of received bids is 3 or more, the score is 100%; if less the score is 0%]	47
5.	Bid Responsive Rate: [The number of bids that pass technical evaluation as a percentage of the number of received bids]	64
6.	Plan Ratio: [The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT]	72
7.	Procurement Plan Implementation: [The actual value of the procurement spend as a percentage of the procurement release]	64.4
8.	Cost Ratio: [The actual final contract amount paid divided by the original contract amount]	60
	Average Performance Indicator	59

The above indicators are summarized here below:

Efficacy (Procure Ratio). This measured the ability to provide goods or services in accordance with the planned timelines. The audit revealed that only **60%** of the sampled procurements were conducted within the planned timelines. Therefore, **40%** of the nineteen (19) procurements sampled were not conducted in accordance with the planned timelines. This implies that the planned timelines indicated in the procurement plan were unrealistic and some procurement had no timelines.

Recommendation

The Accounting Officer and Head of the Procurement and Disposal Unit need to devise mechanisms to urgently address inefficiencies in the procurement function.

Efficiency (Completion Ratio). This analyzed the time required to execute tasks to avoid slow implementation of the contracts. The Entity completed **48%** of sampled procurements within the contractual time and did not complete **52%** of the nineteen (19) procurements within the contractual completion time.

Recommendation

The User Departments should prepare and share contract closure documentation with the Procurement and Disposal Unit and also document circumstances regarding failure to complete contracts within the contractual timelines.

Effectiveness (Payment Ratio): This assessed the time taken to pay contractors such that contract implementation is not delayed more especially advance payments and contracts that are paid cumulatively. The Entity failed to pay **46%** of the nineteen (19) procurements sampled in time. This indicator was also affected by missing payment records.

Recommendation

The Accounting Officer should pay providers timely in accordance with contractual terms and Regulation 114 of the PPDA Regulations 2006.

Competition (Number of Bids Received)

The Entity received less than three (3) bids in **53%** of the nineteen (19) procurements sampled. This is an indication of low bidder participation hence low levels of competition.

The number of bids that passed technical evaluation (Bid Responsive Rate)

The Entity received **64%** compliant and responsive bids and did not receive compliant and responsive bids in **36%** of the nineteen (19) procurements sampled. This indicated that most bidders that participated in the procurement process were competent and capable of meeting the Entity's specifications and requirements.

Recommendation

The Accounting Officer is advised to devise mechanisms of increasing competition among bids in accordance with Section 46 of the PPDA Act, 2003.

The variance between the total value of the awarded contract and the cost estimate in the procurement plan (Plan Ratio)

The audit revealed that **72%** of the sampled procurements were awarded within the cost estimate while **28%** of nineteen (19) cases sampled were not awarded within the cost estimate in the procurement plan. The Entity did not carry out proper market assessments of prices prior to commencement of the procurement processes hence the variances.

Recommendation

Whereas most of the contracts were awarded within the cost estimates, User Departments should prepare work plans using estimates based on up to date market prices.

The actual value of the procurement spend as a percentage of the procurement budget (Procurement plan implementation rate)

The audit revealed that the Entity implemented 56% of its procurement plan. This implies that 44% of the procurements planned to be undertaken during the financial year were not undertaken. Whereas Agago District Local Government had a procurement plan worth UGX 4,206,270,568, the Entity reported to PPDA having conducted procurement transactions worth UGX 2,348,522,411 in the FY2018/2019.

Recommendation

The Accounting Officer should always guarantee that the procurement plan is fully implemented by the end of the Financial Year.

Final contract cost on completion as compared to the total contract award price inclusive VAT (Cost Ratio). The audit revealed that in **40%** of the nineteen (19) procurements sampled, the actual final contract amount was not equal to the original contract amount.

Recommendation

User Departments should prepare and share contract management records with the Procurement and Disposal Unit for effective monitoring.

Overall procurement performance

The overall procurement performance score was the sum of the two weighted indicators as summarized below:

No.	Compliance Indicator	Score %	Weight	Weighted Score
	Average Compliance Indicator Score	64	0.4	25.6
	Average Performance Indicator Score	59	0.6	35.4
Entity's Weighted Procurement Performance Score				61

From the above analysis, the audit team noted that, the Entity had a weighted average performance of **61%** in FY 2018/19 which was **satisfactory** performance.

CHAPTER 5: RECOMMENDED ACTION PLAN

Agago District Local Governments should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 19: Recommended action plan

Origin	Recommended Action	Target Date
Accounting Officer	<ul style="list-style-type: none"> • The Accounting Officer should ascertain the causes for low bidder response and devise mechanisms of increasing competition in the Entity so as to achieve value for money. • The Accounting Officer should enforce the use of framework contract for the common user items in accordance with to Regulation 94 of the LG (PPDA) Regulations, 2006 and circular on use of framework contracts. • The Accounting Officer should caution the Head Procurement and Disposal Unit for failure to ensure quality evaluations. 	November 2019
Procurement and Disposal Unit	<ul style="list-style-type: none"> • The Head Procurement and Disposal Unit should ensure full use of appropriate procedural LG PP forms in accordance with Regulation 24 (e) of the Local Governments (PPDA) Regulations, 2006. • The Head procurement should adhere to Guideline No. 1/2007 (Thresholds for Procurement Methods) and the Fourth Schedule of the PPDA Act, 2003 in choosing appropriate procurement methods. • The Accounting Officer should take appropriate disciplinary action against the Head Procurement and Disposal Unit for failure to prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006. • The Accounting Officer should caution the Head Procurement and Disposal Unit for failure to keep all records of disposal of assets on file in accordance with Regulation 122(5) of the Local Governments (PPDA) Regulations, 2006. 	November 2019
Contracts Committee	The Accounting Officer should caution all members of the Contracts Committee for failure to play their oversight roles critically, specifically approving inadequate documents, approving wrong procurement methods and approving contract award to non-complaint firms.	November 2019
Evaluation Committee (s)	The Head Procurement and Disposal Unit should ensure that Evaluation Committees always conduct evaluation of bids according to the evaluation criteria stated in the bidding document in accordance with Regulation 73 (1) of the Local Governments (PPDA) Regulations, 2006.	November 2019
User Departments	User Departments should nominate an existing member of staff with appropriate skills and experience, or who is supervised by a member of staff with appropriate skills and experience, as a contract supervisor and inform the Accounting Officer in writing copied to the Internal Audit Department, Secretary Contracts Committee and any other relevant stakeholders informing them of the designated contract supervisor, who shall take full responsibility in accordance with Regulation 119 (2) of the Local Governments Regulations, 2006	November 2019
Efficiency, Efficacy and Effectiveness	<ul style="list-style-type: none"> • The Entity should ensure that the timelines set in the procurement plan are adhered to. • The Accounting officer should ensure that final costs do not vary from the planned estimates. 	November 2019

	<ul style="list-style-type: none">• The Accounting Officer should pay providers timely in accordance with contractual terms and Regulation 114 of the PPDA Regulations 2006.• The Accounting Officer is advised to devise mechanisms of increasing competition among bids in accordance with Section 46 of the PPDA Act, 2003.	
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ANNEXES:

Annex 1: Sample Procurements and Disposal List

No.	Procurement reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Performance rate score	Weighted average score	
1.	AGAG/611/WRKS/2018/2019/00022	Corner Aculu to Puranga 14km mechanized road routine maintenance	Force Account	Ag. District Engineer	84,000,000	30.0	59.3	Unsatisfactory
2.	AGAG/611/WRKS/2018/2019/00024	Kalongo to Lomoi mechanized routine road maintenance (18km)	Force Account	Ag. District Engineer	116,000,000	30.0	59.3	Unsatisfactory
3.	AGAG/611/WRKS/2018/2019/00023	Wol to Omiya Pacwa mechanized routine road maintenance (6km)	Force Account	Ag. District Engineer	50,658,000	35.6	68.1	Satisfactory
4.	AGAG/611/WRKS/2018/2019/00025	Odokomit to Olyelowidye (7km) road mechanized routine road maintenance	Force Account	Ag. District Engineer	50,000,000	20.0	47.0	Unsatisfactory
5.	AGAG/611/WRKS/2018/2019/00026	Kabala to Kaket road 6km mechanized road maintenance	Force Account	Ag. District Engineer	55,000,000	20.0	45.4	Unsatisfactory
6.	AGAG/611/SRVCS/2018/2019/00001	Revenue collection for Patongo Taxi Park and old market in Patongo Town Council	Selective Bidding	Patongo Taxi Operators Drivers Association	19,800,000	45.0	79.8	Satisfactory
7.	AGAG/611/SRVCS/2018/2019/00002	Revenue collection for Patongo main market in Oliga Town Council	Selective Bidding	Weris& brothers Construction and Supplies Ltd	19,800,000	22.5	48.6	Unsatisfactory
8.	AGAG/611/SRVCS/2018/2019/00005	Revenue collection for Kotomor main Market	Selective Bidding	Ogong United Company Ltd	43,200,000	42.0	79.8	Satisfactory
9.	AGAG/611/SUPLS/2017/2018/00011	Supply of fuel, oils and lubricant	Selective bidding	Onex Service Station	98,000,000	37.5	68.0	Satisfactory
10.	AGAG/611/SUPLS/2017/2018/00013	Supply of printed and non-printed stationeries	Selective bidding	PiiBerTicl Computing and General Supplies Ltd	2,340,000	37.5	70.6	Satisfactory
11.	AGAG/611/SUPLS/20	Supply of local and	Selective	Awinyo ma	45,000,000	30.0	56.1	Unsatisfactory

No.	Procurement reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Performance rate score	Weighted average score	
	17/2018/00015	manufactured road construction materials	bidding	oruu Company Limited				
12.	AGAG/611/SUPLS/2017/2018/00017	Supply of executive office furniture , fitting, filling cabinets, safe and fans	Selective bidding	Footsteps Company Ltd	76,000,000	18.8	44.4	Unsatisfactory
13.	AGAG/611/SUPLS/2017/2018/00020	Supply of computers and accessories, generators, camera, photocopiers, fax machine and small office equipment	Selective bidding	Service Technology Incorporated	23,000,000	45.0	79.2	Satisfactory
14.	AGAG/611/SRVCS/2018/2019/00020	Revenue collection from butchery	Selective Bidding	Ngo MawangoYiiY outh Association	4,500,000	45.0	84.1	Satisfactory
15.	AGAG/611/WRKS/2018-2019/00032	Sitting, drilling, pump testing water quality analysis, supervision, casting and installation of 6 boreholes under lot 1	Open Bidding	Icon Projects	119,300,000	27.5	56.9	Unsatisfactory
16.	AGAG/611/WRKS/2018-2019/00138	Completion of one classroom block at Okol Primary School	Selective Bidding	Amolof Agencies Limited	20,000,000	22.5	41.0	Unsatisfactory
17.	AGA/611/WRKS/2018/2019/00160	Construction of 2 stance lined pit latrine at AcholiPii H/C 111	Selective Bidding	Agaa Construction and General Supplies Ltd	11,849,503	22.5	52.4	Unsatisfactory
18.	AGA611/WRKS/2017-2018/00035	Construction of 2 classroom block at Geregere Primary School	Open Bidding	Apuru and Family	75,001,000	52.5	93.3	Highly Satisfactory
19.	AGAG/611/SRVCS/2018/2019/000021	Revenue collection for Kotomor main Market	Selective Bidding	Ogong United Company Ltd	55,200,000	30.0	78.3	Satisfactory
	Total				1,023,848,503			

No	Performance Score (%)	Performance Rating	Number	Value(UGX)
1	90-100	Highly Satisfactory	1	75,001,000
2	60-89	Satisfactory	8	296,698,000
3	30-59	Unsatisfactory	10	596,949,503
4	0-29	Highly Unsatisfactory	nil	nil
Total			19	1,065,690,503





Annex2. List of staff in the Procurement and Disposal Unit

No	Name	Job Title
1.	Okello Anthony	Senior Procurement Officer
2.	Opoka	Opoka Moses

Annex 3. List of the Contracts Committee members

No	Name	Job Title	Committee Position	Approval by PS/ST	Date of Expiry
1.	LakonyLino	Senior Planner	Chairperson	20 th February 2017	20 th February 2020
2.	AdongPaska	District Gender Officer	Member	29 th March 2017	29 th March 202
3.	Ndaha Francis	Senior Assistant Secretary	Member	29 th March 2017	29 th March 2020
4.	Odongto L. Richard	Community Development Officer	Member	29 th March 2017	29 th March 2020

Annex 4: Physical Verification of Procurements undertaken by the Audit team

<p>Reference number: AGAG/611/WRKS/2018-2019/200022 Subject of procurement: Corner Aculu to Puranga 14km road mechanized routine maintenance Contract value: UGX 84,000,000 Provider: N/A - fore account mechanism Contract supervisor: District Engineer Contract start date: 17th October 2018 Status of works: Works incomplete</p>		
<p>Reference number: AGAG/611/WRKS/2018-2019/00138 Subject of procurement: Completion of one classroom block at Okol Primary school Contract value: UGX 20,000,000 Provider: Amolof Agencies Ltd Contract supervisor: Not appointed Contract start date: 27th February 2019 Contract period: 4 months Proposed contract end date: 30th June 2019 Status of works: At the time of physical verification, the contractor had not reported on site for two months after signing of contract.</p>		
<p>Reference number: AGAG/611/WRKS/2018-2019/00032 Subject of procurement: Sitting, drilling, pump testing water quality analysis, supervision, casting and installation of 6 boreholes under lot 1 Contract value: UGX 119,300,000 Provider: Icon Projects Contract supervisor: Not appointed Contract start date: 7th March 2019 Contract period: 4 months Proposed contract end date: 30 June 2019 Status of works: Work were still ongoing and were at casting stage at the time of physical verification.</p>		

Reference number: AGA/611/WRKS/2018/2019/00160
Subject of procurement: Construction of 2 stance lined pit latrine at AcholiPii H/C 111
Provider: Agaa Construction and General Supplies Ltd
Contract value: UGX 11,849,503
Contract supervisor: not appointed
Contract start date: 1st March 2019
Contract period: 4 months
Proposed contract end date: 30th June 2019
Status of works: Ongoing and still within the contractual period.



Reference number: AGA611/WRKS/2017-2018/00035
Subject of procurement: Construction of 2 classroom block at Geregere Primary School
Contract value: UGX 75,001,000
Provider: Apuru and Family
Contract supervisor: not appointed
Contract start date: 4/3/2019
Contract period: 4 months
Proposed contract end date: 30th June 2019
Status of works: Ongoing and still within the contractual period.



