



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT OF
ENTEBBE MUNICIPAL COUNCIL FOR FINANCIAL YEAR
2021/2022**

JANUARY 2023

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ACRONYMS

AO	Accounting Officer
CC	Contracts Committee
EC	Evaluation Committee
FY	Financial Year
GPP	Government Procurement Portal
LPO	Local Purchase Order
BEB	Best Evaluated Bidder
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the Procurement and Disposal audit of Entebbe Municipal Council. The audit covered a representative sample of twenty-two (22) procurement transactions carried out during the Financial Year 2021/22. The audit involved a review of procurement system, procurement processes and asset disposal processes following the Public Procurement and Disposal of Assets Act, 2003 as amended and Local Governments (PPDA) Regulations, 2006.

From the findings of the procurement audit exercise, the performance of Entebbe Municipal Council for the Financial Year 2021/22 established an overall weighted average risk rating of **8.8%** which is **satisfactory performance** as per the ranking in **Table 8** in the detailed report.

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

1. Inadequate contract monitoring by Contract Supervisors in two procurements worth UGX 5,458,036,123 at the time of physical verification. Some of the Armpass Technical Services Limited personnel did not have protective gears and the incinerator fence constructed by Pekasa Enterprises Limited was not up to standard contrary to the requirement by the Entity hence an indicator of inadequate contract management by the Contract Supervisor.
2. Inadequate bidding document in two procurements worth UGX 125,386,800, the Procurement and Disposal Unit did not provide for the requirement of margin of preference which denies local firms or bidders a competitive advantage over foreign firms in the event foreign bidders participate in the process hence undermining the promotion of local content.
3. Irregularities at evaluation in the procurement for supply of assorted medical equipment and furniture for Katabi and Kigungu Health Centre's III worth UGX 14,190,000. non-compliant bidders were passed which contravened the principles of fairness and accountability in the evaluation of bids.

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

1. The Accounting Officer should ensure that the Contract Supervisors for the stated projects effectively carry out their role of contract management and work on the defects identified during physical verification. The Accounting Officer should immediately follow-up on the identified defects and ensure that they are rectified before payment of retention monies. A report should be prepared to that effect and a copy submitted to the Authority in respect to the improved status.
2. The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies in accordance with Regulation 17 of the Local Governments (PPDA) Regulations, 2006.
3. The Head, Procurement and Disposal Unit should ensure that the Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulation 73 (1) and (2) of the Local Government (PPDA) Regulations, 2006.

CHAPTER 1: INTRODUCTION

1.1. Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Entebbe Municipal Council that covered a representative sample of twenty-two (22) procurement transactions under Financial Year 2021/22. The audit involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act 2003 as amended and Local Governments (PPDA) Regulations, 2006.

1.2. PPDA Mandate

The PPDA is mandated under Section 7 (j) of the PPDA Act, 2003 as amended and Local Governments (PPDA) Regulations, 2006 to institute procurement and disposal audits in the Entities. This mandate is executed in line with the principles and objectives below:

1.3. Main Audit Objectives

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

The specific objectives were:

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

1.4. Scope of the Audit

The audit covered a pre-selected sample of twenty-two (22) case files worth UGX 17,747,905,143 for procurement transactions carried out in the Financial Year 2021/22. The list of sampled transactions is contained in **Annex 1**.

1.5. Audit Methodology

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

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on 16th November 2022 before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the

Entity on **29th November 2022** with a request to submit a management response by **14th December 2022**, which was submitted on **16th December 2022** after a request for extension by the Entity. The exit meeting was held on **20th December 2022** at PPDA Head Office Kampala.

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.

1.6. Reporting

Reporting is in a format which 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. The definition of the risk rating is in Annex 5.

CHAPTER 2: AUDIT FINDINGS

This chapter presents the findings arising from the audit. The audit was carried out based on the set criteria per the PPDA Act, Regulations and Guidelines and the procurement audit manual. The implications are presented and the recommendations are made considering the management responses from the entity.

2.1. Compliance with the general provisions of the PPDA Act and Local Governments (PPDA) Regulations, 2006

2.1.1. Failure to fully implement PPDA recommendations for Financial Year 2020/21.

The audit noted that all the four previous recommendations were partially implemented as detailed in Table 1 below:

Table 1: Status of implementation of FY 2020/2021 recommendations

No	Observation	Recommendation
1.	Poor needs assessment	User Departments should conduct adequate needs assessment in order to prepare a sufficient statement of requirements for the works in accordance with Regulation 48 (3) of the Local Governments (PPDA) Regulations, 2006.
2.	Quality of bidding document	<ul style="list-style-type: none">• 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 critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies in accordance with Regulation 17 of the Local Governments (PPDA) Regulations, 2006.
3.	Irregularities at evaluation	The Head, Procurement and Disposal Unit should guide the Evaluation Committee members to strictly adhere to the criteria set out in the solicitation document as provided under Regulations 72 and 74 of the Local Governments (PPDA) Regulations, 2006.
4.	Specification by brand as per statement of requirements	User Departments should prepare statements of requirements without reference to a particular trademark, brand name, patent, design type, specific origin, producer, manufacturer, catalogue or numbered item in accordance with Regulation 48 (8) of the Local Governments (PPDA) Regulations, 2006.

Implication

This implies that the Entity does not have a mechanism in place to ensure full implementation of audit recommendations.

Management response

Management acknowledged the audit observation and committed to ensuring that all recommendations made by the Authority are addressed before closure of the Financial Year 2022-2023.

Recommendation

The Accounting Officer should ensure that all recommendations by the Authority are shared with all Departments of the Entity and institute a mechanism to ensure full implementation in accordance with Regulation 14 (k) of the Local Government (PPDA) Regulations, 2006.

2.1.2. Procurement Plan implementation rate

Failure to implement 18% of the procurement plan

The Entity did not implement 18% worth UGX 3,344,363,022 of the planned procurements as detailed in table 2 below:

Table 2: Procurement Plan Implementation Rate

Analysis of procurement spend	
Total procurement plan value inclusive of VAT (UGX)	19,560,666,503
Total procurement spend value inclusive of VAT (UGX)	16,216,303,481
Procurement plan implementation rate (%)	82%
Implementation variance (UGX)	3,344,363,022

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

Implication

Although this is highly satisfactory performance, the Entity did not fully implement the procurement plan and as a result, planned services worth UGX 3,344,363,022 were not delivered to the intended beneficiaries.

Management response

- *Management noted the audit finding however, the shortfall in performance was attributed to the funds that were expected from the disposal and sell of Manyago Housing Estate as per the court ruling herewith attached.*
- *In addition, communication was made to the Chief Government Valuer in a bid to expedite the valuation process but this has not been forthcoming.*

Recommendation

The Entity should conduct periodic reviews of the procurement plan.

2.1.3. Delayed confirmation of funding

This was noted in two procurements worth UGX 18,690,000 as detailed in Table 3 below:

Table 3: Procurements with delayed confirmation of funding

No	Subject of Procurement	Contract Value (UGX)	Delay noted
1.	Supply of laptops	4,500,000	The Accounting Officer delayed to confirm funding by 40 days. Whereas the procurement was initiated on 4 th March 2022, funding was confirmed on 28 th April 2022
2.	Supply of Assorted Medical Equipment and Furniture for Katabi and Kigungu Health Centres III	14,190,000	The Accounting Officer delayed to confirm funding by 18 days. Whereas the request was initiated on 12 th January 2022, funding was confirmed on 9 th February 2022.

Implication

Inefficiency in the procurement process leads to delays in service delivery.

Management response

Management acknowledged the observation however, the delay was due to the inadequate specifications submitted from the user department who was further requested to enhance the same before the procurement could proceed. This was done as per the attachments submitted.

Recommendation

The Head Procurement and Disposal Unit should ensure that User Departments prepare adequate specifications at initiation in accordance with Section 25 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non Consultancy Services) Regulations, 2014.

2.2 To establish the level of compliance with the PPDA Act, 2003 as amended and Local Governments (PPDA) Regulations, 2006 in the conduct of procurement and disposal activities

2.2.1. Competitiveness of procurement processes

The audit noted the following irregularities with regard to competitiveness of procurement processes:

i) Low bidder participation

In four (4) procurements worth UGX 98,851,050, the Authority noted a low bidder responsive rate which should be investigated by the Accounting Officer to establish the reasons for low bidder turn up and also institute measures to attract a higher number of bidders.

Table 4 shows that the Entity received an average of 1.5 bids in the four procurements contrary to Section 43 (c) of the PPDA Act, 2003 as amended which requires receipt of at least 3 bids.

Table 4: Procurements with low bidder participation

No	Subject of Procurement	No of bidders invited	No of bids received
1.	Supply of a laptop for health department worth UGX 4,500,000 by Eurasia Business Systems Ltd	4	1
2.	Construction of a water borne toilet at Nakiwogo Banga Play ground worth UGX 70,561,050	Advertised in Daily Monitor News paper	2
3.	Supply of a motorcycle for Kigungu Health Centre III worth UGX 9,600,000	Five firms were shortlisted and invited	1
4.	Supply of Assorted Medical Equipment and Furniture for Katabi and Kigungu Health Centres III by M/s Given Logistics Limited worth UGX 14,190,000	Seven firms were invited to bid, four firms were issued with bidding documents	2
		Average Bids Received	1.5

Implication

The Entity may miss out on the benefits of maximum competition leading to costly procurements and deterrence of achievement of value for money.

Management Response

- *Management acknowledged the audit observation however, all procurements mentioned were undertaken using competitive means and adequate time was provided to ensure bidders submit compliant and competitive bids.*

- *In addition, the low response would be attributed to other factors for example the value of the procurement not being attractive enough for one to put in a lot of effort.*

Recommendation

The Accounting Officer should conduct a supplier appraisal to ascertain why providers, under Open Domestic Bidding, do not want to do business with the Entity and should develop strategies maximize competition in accordance with Section 46 of the PPDA Act 2003, as amended.

2.2.2. Transparency, Fairness and Accountability

The audit noted the following irregularities:

i) Irregularities in evaluation of bids

In the procurement for supply of assorted medical equipment and furniture for Katabi and Kigungu Health Centre's III worth UGX 14,190,000, Given Logistics Supply Limited was passed yet it submitted an invalid Tax Transaction Certificate Reference Number (PL01180009873) which was found to be invalid on the URA portal when verified by the Authority.

Implications

- Passing non-compliant bidders contravenes the principles of fairness and accountability in the evaluation of bids.
- This may lead to awarding of contracts to bidders without capacity to undertake the works hence exposing the Entity to a risk of failure to deliver as planned, loss of money in shoddy works and loss of time due to repetition of process.

Management Response

Management noted the observation for future implementation.

Recommendations

- The Head, Procurement and Disposal Unit should ensure that the Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulation 73 (1) and (2) of the Local Government (PPDA) Regulations, 2006.
- The Head, Procurement and Disposal Unit should ensure that technical guidance is always provided to Evaluation Committees and due diligence is conducted on some documentation submitted by providers before passing them to the next stages.

ii) Stringent evaluation criteria

This was noted in the procurement for supply of assorted furniture for the Public Library worth UGX 101,515,000. Bidders were required to possess liquid assets or show evidence of access to lines of credit of not less than UGX 100M.

In addition, bidders were required to have relevant experience of similar nature and size for each of the last 3 years (2019, 2020, 2021) which was a period of lock down and thus very restrictive.

Implication

This deters fair competition and undermines the principles of transparency.

Management response

Management acknowledged the observation for implementation in future.

Recommendation

The Head Procurement and Disposal Unit and User Department should avoid stating stringent requirements in the Solicitation documents that deter competition.

iii) Inadequate bidding document

In two procurements worth UGX 125,386,800, the Procurement and Disposal Unit did not provide for the requirement of margin of preference contrary to Regulation 53 (4) of the Local Governments (PPDA) Regulations, 2006 and Section 59 (A) of the PPDA Act, 2003 as amended as detailed in Table 5 below:

Table 5: Procurements with inadequate bidding documents.

No.	Subject of procurement	Irregularity
1.	Supply of school furniture for Kiwafu Muslim and Kigundu P/S worth UGX 35,116,800	Margin of preference was indicated as N/A in the bidding document under ITB 35.1 which contravened Regulation 53 (4) of the Local Governments (PPDA) Regulations, 2006.
2.	Provision of consultancy services for undertaking detailed design for proposed Nkumba landfill worth UGX 90,270,000	

Implication

Local firms or bidders are denied a competitive advantage over foreign firms in the event foreign bidders participate in the process hence undermining the promotion of local content.

Recommendations

- The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 and Regulation 53 (4) of the Local Governments (PPDA) Regulations, 2006.
- The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies in accordance with Regulation 17 of the Local Governments (PPDA) Regulations, 2006.

Management Response

Management acknowledged the audit observation for future implementation.

2.3 To establish the level of efficiency and effectiveness in contract implementation

2.3.1. Non adherence to contractual Obligations.

This was noted in the procurement for supply of a laptop for Health Department worth UGX 4,500,000 by Eurasia Business Systems Ltd where there was a delayed delivery of laptop by 37 days. While the supplier was required to deliver 1 laptop within 3 weeks after contract signature, it was noted that Eurasia Business Systems Ltd delivered the laptop in August 2022 yet the contract with the Entity had been signed on 17th June 2022.

Implication

This results in delayed service delivery to the intended beneficiaries.

Management response

Management acknowledged the audit finding however, the supplier made a delivery which was not conforming to the specifications provided which necessitated him to return goods and make provision of supplies that were in conformity with the requirements.

Recommendation

Contract Supervisors should always initiate extension of delivery periods where it is deemed necessary and maintain the contract valid.

2.3.2 Irregularities noted at physical verification

On 11th November 2022, the Authority conducted a physical verification exercise to establish the status of implementation of the sampled procurements. The Authority noted irregularities as detailed in Table 6 below:

Table 6: Irregularities noted at physical verification

Case 21	UGX:5,208,846,919
Contract: Construction Works for Selected Infrastructure Sub-projects-USMID-AF Batch II, Lot 1	
Provider: Armpass Services Limited	Technical
Status of Works: The progress of works was 5%. The contractor had just taken possession of the site on the day of physical verification.	
Exception noted: Some personnel on site were not wearing protective gear like helmets	



Above: On the left, some personnel not wearing protective gear before issue of management letter.

On the right is a picture by the Entity after the Exit meeting showing adherence of personnel to safety measures such as wearing helmets

Management Response.

Management acknowledged the audit finding and the contractor had since complied with the requirement as per attached evidence.

Case 7	UGX:249,189,204
Contract: Construction of a 3-Unit Staff House, Guard House & Medical Waste Incinerator at Kigungu Health Centre III	
Provider: Pekasa Enterprises Limited	
Status of Works: Works were completed at the time of physical verification	
Exception noted: The incinerator fence was not up to standard according to the BOQs at the time of physical verification.	

**Implication**

This is an indicator of inadequate contract management by the contract supervisor.

Management Response

Management acknowledged the audit finding, however, the project was still under DLP (Defects Liability period and the contractor had been instructed to rectify all defects.

Recommendations

The Contract Supervisors should ensure that personal protective gears are available on site and all personnel adhere to these safety measures.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.1 Overall Audit Conclusion

The performance of Entebbe Municipal Council was **Satisfactory** with overall weighted average risk rating of **8.8%** as detailed below:

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 7:

Table 7: Entity's performance

Risk Category	Number of sampled procurements	Value (UGX)	Rating by No. %	Rating by Value%	Weights %	Total Weighted Score	
						No.	Value
High	0	0	0	0	0.6	0	0
Medium	4	430,865,654	18.2	2.4	0.3	5.46	0.72
Low	3	5,227,536,919	13.7	29.5	0.1	1.37	2.95
Satisfactory	15	12,089,502,570	68.1	68.1	0	0	0
Total	22	17,747,905,143	100	100	1	6.83	3.67

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{6.83}{60} \times 100 = 11.38\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{3.67}{60} \times 100 = 6.11\%$$

$$\text{Combined Weighted Average} = \frac{11.38 + 6.11}{2} = 8.8\%$$

Since 8.8% falls within the 0% - 30% risk range, the performance of the Entity is rated **Satisfactory** as detailed in Table 8.

Table 8: Risk rating

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

3.3 Chart Representation of Risk Rating

Figure 1: Risk Rating by Number

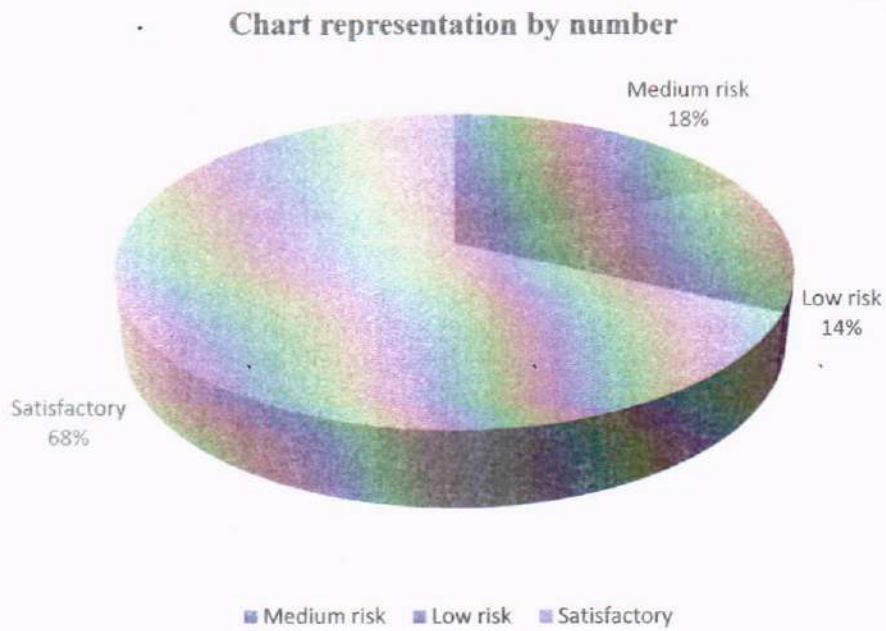
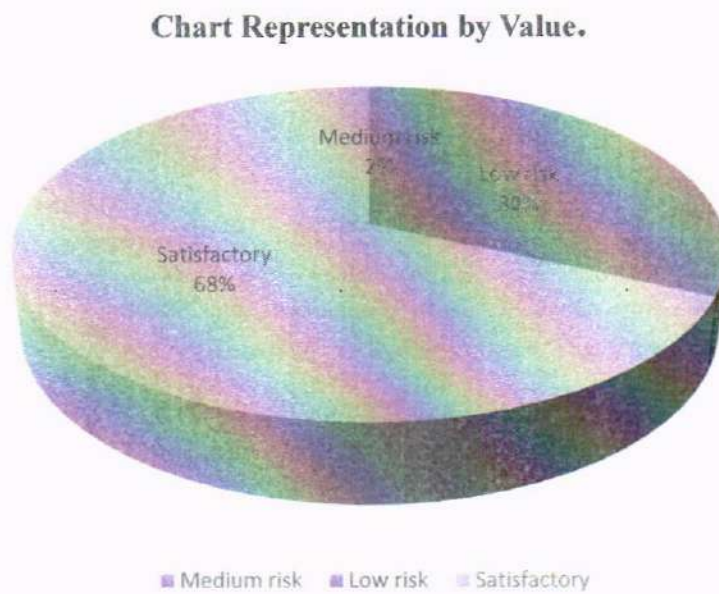


Figure 2: Risk Rating by Value



3.4 Recommended Action Plan

Entebbe Municipal Council should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 9: Recommended Action plan

Origin	Recommended Action	Target Date
Accounting Officer	<ul style="list-style-type: none"> • The Accounting Officer should ensure that all recommendations by the Authority are shared with all departments of the Entity and institute a mechanism to ensure full implementation. • The Accounting Officer should conduct a supplier appraisal to ascertain why providers, under Open domestic bidding, do not want to do business with the Entity and should develop strategies maximize competition in accordance with Section 46 of the PPDA Act 2003, as amended. • The Accounting Officer should caution the contract supervisors for the above stated projects for failure to effectively carry out their role of contract management as evidenced by the irregularities noted during physical verification with regard to contract management in accordance with Regulation 119 of the Local Government (PPDA) Regulations, 2006. • The Accounting Officer should follow-up on the identified defects and ensure that they are rectified accordingly and evidence availed to the Authority. 	July 2023
Procurement and Disposal Unit	<ul style="list-style-type: none"> • The Head, Procurement and Disposal Unit should ensure that the Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulation 73 (1) and (2) of the Local Government (PPDA) Regulations, 2006. • The Head, Procurement and Disposal Unit should ensure that technical guidance is always provided to 	July 2023

Origin	Recommended Action	Target Date
	<p>Evaluation Committees and due diligence is conducted on some documentation submitted by providers before passing them to the next stages.</p> <ul style="list-style-type: none"> • The Head Procurement and Disposal Unit and User Department should avoid stating stringent requirements in the Solicitation documents that deter competition. • Contract Managers should ensure that contract supervision is effectively carried out to ensure that the terms and conditions of the contract are met as required under Regulation 53(1) a & b of the PPDA (Contracts) Regulations, 2014. • The Heads of User Departments should ensure that the appointed Contract Supervisors carry out their roles and responsibilities with regard to contract management in accordance with Regulation 119 of the Local Government (PPDA) Regulations, 2006. 	

ANNEXES:

Annex 1: Sample List for Entebbe Municipal Council FY 2020/2021

S/N	Procurement Reference	Subject of Procurement	Method of Procurement	Contractor	Amount (UGX)	Risk Rating
1	ENTE 752/WRKS/2021-2022/00016	Supply and Installation of Road Signage	Selective bidding	Daposh Construction Company Ltd	20,010,440	Satisfactory
2	ENTE752/SPLS/2021-2022/00012	Purchase of School Furniture for St. Theresa Primary School	Selective Bidding	MMS Revival Investments SMC Ltd	21,240,000	Satisfactory
3	ENTE752/SRVCS/2021-2022/00019	Consultancy Services for Provision of HIV/AIDS Programme & Gender Sensitization Awareness & Monitoring	Selective Bidding	Destination Anywhere (U) Ltd	51,980,000	Satisfactory
4	ENTE752/SRVCS/2021-2022/00006	Hire of Road Equipment for Yusuf Lule Road	Open Domestic Bidding under Framework arrangement	Pharm Investments Limited	10,437,500	Satisfactory
5	ENTE752/SRVCS/2021-2022/00018	Provision of Consultancy services for Undertaking Detailed Designs for Proposed Nkumba Landfill	Open Domestic Bidding	Ardent Services International Ltd	90,270,000	Satisfactory
6	ENTE 752/WRKS/2021-2022/00015	Construction Works for Selected Infrastructure Sub-projects-USMID-AF Batch II, Lot 3	Open Domestic bidding	Scaffold Constructions and Engineering Co. Ltd	2,873,916,514	Satisfactory
7	ENTE752/WRKS/2021-2022/00002	Construction of a 3-Unit Staff House, Guard House & Medical Waste	Open Domestic Bidding	Pekasa Enterprises Limited	249,189,204	Medium risk

S/N	Procurement Reference	Subject of Procurement	Method of Procurement	Contractor	Amount (UGX)	Risk Rating
8.	ENT/11/752/WRKS/2021-2022/00004	Incinerator at Kigungu Health Centre III Construction of a 10-Stance Water Closet at St. Joseph's Katabi Primary School	Open Domestic Bidding	Skylight General Services Ltd	91,243,058	Satisfactory
9.	ENT/11/752/WRKS/2021-2022/00007	Construction of a Waterborne Toilet at Nakiwogo Banga Playground	Open Domestic Bidding	Skylight General Services Ltd	70,561,050	Medium risk
10.	ENT/11/752/WRKS/2021-2022/00010	Proposed Access Road to Kiwafu Playground and Connection of Water to Toilet	Selective Bidding	Senae Construction Company Limited	25,480,035	Satisfactory
11.	ENT/11/752/SRVCS/2021-2022/00006	Provision for Hire of Road Equipment for Upgrading of Yusuf Lule Road	Open Domestic Bidding under Framework	Pharm Investments Ltd	21,688,214	Satisfactory
12.	ENT/11/752/SPLS/2021-2022/00003	Purchase of Road Gravel for Upgrading of Yusuf Lule Road	Open Domestic Bidding under Framework	Skylight General Services Ltd	71,400,000	Satisfactory
13.	ENT/11/752/SPLS/2021-2022/00013	Supply of Assorted Medical equipment and furniture for Katabi and Kigungu HCIII	Selective Bidding	Given Logistics Limited	14,190,000	Low risk
14.	ENT/11/752/SPLS/2021-2022/00014	Supply of a Motorcycle for Kigungu Health Centre III	Selective Bidding	Honda U Ltd	9,600,000	Medium risk
15.	ENT/11/752/SPLS/2021-2022/00015	Supply of Assorted Office furniture for Public Library	Open Domestic Bidding	MMS Revival Investments SMC Ltd	101,515,400	Medium risk

S/N	Procurement Reference	Subject of Procurement	Method of Procurement	Contractor	Amount (UGX)	Risk Rating
16	ENT/11E/752/SPLS/2021-2022/00016	Supply of School Furniture for Kiwafu Muslim and Kigungu Primary Schools	Open Domestic Bidding	MMS Revival Investments SMC Ltd	35,116,800	Satisfactory
17	ENT/11E/752/SPLS/2021-2022/00017	Supply of a Motorcycle for Department	Direct Bidding	Simba Automotives Ltd	10,845,881	Satisfactory
18	ENT/11E/752/SPLS/2021-2022/00018	Supply of a Laptop for Health Department	Selective Bidding	Eurasia Business System (U) Ltd	4,500,000	Low risk
19	ENT/11E/752/SPLS/2021-2022/00004	Purchase and Installation of culverts for Upgrading of Yusuf Lule Road	Open Domestic Bidding Under Framework Arrangement	Daposh Construction Company Ltd	12,500,000	Satisfactory
20	ENT/11E/752/SRVC'S/2021-2022/00003	Computer Maintenance and repair	Open Domestic Bidding Under Framework Arrangement	Legitex Solutions Ltd	9,683,000	Satisfactory
21	ENT/11E/752/WRKS/2021-2022/00013	Construction Works for Selected Infrastructure Sub-projects-USMID-AF Batch II, Lot 1	Open Domestic bidding	Armpass Technical Services Limited	5,208,846,919	Low risk
22	ENT/11E/752/WRK/2021-2022/00014	Construction Works for Selected Infrastructure Sub-projects-USMID-AF Batch II, Lot 2	Open Domestic bidding	China Railway No3 Engineering Co. Ltd	8,743,691,128	Satisfactory
				TOTAL	17,747,905,143	

Annex 2: Findings and rating on the individual contracts reviewed

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	<p>Construction of a 3-Unit Staff House, Guard House & Medical Waste Incinerator at Kigungu Health Centre III Worth UGX 249,189,204</p> <p>Open Domestic Bidding Pekasa Enterprises Limited</p>	<p>Irregularities at physical verification The incinerator fence was not up to standard according to the BOQs at the time of physical verification.</p>
2.	<p>Supply of Assorted Office furniture for Public Library worth UGX 101,515,400</p> <p>Open Domestic Bidding MMS Revival Investments SMC Ltd</p>	<p>Inadequate bidding document The Procurement and Disposal Unit did not provide for the requirement of margin of preference contrary to Regulation 53 (4) of the Local Governments (PPDA) Regulations, 2006 and Section 59 (A) of the PPDA Act, 2003 as amended.</p> <p>Margin of preference was indicated as N/A in the bidding document under ITB 35.1.</p>
3.	<p>Construction of a Waterborne Toilet at Nakiwogo Banga Playground worth UGX 70,561,050 Skylight General Services Ltd</p>	<p>Low bidder participation</p>

No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
4.	Supply of a motorcycle for Kigungu Health Centre III worth UGX 9,600,000	Low bidder participation

No.	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	Supply of Assorted Medical equipment and furniture for Katabi and Kigungu HCIII worth UGX 14,190,000 Given Logistics Limited	<p>Irregularities in evaluation of bids Given Logistics Supply Limited was passed yet it submitted an invalid Tax Transaction Certificate Reference Number (PL01180009873) which was found to be invalid on the URA portal when verified by the Authority.</p> <p>Delayed confirmation of funding The Accounting Officer delayed to confirm funding by 18 days. Whereas the request was initiated on 12th January 2022, funding was confirmed on 9th February 2022.</p>
2.	Supply of a Laptop for Health Department worth UGX 4,500,000 Eurasia Business System (U) Ltd	<p>Delayed confirmation of funding The Accounting Officer delayed to confirm funding by 40 days. Whereas the procurement was initiated on 4th March 2022, funding was confirmed on 28th April 2022</p>
3.	Construction Works for Selected Infrastructure Sub-projects-USMID-AF Batch II, Lot 1 worth UGX 5,208,846,919 Armpass Technical Services Limited	<p>Irregularities noted at physical verification Some personnel on site were not wearing protective gear like helmets</p>

No.	SATISFACTORY CONTRACTS
1.	Supply and Installation of Road Signage worth UGX 20,010,440 Daposh Construction Company Ltd
2.	Consultancy Services for Provision of HIV/AIDS Programme & Gender Sensitization Awareness & Monitoring worth UGX 51,980,000 Destination Anywhere (U) Ltd
3.	Hire of Road Equipment for Yusuf Lule Road worth UGX 10,437,500 Pharm Investments Limited
4.	Provision of Consultancy services for Undertaking Detailed Designs for Proposed Nkumba Landfill worth UGX 90,270,000 Ardent Services International Ltd
5.	Construction Works for Selected Infrastructure Sub-projects-USMID-AF Batch II, Lot 3 worth UGX 2,873,916,514 Scaffold Constructions and Engineering Co. Ltd
6.	Construction of a 10-Stance Water Closet at St. Joseph's Katabi Primary School worth UGX 91,243,058 Skylight General Services Ltd
7.	Proposed Access Road to Kiwafu Playground and Connection of Water to Toilet worth UGX 25,480,035 Senae Construction Company Limited
8.	Provision for Hire of Road Equipment for Upgrading of Yusuf Lule Road worth UGX 21,688,214 Pharm Investments Ltd
9.	Purchase of Road Gravel for Upgrading of Yusuf Lule Road worth 71,400,000 Skylight General Services Ltd
10.	Purchase and Installation of culverts for Upgrading of Yusuf Lule Road worth UGX 12,500,000 Daposh Construction Company Ltd
11.	Computer Maintenance and repair worth UGX 9,683,000 Legitex Solutions Ltd
12.	Construction Works for Selected Infrastructure Sub-projects-USMID-AF Batch II, Lot 2 worth 8,743,691,128 China Railway No3 Engineering Co. Ltd
13.	Supply of School Furniture for Kiwafu Muslim and Kigungu Primary Schools worth UGX 35,116,800 MMS Revival Investments SMC Ltd
14.	Purchase of School Furniture for St. Theresa Primary School worth UGX 21,240,000 MMS Revival Investments SMC Ltd
15.	Supply of a Motorecycle for Production Department worth UGX 10,845,881 Simba Automotives Ltd

Annex 3. List of staff in the Procurement and Disposal Unit

No.	Name	Job Title
1.	Nannyombi Anne	Procurement Officer

Annex 4. List of Contracts Committee members

No.	Name	Job Title	Position on Committee	Date of Appointment
1.	Mr. Sekagiri Frank	Principal Community Development Officer	Chairperson	27 th August 2021
2.	Mr. Kabanda Simon	Senior Physical Planner	Member	21 st January 2022
3.	Mr. Maasa Jimmy	Health Inspector	Member	23 rd March 2020
4.	Ms. Mpamulungi Irene	Senior Human Resource Officer	Member	26 th October 2020
5.	Ms. Namuyanja Dorothea	Commercial Officer	Member	27 th August 2021

Annex 5: Risk Rating Criteria

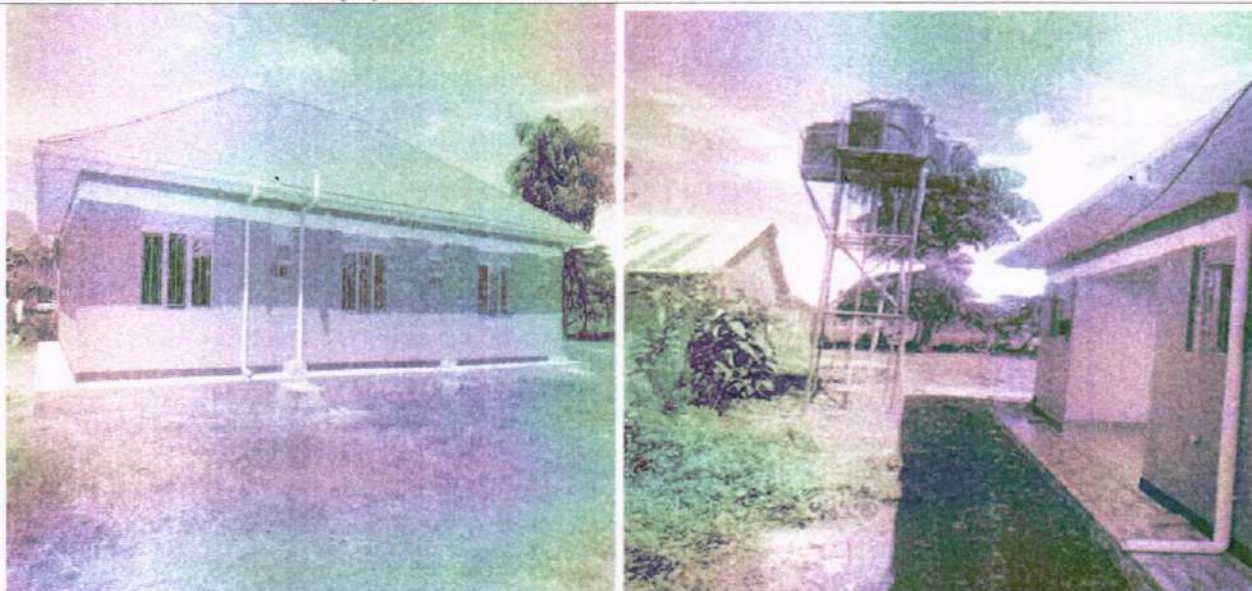
RISK	DESCRIPTION	AREA	IMPLICATION
<p>HIGH</p>	<p>Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management.</p> <p>Significant 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 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 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 award to a responsive bidder.</p>
		<p>Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.</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 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 which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.	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 lack of efficiency, standardisation and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies 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 amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the	

RISK	DESCRIPTION	AREA	IMPLICATION
		<p>solicitation document aspects of gender, social inclusion, environment, health and safety.</p> <p>Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.</p>	
LOW	<p>Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.</p>	<p>Planning: Lack of procurement reference numbers.</p> <p>Bidding Process: Not signing the Ethical Code of Conduct</p>	<p>This leads to failure to track the procurements which leads to poor record keeping.</p> <p>This leads to failure to declare conflict of interest and lack of transparency.</p>
SATISFACTORY	<p>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.</p>		

Annex 6: Physical verification Pictures as at 11th November 2022

Case 7	Contract value (UGX): 249,189,204
Contract: Construction of a 3-Unit Staff House, Guard House & Medical Waste Incinerator at Kigungu Health Centre III	
Provider: : Pekasa Enterprises Limited	
Status of Works: Works were completed as per BOQs and awaiting commissioning and hand over to the intended beneficiaries at the time of physical verification.	



On the left: The back view of the 3-Unit Staff House. To the right is the front view of the 3-Unit Staff House.

Below: The Guard house at Kigungu Health Centre III



Case 13

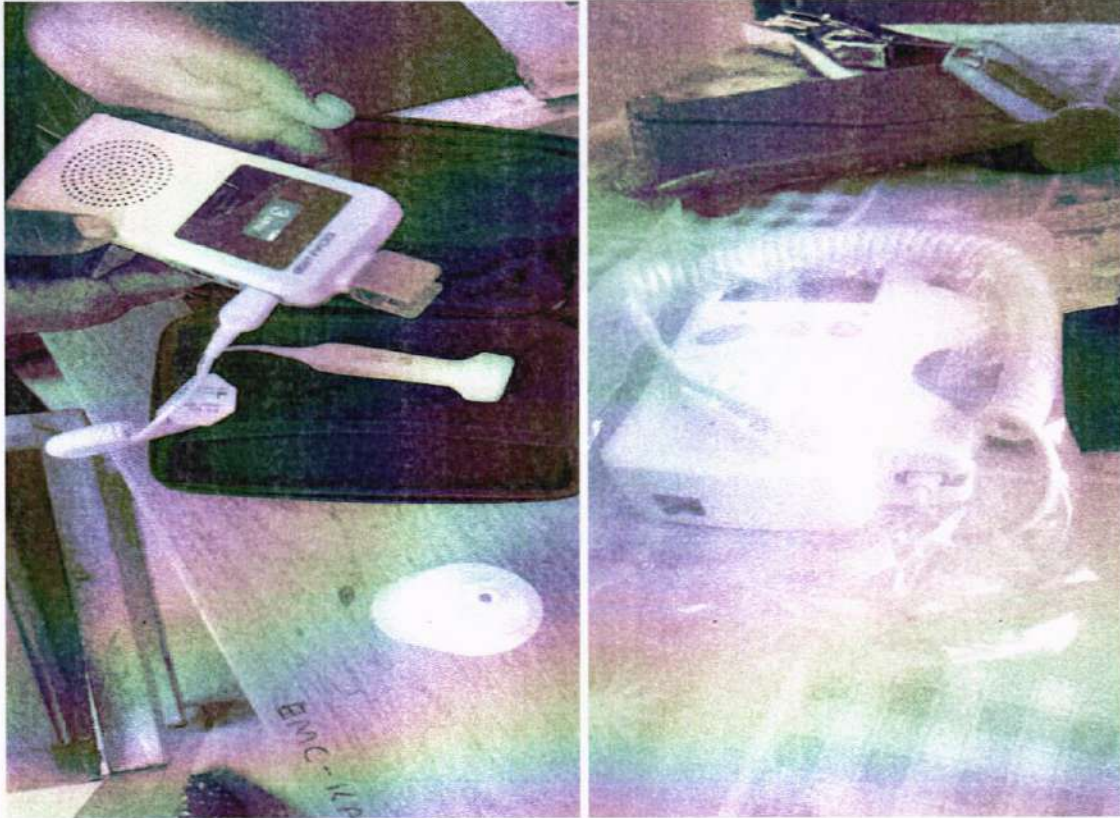
Contract value (UGX): 14,190,000

Contract:

Supply of Assorted Medical equipment and furniture for Katabi and Kigungu HCIII

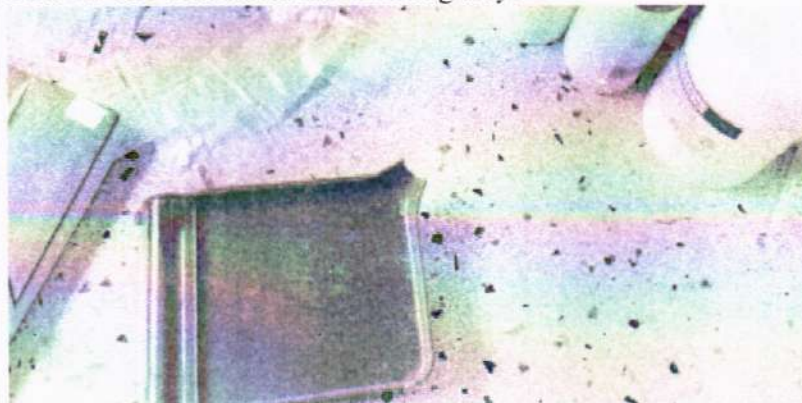
Provider: Given Logistics Limited

Status of Works: All the medical equipment had been supplied and were in use at the time of the physical verification.



Above: The two Doppler scans and tablet counting tray were supplied and were in use at the time of verification.

Below: The second tablet counting tray.






Above: On the left is the fridge and on the right is the sample of the form with back rest.
Below: Is a sample of the office table that was supplied at the time of verification.



Case 12	Contract value (UGX): 71,400,000
Contract: Purchase of Road Gravel for Upgrading of Yusuf Lule Road	
Provider: Skylight General Services Ltd	
Status of Works: Rehabilitation works were still ongoing at the time of the physical verification.	



Above: Ongoing rehabilitation works at Yusuf Lule Road

Case 10	Contract value (UGX): 25,480,035
Contract: Proposed Access Road to Kiwafu Playground and Connection of Water to Toilet	
Provider: Senae Construction Company Limited	
Status of Works: The works were completed as per BOQs and water had been connected to the toilet which was in use at the time of the physical verification.	
	
Above: The toilet had been connected to water and the proposed access road to Kiwafu Playground was in place at the time of physical verification.	

Case 6	Contract value (UGX): 2,873,916,514
Contract: Construction Works for Selected Infrastructure Sub-projects-USMID-AF Batch II, Lot 3	
Provider: Scaffold Constructions and Engineering Co. Ltd	
Status of Works: The construction works were still ongoing at the time of the physical verification.	



Above: Construction Works still ongoing at Kitoro taxi park.

Below: Ongoing works at Kitoro taxi park.



Case 1	Contract value (UGX): 20,010,440
Contract: Supply and Installation of Road Signage	
Provider: Daposh Construction Company Ltd	
Status of Works: The works were completed as per BOQs at the time of the physical verification.	



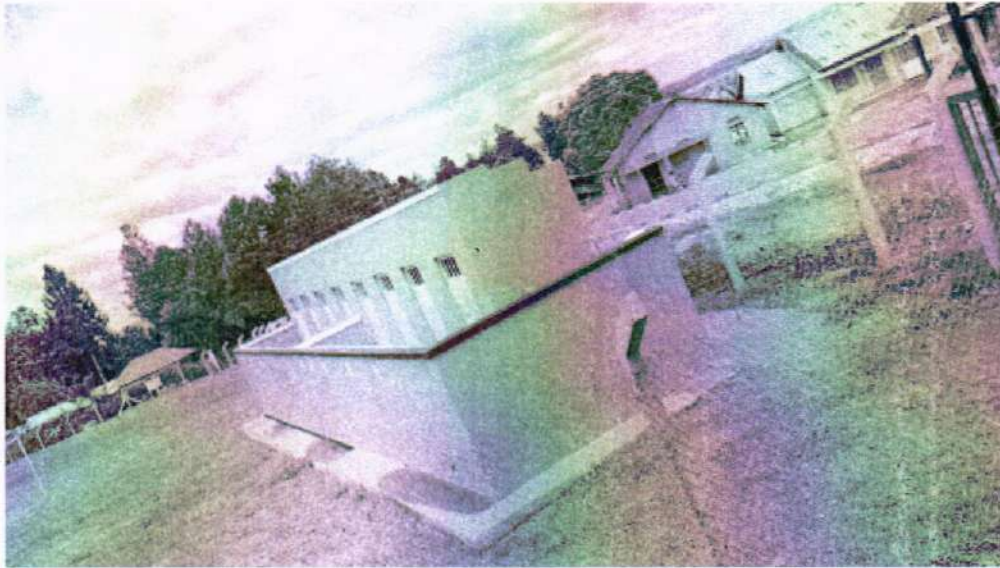
Above: The completed road signage at Kiwafu Road.

Case 16	UGX: 35,116.800
Contract: Supply of School Furniture for Kiwafu Muslim and Kigungu Primary Schools	
Provider: MMS Revival Investments SMC Ltd	
Status of Works: All the desks had been delivered to the school and were in use at the time of the physical verification.	



Above: The pupils utilising the supplied desks.

Case 9	UGX: 117.021.846
Contract: Construction of a Waterborne Toilet at Nakiwogo Banga Playground	
Provider: Skylight General Services Ltd	
Status of Works: The works were completed as per BOQs and the toilet was in use at the time of the physical verification.	



Above: The water borne toilet at Nakiwogo Banga Playground

Below: The water tank



Case 15	UGX: 101,515,400
Contract: Supply of Assorted Office furniture for Public Library	
Provider: MMS Revival Investments SMC Ltd	
Status of Works: The furniture was supplied and was in use at the time of the physical verification.	



Above: On the left are the storage shelves and to the right are the chairs and desks
 Below: Sample of tables and a cabinet that were supplied.



