

**PERFORMANCE AUDIT REPORT FOR FINANCIAL
YEAR 2021/2022**

GOMBA DISTRICT LOCAL GOVERNMENT

MAY 2024

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ACRONYMS

Act	Public Procurement and Disposal of Public Assets Act, 2003
CC	Contracts Committee
FY	Financial Year
GCC	General Conditions of Contract
HPDU	Head, Procurement and Disposal Unit
ITB	Instruction to the Bidders
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SCC	Special Conditions of Contract
NoBEB	Notice of the Best Evaluated Bidder

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance audit of the procurement and disposal activities of Gomba District Local Government that covered a sample of 10 procurement transactions for Financial Year 2021/2022.

The overall objective of the performance audit was to assess and establish the degree of compliance of Gomba District Local Government procurement and disposal systems and processes with the provisions of the PPDA Act, 2003 and the Local Government (PPDA) Regulations, 2006 and assess the level of procurement performance over the period.

From the findings of the compliance audit exercise, the performance of Gomba District Local Government for the Financial Year 2021/2022 was **Moderately Satisfactory** with overall weighted average risk rating of **57.2%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of this audit report.

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

1. Failure to implement 67% of previous audit recommendations, hindering performance improvement of the Entity's procurement and disposal function and exposing the Entity to procurement risks;
2. Failure to implement procurements worth UGX 850,321,454 (25%) of the procurement plan, limiting service delivery to the public as the intended procurements are not made;
3. The Construction of a Five Stance lined VIP Latrine at Kakubansiri Muslim Primary School worth UGX 26,607,500 was implemented outside the procurement plan, exposing the Entity to the risk of cumulative domestic arrears and not implementing planned procurements;
4. The User Departments did not confirm the availability of funds on procurement requisitions in all procurements which exposed the Entity to a risk of initiating procurement transactions with insufficient or no budget hence leading to accumulation of domestic arrears or failure to track budget expenditure leading to low budget absorption;
5. The Entity did not obtain at least three bids in four procurements worth UGX 187,369,670 which hindered competition in the procurement process;
6. The Procurement and Disposal Unit did not maintain bids on the procurement action file in two procurements worth UGX 218,638,626 hindering transparency and accountability in the procurement process;
7. In three procurements worth UGX 115,731,044, the evaluation committees failed to sign the evaluation reports, which indicates that decisions of the Evaluation Committee were not unanimous, casting doubt on the level of fairness in the Entity's procurement process;
8. In the evaluation of two of the procurements worth UGX 150,000,000, there were inconsistencies in the evaluation of bids, hindering transparency and fairness in the evaluation process;
9. In five procurements worth UGX 271,735,804, the Heads of Departments failed to nominate Contract Supervisors for appointment by the Accounting Officer, compromising of quality by the service delivered due to limited supervision; and
10. Nine procurements worth UGX 704,301,595 had missing documents such as procurement requisitions, record of issue, receipt, bid opening and contract management records were not on the procurement action files which limits the audit trail, transparency and accountability.

In light of the above exceptions, the Authority recommends the following:

1. The Accounting Officer should:
 - (a) Put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations;
 - (b) Always update the procurement plan to reflect the changes based on actual releases in accordance to Regulation 4 of the PPDA (Planning) Regulations, 2023;
 - (c) Ensure that the procurement plan is reviewed and updated on a quarterly basis to reflect any changes that may arise as required by Section 58 (4) of the PPDA Act, 2003;
 - (d) Establish the possible causes of the low bidder response and devise mechanisms of increasing competition in the Entity's procurement processes to achieve value for money; and
 - (e) Organize a training and capacity building of key technical staff involved in bid evaluation.
2. The Contracts Committee should desist from approving an evaluation report not signed by all approved Evaluation Committee members in line with Regulation 2 (2) of the PPDA (Contracts) Regulations, 2023; and
3. The Head Procurement and Disposal Unit should:
 - (a) Always keep copies of bids received on procurement action file in accordance with the PPDA Guideline 10/2024 on Procurement and Disposal Records to be kept by the Procuring and Disposing Entity;
 - (b) Ensure that every page of an evaluation report is signed by all the members of the Evaluation Committee in line with Regulation 12 (3) of the PPDA (Evaluation) Regulations, 2023;
 - (c) Guide Evaluation Committees in conducting detailed evaluation in accordance to Regulation 19 of the PPDA (Evaluation) Regulations, 2023; and
4. User Departments should:
 - (a) Always confirmation of availability of funds to support the procurement on form 5 in line with Regulation 3 (c) of the PPDA (Rules and methos for Procurement of supplies, services and non-consultancy) Regulations, 2023; and
 - (b) Nominate Contract Manager with the appropriate skills and experience for appointment by the Accounting Officer in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.

Gomba District Local Government should implement the recommended action plan on page 17 to 18 of this report

CHAPTER 1: INTRODUCTION

1.1. Background

The Public Procurement and Disposal of Public Assets Authority carried out a contract audit on the procurement and disposal activities of Gomba District Local Government that covered a sample of 10 procurement transactions for works, supplies and services under the Financial Year 2021/2022. The audit involved a review of procurement and disposal structures, systems and processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 and the Local Government Public Procurement and Disposal of Public Assets Regulations, 2006.

1.2. Main Audit Objectives

The overall objective of the performance audit was to assess and establish the degree of compliance of Gomba District Local Government procurement and disposal system and processes with the provisions of the PPDA Act, 2003 and the Local Government Public Procurement and Disposal of Public Assets Regulations, 2006 and assess the level of procurement performance over the audit period.

The specific objectives were to:

1. Establish the level of compliance by the PDE with the general provisions of the PPDA Act and Regulations;
2. Establish the level of compliance with the PPDA Act, 2003 in the conduct of procurement and disposal activities; and
3. Assess the level of efficiency and effectiveness in contract implementation.

1.3. Scope of the Audit

The Audit involved a review of the procurement and disposal process, general compliance issues and contract implementation on sample basis. The exercise covered a sample of 10 procurement transactions worth UGX 743,121,597 during the Financial Year 2021/2022, review of procurement structures and review of the procurement plan performance. The sample size was assessed as representative of the population of all transactions. The list of sampled transactions is contained in **Annex 1**.

1.4. 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 and Disposal Planning, Initiation, Bidding, Evaluation, Contract Placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fit for purpose. During the 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 systems and processes in place.

Two Senior Officers conducted the exercise under the supervision of the Regional Manager and Director Performance Monitoring. During the exercise, the team examined records and documents for each of the 10 sampled procurement transactions. The team reviewed the procurement plan for the Financial Year 2022/2023.

A debrief meeting to discuss preliminary findings was held with the Entity management and staff on 23rd June 2023 before the compliance audit team could embark on preparation of the management letter. The management letter was sent to the Entity on 22nd November 2023 with a request to submit a management response by 30th November 2023 which was submitted on 25th March 2024.

1.5. Procurement Structures

The key players in the procurement structure at Gomba District Local Government included the Chief Administrative Officer as Accounting Officer, the Contracts Committee (CC), the Procurement and Disposal Unit (PDU) and the User Departments. The Authority found that the Entity's procurement structures were fully staffed and functional at the time of Audit.

1. Accounting Officer

Section 26 of the PPDA Act 2003 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The Chief Administrative Officers; Mr. John Nyakahuma and Mr. Joseph Kisubi were designated as the Accounting Officers of the Entity for the periods July-2021 to January 2022 and January 2022 to June 2022 respectively in the financial year 2021/2022.

2. Composition of the Contracts Committee

During the period under review, the Entity's Contracts Committee was fully constituted as per the provisions of Section 27 of the PPDA Act, 2003 and Regulation 15. (1) of the Local Governments (PPDA) Regulations 2006 with five members as indicated in Table 1 below:

Table 1: Composition of the Contracts Committee

No.	Name	Position	Job Title	Date of appointment
1.	Mr. Patrick Mwesige	Chairperson	District Water Officer	23/03/2021
2.	Ms. Winnie Kyobutungi	Member	Senior Environmental Officer	23/03/2021
3.	MS. Flavia Nambajjwe	Member	Senior Community Develop Officer	23/03/2021
4.	Mr. Martin Luther Kizito	Member	Population Officer /Ag. District Planner	23/03/2021
5.	Mr. Ben Kiddu	Member	Production Officer	23/03/2021

3. Staffing of the Procurement and Disposal Unit

The Procurement and Disposal Unit was manned by two officers as indicated in Table 2 below:

Table 2: Staff in the Procurement and Disposal Unit

No.	Name	Position	Qualifications	Years in appointment
1.	Mr. Martin Mbabaali	Senior Procurement Officer	Bachelor of Procurement and Logistics Management	17/02/2021
2.	Ms. Jane Namaganda	Procurement Officer	Bachelor of Procurement and Logistics Management	24/02/2023

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1 Compliance with the general provisions of the PPDA Act, 2003 and the Local Government Public Procurement and Disposal of Public Assets Regulations, 2006

2.1.1 Failure to implement 67% of previous audit recommendations

The Authority noted that the Entity was issued a previous audit report for the Financial Year 2017/18 in June 2019 with recommendations for implementation. Out of the six recommendations made, two recommendations (33%) were fully implemented, three recommendations (50%) were partially implemented while one recommendation (17%) was not implemented indicated in Table 3 below:

Table 3: Implementation of previous audit recommendations

No.	Recommendation	Comment	Status	Management Response
1.	User Departments during the initiation of procurement transactions should provide the budget information on the LG PP Form 1	Recurring, the funds availability section not filled for nine sampled procurements	Not Implemented	Noted for compliance
2.	User Departments should attach statement of requirements to procurement requisitions in accordance with Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (Public Procurement and Disposal of Public Assets) Regulations, 2006 and Section 34 (1) of the PPDA Act, 2003.	Some procurements still lacked attachments of the Statement of Requirements	Partially Implemented	The User Departments have been directed to attach statement of requirements to procurement requisitions in accordance With the Regulations.
3.	The Head Procurement and Disposal Unit and Contracts Committee should thoroughly scrutinise bidding documents before issuance to ensure that they are complete and conform to Regulation 48 (2) and (4) of the Local Governments (Public Procurement and Disposal of Public Assets) Regulations, 2006.	Few cases of reoccurrences	Partially Implemented	Issue noted and already under implementation in the current FY.
4.	The Head Procurement and Disposal Unit and Contracts Committee should ensure that Evaluation Committee members with appropriate capacity to evaluate bids are nominated and approved	Only in one of the sampled procurements the User Departments representation was not considered thus limiting the technical input	Partially Implemented	Noted and this will be fully adhered to. However, we always consider the User Departments representation.

Implication

Non-implementation of audit recommendations hinders performance improvement of the Entity's procurement and disposal function and exposes the Entity to procurement risks.

Recommendation

The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations.

2.1.2 Failure to implement 25% of the procurement plan

Section 58 (4) of the PPDA Act, 2003 provides that a Procuring and Disposing Entity shall, on a quarterly basis and in any other case, wherever necessary, review and update its procurement plan.

The District implemented procurements worth UGX 2,531,354,306 (75%) out of the total procurement plan of UGX 3,381,675,760 leaving procurements worth UGX 850,321,454 (25%) unimplemented. Some of the planned procurements not implemented in the are indicated in Table 4 below:

Table 4: Planned procurements not implemented

No.	Subject of Procurement	Planned value (UGX)
1.	Upgrading of Bulwadda Health Centre II to Health Centre III	650,000,000
2.	Supply of Assorted medical equipment to Bulwadda Health Centre II	205,460,496
3.	Procurement of a motorcycle to Roads and Engineering Sector	18,500,000
Total		873,960,496

Implication

Failure to fully implement the procurement plan hinders service delivery to the public as there are poor roads and limited medical equipment in health facilities.

Management Response

Management acknowledged the audit findings and attributed it to; under-release of funds and delays in hybrid procurements for Upgrading of Bulwadda Health Centre II to Health Centre III and supply of medical equipment to Health Centre III which was done in collaboration with Ministry of Health (MOH).

Recommendation

The Authority noted management's response however no evidence was provided to verify that the delays in Construction and equipping of Bulwadda Health Centre II was due to delays by Ministry of Health. The Authority therefore recommends that:

The Accounting Officer should always update the procurement plan to reflect the changes based on actual releases in accordance to Regulation 4 of the PPDA (Planning) Regulations, 2023.

2.1.3 Procurements outside the approved procurement plan

Section 58 (4) and (7) of the PPDA Act, 2003 requires that a Procuring and Disposing Entity on a quarterly basis and in any other case, wherever necessary, review and update its procurement

plan. Further states that, Procurement shall not be carried out outside the procurement plan except in cases of emergency situations.

The Authority noted that the Entity implemented a procurement for the Construction of a Five Stance lined VIP Latrine at Kakubansiri Muslim Primary School worth UGX 26,607,500, however, this was not in the procurement plan contrary to Section 58 (4) and (7) of the PPDA Act, 2003.

Implications

This exposed the Entity to the risk of accumulation of domestic arrears or of not implementing planned procurements.

Management response

Management acknowledged the audit finding and promised to updated the procurement plan in future to cater for changes in prioritised procurements.

Recommendation

The Accounting Officer should ensure that the procurement plan is reviewed and updated on a quarterly basis to reflect any changes that may arise as required by Section 58 (4) of the PPDA Act, 2003.

2.2 Compliance with the PPDA Act 2003 and Regulations 2006 in the conduct of procurement and disposal activities

2.2.1 Failure to confirm availability of funds on procurement requisitions

Regulation 65 (a) and (c) of the Local Governments (PPDA) Regulations 2006 requires procurement requisitions to be supported by a clear indication of the works, services or supplies required and confirmation of availability of funding.

The Authority noted that in all the sampled procurement, the User Departments did not confirm the availability of funds on procurement requisitions. The l the funds availability section of the LG PP Form 1 was not filled.

Implication

This exposed the Entity to a risk of initiating procurement transactions with insufficient or no budget hence leading to accumulation of domestic arrears or failure to track budget expenditure leading to low budget absorption.

Management response

Management acknowledged the audit finding and indicated that the Accounting Officer has directed all Heads of Departments to always provide information in regard to funds availability before submission of procurement requisitions.

Recommendation

User Departments should always confirmation of availability of funds to support the procurement on form 5 in line with Regulation 3 (c) of the PPDA (Rules and methos for Procurement of supplies, services and non-consultancy) Regulations, 2023.

2.2.2 Low bidder participation

Section 45 and 46 of the PPDA Act, 2003 provides that all procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness, maximize competition and achieve value for money.

The Authority observed that the Entity did not obtain at least three bids in four procurements worth UGX 187,369,670 as indicated in Table 5 below:

Table 5: Procurements with low bidder participation

No.	Subject of procurement	Contract Value (UGX)	No. of Bids Received
1.	Construction of a two-classroom block with an office and a store at Kimwanyi Primary School.	71,638,626	2
2.	Construction of a Two Classroom Block at Kanogogi Primary School	66,502,000	2
3.	Construction of a Five Stance Lined VIP Latrine at Najjooki Primary School	22,621,544	1
4.	Construction of a Five Stance lined VIP Latrine at Kakubansiri Muslim Primary School	26,607,500	1
TOTAL		187,369,670	

Implication

Limited number of bids hinders competition in the procurement process hence no value for money.

Management Response

Management acknowledged the observation and explained that these were open bidding procurements with adverts in the New Vision which has wide coverage.

Recommendation

The Authority noted management response, however open bidding procurements can also receive few bids with other underlying issues. The Authority therefore recommends that the Accounting Officer should establish the possible causes of the low bidder response and devise mechanisms of increasing competition in the Entity's procurement processes to achieve value for money.

2.2.3 Failure to maintain bids on the procurement action files

Regulation 46 (2) (e), of the Local Governments (PPDA) Regulations, 2006 provides that procurement records maintained by a Procurement and Disposal Unit shall contain, where appropriate, a copy of all bids evaluated or clarifications requested and responses received.

The Authority noted that the Procurement and Disposal Unit did not keep bids on the procurement action file in two procurements worth UGX 218,638,626 as indicated in Table 6 below:

Table 6: Procurements with no bids on the procurement action file

No.	Subject of procurement	Contract Value (UGX)
1.	Construction of a two-classroom block with an office and a store at Kimwanyi Primary School.	71,638,626
2.	Drilling of three boreholes at Bukandula, Nabuguyo and Kasiba	147,000,000
	Total	218,638,626

Implication

This hinders transparency and accountability in the procurement process thus limiting value for money.

Management Response

Management acknowledged the audit finding and promised to comply in subsequent financial years.

Recommendation

The Head Procurement and Disposal Unit should always keep Copies of bids received on procurement action file in accordance with the PPDA Guideline 10/2024 on Procurement and Disposal Records to be Kept by the Procuring and Disposing Entity.

2.2.4 Failure to sign the evaluation reports by the Evaluation Committees

Regulation 72 (12) and 81 (2) of the Local Governments (PPDA) Regulations, 2006 provides that the evaluation report shall be signed by all members of the evaluation committee.

The Authority noted that the Evaluation Committee members did not sign the evaluation report in three procurements worth UGX 115,731,044 as indicated in Table 7 below:

Table 7: Evaluation reports not signed members of the Evaluation Committee

No.	Subject of Procurement	Amount (UGX)
1.	Construction of a Two Classroom Block at Kanogogi Primary School	66,502,000
2.	Construction of a Five Stance Lined VIP Latrine at Najjooki Primary School	22,621,544
3.	Construction of a Five Stance lined VIP Latrine at Kakubansiri Muslim Primary School	26,607,500
	Total	115,731,044

Implication

This may indicate that decisions of the Evaluation Committee were not unanimous, casting doubt on the level of fairness in the Entity's procurement process.

Management Response

Management acknowledged the audit findings and committed to adhere to the recommendations henceforth.

Recommendation

- The Head Procurement and Disposal Unit should ensure that every page of an evaluation report is signed by all the members of the Evaluation Committee in line with Regulation 12 (3) of the PPDA (Evaluation) Regulations, 2023.
- The Contracts Committee should desist from approving an evaluation report not signed by all approved Evaluation Committee members in line with Regulation 2 (2) of the PPDA (Contracts) Regulations, 2023.

2.2.5 Inconsistencies in the evaluation of bids

Regulation 73. (1) and (2) of the Local Governments (PPDA) Regulations, 2006 provides that a Procuring and Disposing Entity's determination of a bid's compliance and responsiveness shall be based on the contents of the bid. It also states that a substantially compliant and responsive bid shall be one that conforms to all the instructions, requirements, terms and conditions of the bidding documents without material deviation, or omission.

The Authority noted inconsistencies in the evaluation of two of the sampled procurements worth UGX 150,000,000 as indicated in Table 8 below.

Table 8: Irregularities during the evaluation of bids

No.	Subject of Procurement	Amount (UGX)	Irregularities
1.	Tender for Livestock in Kyayi Sub- County Lot 7	3,900,000	<ul style="list-style-type: none">• The evaluation criteria in the bidding document indicated that the bidders were required to indicate evidence of financial capacity, however, the criteria were not clear for comparison of costs of the eligible, compliant and responsive bids in accordance with Regulation 76 (c) of Local Government Regulation, 2006.• No detailed evaluation on the capacity of the bidders
2.	Drilling of three boreholes at Bukandula and Nabuguyo	147,000,000	The bidder Reddy's Boreholes and Technical Services Ltd did not submit a bid security of UGX 2,000,000 which was a requirement in the bidding document, however, he was passed as compliant.
Total		150,900,000	

Implication

- Unclear evaluation criteria hinder transparency and fairness in the bid evaluation process and may lead to passing on non-compliant bidders.
- Passing a bidder without a bid security as required in the bidding document exposes the Entity to the risk of delays in the procurement in case the bidder withdraws their bid.

Management Response

Management made its submission as follows:

- The revenue contracts, contractors were required to attach a commitment letter to pay three months advance before signing the contract which serves as evidence of financial capacity.
- Reddy's Boreholes and Technical services submitted a bid security as recorded on record of bid opening.

Recommendations

The Authority noted management's response; however, a copy of bid security of UGX 2,000,000 was not provided for verification. The Authority therefore recommends that:

- The Head Procurement and Disposal Unit should guide Evaluation Committees in conducting detailed evaluation in accordance to Regulation 19 of the PPDA (Evaluation) Regulations, 2023;
- The Contracts Committee should desist from approving evaluation recommendations where the requirements in the bidding document have not been adhered to; and
- The Accounting Officer should organize a training and capacity building of key technical staff involved in bid evaluation.

2.2.6 Irregularities in issue and display of best evaluated bidder notices.

Regulation 85 (1) and (5) of the Local Governments PPDA Regulations, 2006 requires a Procuring and Disposing Entity to within five days of the decision of the Contracts Committee award of a contract display or issue the Notice of Best Evaluated Bidder (NoBEB) to all bidders who participated in the procurement.

The Authority noted that irregularities in display and issue of BEBN in seven of the sampled procurements worth 544,276,430 as indicated in Table 9 below:

Table 9: Irregularities in the bid notice and communication of best evaluated bidder

No.	Subject of Procurement	Amount (UGX)	PPDA Findings
1.	Construction of a Five Stance lined VIP Latrine at Kakubansiri Muslim Primary School	26,607,500	Did not display or issue the NoBEB
2.	Tender for Livestock in Kyayi Sub-County Lot 7	3,900,000	
3.	Construction of a two-classroom block with an office and a store at Kimwanyi Primary School	71,638,626	The NoBEB did indicate the unsuccessful bidders and reasons for their being unsuccessful.
4.	Construction of a Two Classroom Block at Kanogogi Primary School	66,502,000	
5.	Drilling of three boreholes at Bukandula, Nabuguyo and Kasiba	147,000,000	
6.	Construction of solar powered piped water scheme at Matongo Phase 2	206,006,760	The Notice of Best Evaluated Bidder was not signed
Total		544,276,430	

Implication

This hinders transparency and accountability in the procurement process which affects the Entity's reputation.

Management Response

Management explained that all notices to bidders were communicated via emails using the best evaluated bidders' notice.

Recommendations

The Authority noted the Accounting Officer's response; however, evidence of mails sent was not provided for verification. The Authority therefore recommends that:

The Accounting Officer should ensure that a notice of best evaluated bidder is displayed on the notice board of the procuring and disposing entity for ten working days and copies sent to all bidders who participated in the process within five working days after the award decision of the Contracts Committee in line with Regulation 3 of the PPDA (contracts) Regulations, 2023.

2.2.7 Failure to appoint Contract Supervisors

Regulation 119 (2) of the Local Governments (PPDA) Regulations, 2006, states that User Department shall 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.

The Heads of User Departments failed to nominate Contract Supervisors for appointment by the Accounting Officer in five sampled procurements worth UGX 271,735,804 as indicated in Table 10 below:

Table 10: Procurements without nomination of Contract Supervisors

No.	Subject of procurement	Contract Value (UGX)
1.	Construction of solar powered piped water scheme at Matongo Phase 2	206,006,760
2.	Procurement of a Motorcycle for Production Department	12,600,000
3.	Tender for Livestock in Kyayi Sub- County Lot 7	3,900,000
4.	Construction of a Five Stance Lined VIP Latrine at Najjooki Primary School	22,621,544
5.	Construction of a Five Stance lined VIP Latrine at Kakubansiri Muslim Primary School	26,607,500
Total		271,735,804

Implication

Failure to appoint Contract Supervisors may result into sub-standard deliverables or shoddy and delayed works.

Management Response

Management asserted that Contract Supervisors are appointed for all procurements.

Recommendation

The Authority noted management's response, however appointment of Contract Supervisors for the Procurements above were not provided for verification. The Authority therefore recommends that:

The Heads of User Departments should nominate Contract Manager with the appropriate skills and experience for appointment by the Accounting Officer in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.

2.2.8 Missing records on procurement action files

Section 41 of the PPDA Act 2003 states that the Procuring and Disposing Entity shall maintain records on its procurement and disposal proceedings for a period of seven years from the date of a decision to terminate the procurement and disposal action, or the date of contract completion, whichever comes later.

A review of nine procurements worth UGX 704,301,595 noted that some documents such as procurement requisitions, record of issue, receipt, bid opening and contract management records were not on the procurement action files as indicated in Table 11 below:

Table 11: Missing documents on procurement action files

No.	Subject of procurement	Value Ugx)	Missing records
1.	Construction of a two-classroom block with an office and a store at Kimwanyi Primary School	71,638,626	<ul style="list-style-type: none"> • LG PP Form 1 (Procurement Requisition) • There were no final completion certificates
2.	Drilling of three boreholes at Bukandula, Nabuguyo and Kasiba	147,000,000	<ul style="list-style-type: none"> • No evidence of preparation of measurement sheets to confirm assessment of the contractor's work and payment. • No progress reports • No interim/completion certificate
3.	Tender for Livestock in Kyayi Sub- County Lot 7	3,900,000	<ul style="list-style-type: none"> • There was no evidence that Kuteesa Kefa submitted a bid since this was not on file (LG PP Form 9 - Record of Receipt of Bids) • No evidence of award of contract by the Contracts Committee • No evidence to confirm that the Entity signed a contract with the Kuteesa Kefa (BEB). • No evidence of payment of the monthly remittances as earlier committed in the contract. • No contract implementation report.
4.	Construction of a Two Classroom Block at Kanogogi Primary School	66,502,000	<ul style="list-style-type: none"> • There were no details of site possession/handover to the contractor as stated in GCC 21.1 • There was no performance security of 10% of contract price in the form of unconditional bank guarantee submitted by the Contractor as required under GCC 52.1 and GCC 52.3 of the Special Conditions
5.	Construction of a Five Stance Lined VIP Latrine at Najjooki Primary School	22,621,544	<ul style="list-style-type: none"> • No contract implementation plan • There was no performance security of 10% of contract price in the form of unconditional bank guarantee submitted by the Contractor as required under GCC 52.1 and GCC 52.3 of the Special Conditions
6.	Construction of a Five	26,607,500	<ul style="list-style-type: none"> • LG PP Form 5 (Request for Approval of Bidding)

	Stance lined VIP Latrine at Kakubansiri Muslim Primary School		Document and Bid Notice / Shortlist <ul style="list-style-type: none"> • LG PP Form 6 (Record of Issue of Bid Documents (Non-Fee/ Fee Payable)) • LG PP Form 9 (Record of Receipt of Bids) • LG PP Form 10 (Record of bid opening) • Contract implementation plan • Contract management documents
7.	Procurement of a Motorcycle for Production Department	12,600,000	<ul style="list-style-type: none"> • There no evidence that a contract was signed or LPO issued for the delivery was made on 13th July 2023 • No evidence of a Goods Received Note (GRN)
8.	Construction of solar powered piped water scheme at Matongo Phase 2	206,006,760	<ul style="list-style-type: none"> • No evidence of clearance by the Solicitor General • There was no performance security of 10% of contract price in the form of unconditional bank guarantee submitted by the Contractor as required under GCC 52.1 and GCC 52.3 of the Special Conditions
9.	Construction of staff house at Ngomanene HC III	147,425,165	<ul style="list-style-type: none"> • No contract implementation plan, • No contract management records such as progress reports (with only Report 1 dated 21-04-2022 seen on file for ongoing works) and no completion certificates • No evidence of submission of a program of works within 14 days of receipt of delivery of the Letter of Acceptance as required under GCC 27.1
Total		704,301,595	

Implication

Poor record keeping limits the audit trail, transparency and accountability, and exposes the Entity to the risk of delays in contract implementation.

Management response

Management acknowledged the issue and promised to improve in future.

Recommendation

The Head Procurement and Disposal Unit should ensure that all records regarding procurement are properly kept and filed in their respective files in accordance with Section 41 of the PPDA Act, 2003.

2.3 Efficiency and effectiveness in contract implementation

2.3.1 Poor workmanship

The Entity entered into contracts for construction of a two-classroom block with an office and a store at Kimwanyi Primary School UGX 71,638,626 and a five-stance lined VIP Latrine at Najjooki Primary School worth UGX 22,621,544.

The Authority noted defects on floor works of the 5-stance VIP latrine at it had developed cracks which was separating the latrine structure and the its veranda. The floor for the two-classroom block with an office and a store at Kimwanyi Primary School had also developed some cracks and the ramp was steep as shown in Figure 1 and 2 below:

Figure 1: Photo of a cracked floor of a five-stance lined VIP latrine at Najjooki Primary School

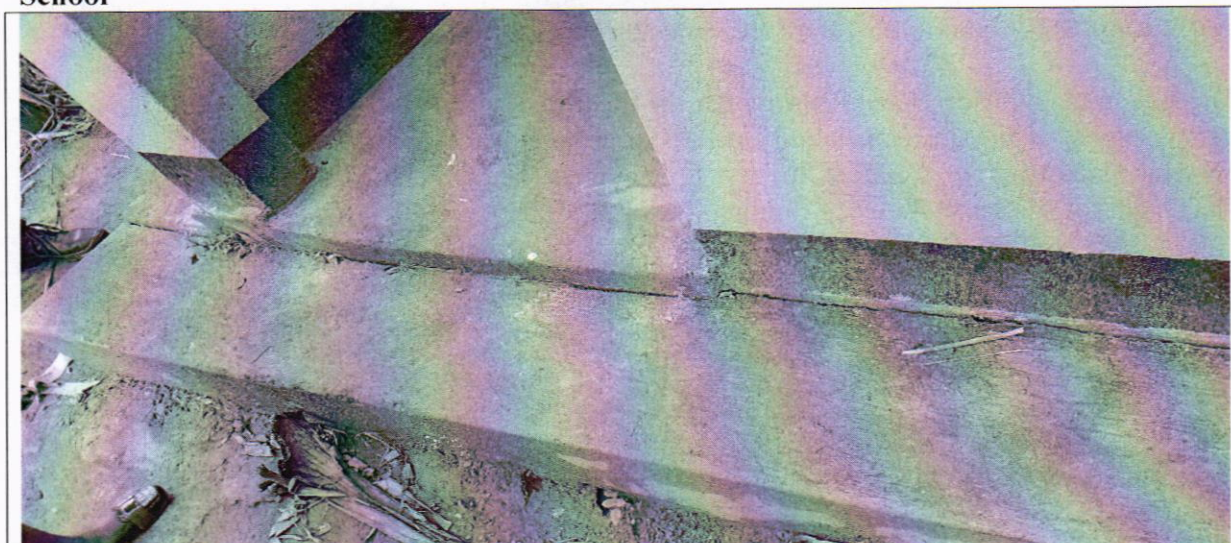


Figure 2: Photo of a steep ramp and cracked floor of a two-classroom block with an office and a store at Kimwanyi Primary School

Two classroom blocks with an office and a store at Kimwanyi Primary School

Trees poorly maintained



Implications

Poor quality works compromise the principle of value for money.

Management response

Management acknowledged the audit finding and indicated that:

- The contractor for construction of five stance lined VIP Latrine at Najjooki Primary School had rectified the defects; and
- The defects for a two-classroom block with an office and a store at Kimwanyi Primary School had been rectified prior to expiration of the defect's liability period.

Recommendations

The Authority noted Management's response; however, no evidence was provided for verification. The Authority therefore recommends that:

The Accounting Officer should ensure that the identified defects are corrected by the contractor before expiry of the defect's liability period in accordance with GCC 45 and GCC 46 of the General Conditions of Contract for the Procurement of Works (Local Government Bidding Document for Works under Open Bidding, September 2020).

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.0 Overall Performance Conclusion

The performance of Gomba District Local Government for the Financial Year 2021/2022 was **Moderately Satisfactory** with overall weighted average risk rating of **57.2%**.

The risk rating is as in Table 12 below:

Table 12: Risk rating Table

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

3.1 Entity's risk assessment

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 13 below:

Table 13: Risk Computation

Risk Category	No.	No.%	Value (UGX)	Value %	Weights	Total Weighted Average	
						By No.	By Value
High	4	40	43,107,500	5.78	0.6	24	3.47
Medium	5	50	588,547,556	78.89	0.3	15	23.67
Low	1	10	114,358,626	15.33	0.1	1	1.53
Satisfactory	0	-	0	-	0	0	-
Total	10	100	746,013,682	100	1	40	28.67

$$\text{Weighted Average (By NO.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{40}{60} \times 100 = 66.67\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{28.67}{60} \times 100 = 47.78\%$$

$$\text{Combined Weighted Average} = \frac{66.67+47.78}{2} = 57.22\%$$

Figure 3: Graphical representation of the Entity's risk assessment by number

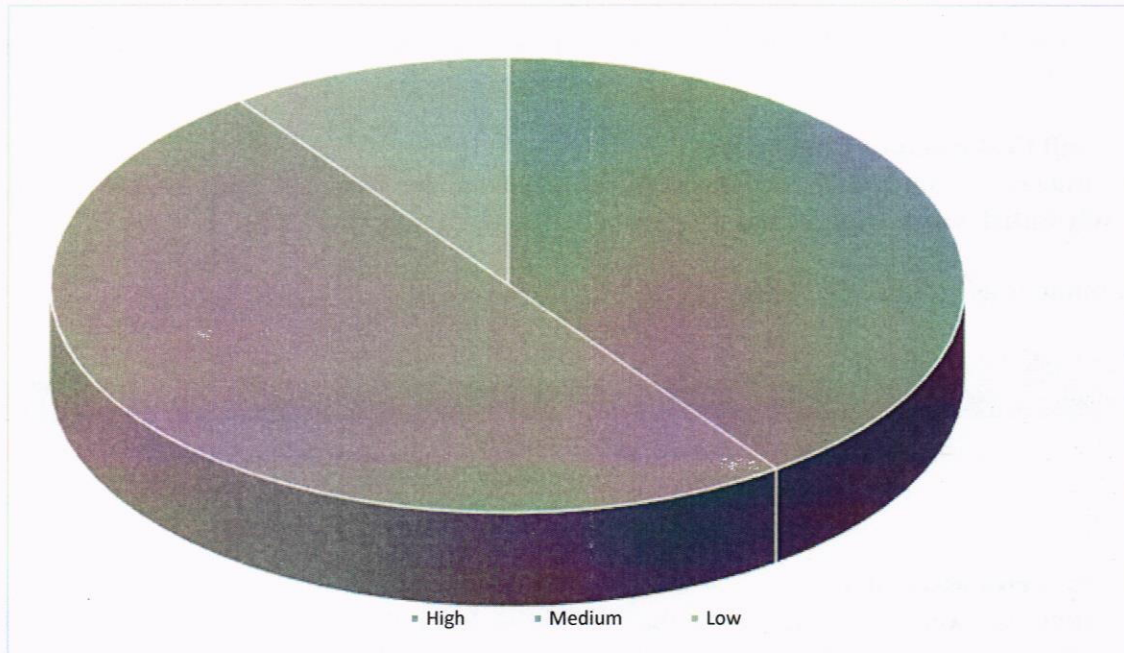
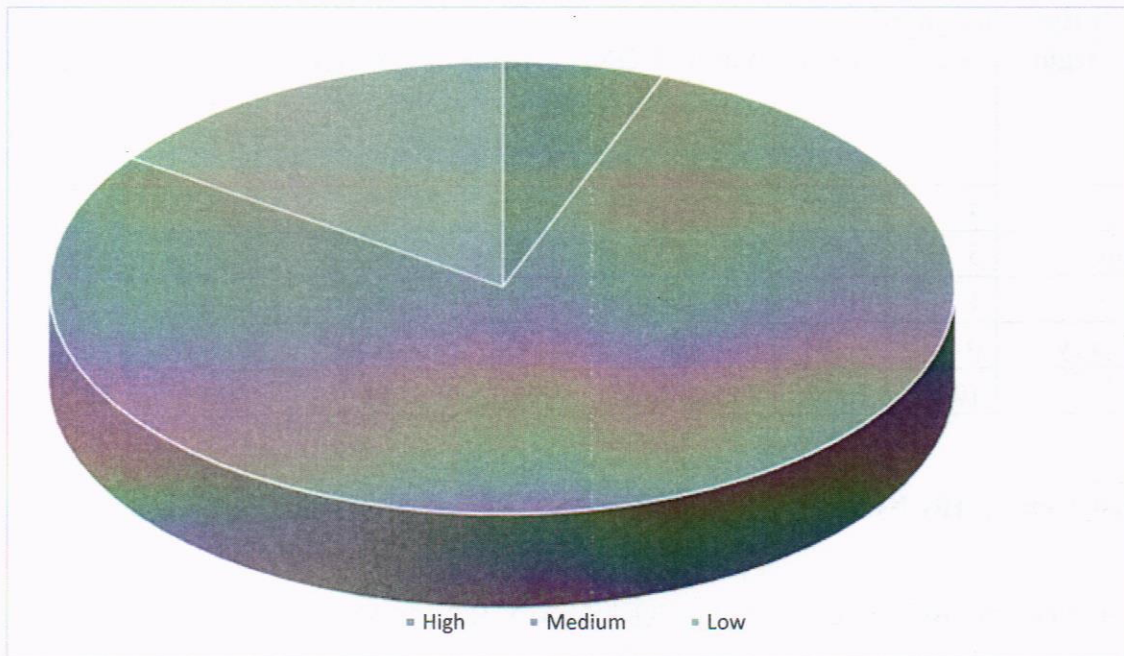


Figure 4: Graphical representation of the Entity's Risk assessment by value



3.2 Recommended Action Plan

Gomba District Local Government should implement the following recommendations in Table 14 below within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 14: Action Plan

No.	Recommendation	Responsible Officer	Target Date
1.	The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations	Accounting Officer	September, 2024
2.	The Accounting Officer should always update the procurement plan to reflect the changes based on actual releases in accordance to Regulation 4 of the PPDA (Planning) Regulations, 2023	Accounting Officer	September, 2024
3.	The Accounting Officer should ensure that the procurement plan is reviewed and updated on a quarterly basis to reflect any changes that may arise as required by Section 58 (4) of the PPDA Act, 2003	Accounting Officer	September, 2024
4.	The Accounting Officer should establish the possible causes of the low bidder response and devise mechanisms of increasing competition in the Entity's procurement processes to achieve value for money	Accounting Officer	September, 2024
5.	The Accounting Officer should organize a training and capacity building of key technical staff involved in bid evaluation	Accounting Officer	September, 2024
6.	The Contracts Committee should desist from approving an evaluation report not signed by all approved Evaluation Committee members in line with Regulation 2 (2) of the PPDA (Contracts) Regulations, 2023	Contracts Committee	September, 2024
7.	The Head Procurement and Disposal Unit should always keep copies of bids received on procurement action file in accordance with the PPDA Guideline 10/2024 on Procurement and Disposal Records to be kept by the Procuring and Disposing Entity	HPDU	September, 2024
8.	The Head Procurement and Disposal Unit should ensure that every page of an evaluation report is signed by all the members of the Evaluation Committee in line with Regulation 12 (3) of the PPDA (Evaluation) Regulations, 2023	HPDU	September, 2024
9.	The Head Procurement and Disposal Unit should guide Evaluation Committees in conducting detailed evaluation in accordance to Regulation 19 of the PPDA (Evaluation) Regulations, 2023	HPDU	September, 2024
10.	User Departments should always confirmation of availability of funds to support the procurement on form 5 in line with Regulation 3 (c) of the PPDA (Rules and methos for Procurement of supplies, services and non-consultancy) Regulations, 202	User Departments	September, 2024

No.	Recommendation	Responsible Officer	Target Date
11.	User Departments should nominate Contract Manager with the appropriate skills and experience for appointment by the Accounting Officer in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023	User Departments	September, 2024

ANNEX 1: PROCUREMENT AND DISPOSAL SAMPLE LIST FOR GOMBA DISTRICT LOCAL GOVERNMENT FOR FINANCIAL YEAR 2021/2022

NO.o	Subject of Procurement	Procurement Reference Number	Procurement method	Provider/ Purchaser	Contract Price
1	Construction of a two classroom block with an office and a store at Kimwanyi Primary School.	GOMB591/Wrks/21-22/00009	Selective	C & S Upholstery Ltd	71,638,626
2	Construction of staff house at Ngomanene HC III	GOMB591/WRKS/21-22/00003	Open Domestic	Flying Construction Co. Ltd	147,425,165
3	Construction of solar powered piped water scheme at Matongo Phase 2	GOMB591/WRKS/21-22/00006	Open Domestic	Mastak Investments Ltd	206,006,760
4	Supply of one motorcycle to production department	GOMB591/SERV/21-22/000	Open Domestic	Honda Uganda Ltd	12,600,000
5	Drilling of three boreholes at Bukandula, Nabuguyo and Kasiba	Gomb591/Wrks/21-22/00005	Open Domestic	Reddys Boreholes and Technical Services Ltd	147,000,000
6	Supply of 255 well-seasoned hardwood 3-seater school desks to selected schools in Gomba East	Gomb591/Supls/21-22/00023	Selective	Johema Supplies and Computer Services	40,800,000
7	Construction of a Two Classroom Block at Kanogogi Primary School	GOMB591/WRKS/21-22/00010	Open Domestic	Nabuna Building Contractors Ltd	66,502,000
8	Construction of a Five Stance Lined VIP Latrine at Najjooki Primary School	GOMB591/WRKS/21-22/00008	Selective	Ssona General Suppliers, Construction & Engineering Services Ltd	22,621,544
9	Construction of a Five Stance lined VIP Latrine at Kakubansiri Muslim Primary School	GOMB591/WRKS/21-22/00019	Selective	Sinago Investments Ltd	26,607,500
10	Tender for Livestock in Kyayi Sub- County Lot 7	Gomb591/Svcs/21-22/00011	Open Domestic	Kuteesa Kefa	Estimate for 3 months UGX 3,900,000

ANNEX 2: CASE BY CASE ANALYSIS

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Construction of a Five Stance lined VIP Latrine at Kakubansiri Muslim Primary School</p> <p>Contract amount: UGX 26,607,500</p>	<ul style="list-style-type: none"> • Funds availability section of the LG PP Form 1 was not filled • Not in procurement plan • Low bidder participation • Some evaluation committee members did not sign the evaluation report • No evidence of communication of bid opportunity by the Accounting Officer i.e., no bid notice/shortlist endorsed by the Accounting Officer inviting shortlisted bidders • No evidence of communication of the best evaluated bidder • User Departments did not nominate contract supervisors for appointment • LG PP Form 5 (Request for Approval of Bidding Document and Bid Notice / Shortlist • LG PP Form 6 (Record of Issue of Bid Documents (Non-Fee/ Fee Payable)) • LG PP Form 9 (Record of Receipt of Bids) • LG PP Form 10 (Record of bid opening) • Contract implementation plan • Contract management documents
2	<p>Tender for Livestock in Kyayi Sub- County Lot 7</p> <p>Contract amount: UGX 3,900,000</p>	<ul style="list-style-type: none"> • User Departments did not recommend a detailed statement of requirements • Not copies of the bidding documents approved by the Contracts Committee maintained on the procurement action files • Some evaluation committee members did not sign the evaluation report • Whereas the evaluation criteria in the report indicated that the bidders were required to indicate evidence of financial capacity, this was not specific on how exact it was to be assessed • No detailed evaluation on the capacity of the bidders • No evidence of display of the NOBEB • User Departments did not nominate contract supervisors for appointment • There was no evidence that Kuteesa Kefa submitted a bid since this was not on file (LG PP Form 9 - Record of Receipt of Bids) • No evidence of award of contract by the Contracts Committee • No evidence to confirm that the Entity signed a contract with the Kuteesa Kefa (BEB). • No evidence of payment of the monthly remittances as earlier committed in the contract.

No	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
3	<p>Construction of a two classroom block with an office and a store at Kimwanyi Primary School</p> <p>Contract amount: UGX 71,638,626</p>	<ul style="list-style-type: none"> • No contract implementation report • funds availability section of the LG PP Form 1 was not filled • Low bidder participation • Not copies of the bidding documents approved by the Contracts Committee maintained on the procurement action files • No bids on the procurement action file • Failure to indicate the unsuccessful bidders on the NOBEB and reasons for their being unsuccessful. Hence limited access to information by any bidder who may have been unsatisfied with the award decision. NOBEB was displayed from 24th November 2021 to 8th December 2021. • LG PP Form 1 (Procurement Requisition) • There were no final completion certificates • Defects on floor works as the floor had developed cracks and the ramp was steep • There was delay to sign the contract. Whereas the NOBEB period ended on 8th December 2021, the contract was signed on 10th February 2022 creating unnecessary delay of two months. • There was no evidence to confirm that the program for works was submitted within 14days of delivery of the letter of bid acceptance as required under GCC 27.3. In addition, there was no evidence of submission of program updates every 14 days as required under GCC 27.3. Furthermore, no evidence to confirm that an amount of UGX 100,000 was being withheld for late submission of the updated program as stated under the same clause (GCC 27.3).
4	<p>Procurement of a Motorcycle for Production Department</p> <p>Contract Amount: UGX 12,600,000</p>	<ul style="list-style-type: none"> • Inconsistencies in referencing of procurements • Funds availability section of the LG PP Form 1 was not filled • User Departments did not nominate contract supervisors for appointment • There no evidence that a contract was signed or LPO issued for the delivery was made on 13th July 2023 • No evidence of a Goods Received Note (GRN) • Payment before delivery contrary to terms of payment. Whereas delivery was made on 13th July 2023, the tax invoice was raised much earlier on 24th June 2022. Furthermore, the payment for the same was processed on 19th June 2022 and an EFT raised on 29th June 2022.

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1	<p>Construction of a Five Stance Lined VIP Latrine at Najjooki Primary School</p> <p>Contract amount: UGX 22,621,544</p>	<ul style="list-style-type: none"> • Funds availability section of the LG PP Form 1 was not filled • Low bidder participation • Some evaluation committee members did not sign the evaluation report • There was no Bid Notice / Shortlist of providers for the procurement requirement. • User Departments did not nominate contract supervisors for appointment • No contract implementation plan • There was no performance security of 10% of contract price in the form of unconditional bank guarantee submitted by the Contractor as required under GCC 52.1 and GCC 52.3 of the Special Conditions
2	<p>Drilling of three boreholes at Bukandula, Nabuguyo and Kasiba</p> <p>Contract amount: UGX 147,000,000</p>	<ul style="list-style-type: none"> • Funds availability section of the LG PP Form 1 was not filled • No bid security of UGX 2,000,000 from Reddys Boreholes and Technical Services Ltd • Failure to indicate the unsuccessful bidders on the NOBEB and reasons for their being unsuccessful. Hence limited access to information by any bidder who may have been unsatisfied with the award decision. NOBEB was displayed from 24th November 2021 to 8th December 2021. • No evidence of preparation of measurement sheets to confirm assessment of the contractor's work and payment. • No progress reports • No interim/completion certificate • On 12th May 2022, a request worth UGX 132,300,000 (90%) for payment was made by the contractor. On 23rd June 2022, an EFT was raised but there was no evidence on when actually the payment was made to the provider. No copy of the payment advice slip
3	<p>Construction of staff house at Ngomanene HC III</p> <p>Contract amount: UGX 147,425,165</p>	<ul style="list-style-type: none"> • Funds availability section of the LG PP Form 1 was not filled • No contract implementation plan, • No contract management records such as progress reports (with only Report 1 dated 21-04-2022 seen on file for ongoing works) and no completion certificates • No evidence of submission of a program of works within 14 days of receipt of delivery of the Letter of Acceptance as required under GCC 27.1 • No evidence that an amount of UGX 100,000 was withheld for late submission of an updated Program as provided in GCC 27.3 of the Special Conditions

No	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
4	<p>Construction of solar powered piped water scheme at Matongo Phase 2</p> <p>Contract amount: UGX 206,006,760</p>	<ul style="list-style-type: none"> Funds availability section of the LG PP Form 1 was not filled The Best Evaluated Bidder Notice not signed by the Accounting Officer which implies that there was no display and communication to the stakeholders. User Departments did not nominate contract supervisors for appointment No evidence of clearance by the Solicitor General There was no performance security of 10% of contract price in the form of unconditional bank guarantee submitted by the Contractor as required under GCC 52.1 and GCC 52.3 of the Special Conditions No environment management report on implementation of environmental mitigations as provided for in the Bills of Quantities i.e. planting grass around the reservoir including tree planting and any necessary landscaping as directed by the Engineer
5	<p>Construction of a Two Classroom Block at Kanogogi Primary School</p> <p>Contract Amount: UGX 66,502,000</p>	<ul style="list-style-type: none"> Funds availability section of the LG PP Form 1 was not filled Low bidder participation Some evaluation committee members did not sign the evaluation report The Best Evaluated Bidder Notice has no details of unsuccessful bidders and the justification for their failure There were no details of site possession/handover to the contractor as stated in GCC 21.1 There was no performance security of 10% of contract price in the form of unconditional bank guarantee submitted by the Contractor as required under GCC 52.1 and GCC 52.3 of the Special Conditions

No	LOW RISK	REASONS FOR LOW RISK
1	<p>Supply of 255 well-seasoned hardwood 3-seater school desks to selected schools in Gomba East</p> <p>Contract Sum: UGX 40,800,000</p>	<ul style="list-style-type: none"> funds availability section of the LG PP Form 1 was not filled

ANNEX 3: RISK RATING CRITERIA

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

RISK	DESCRIPTION	AREA	IMPLICATION
	using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded “medium” provided that there is sufficient evidence of “hands on management control and oversight” at an appropriate level of seniority.	and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	
		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 solicitation document aspects of gender, social inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		Bidding Process: Not	This leads to failure to

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	signing the Ethical Code of Conduct	declare conflict of interest and lack of transparency.

SATISFACTORY

Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.