



COMPLIANCE AUDIT REPORT FOR FINANCIAL YEAR 2021/2022

GULU DISTRICT LOCAL GOVERNMENT

SEPTEMBER 2023

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ACRONYMS

CC	Contracts Committee
FY	Financial Year
GCC	General Condition of Contract
ITB	Instruction to the Bidder
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SCC	Special Conditions of Contract

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the compliance audit of the procurement and disposal activities of Gulu District Local Government that covered a sample of 11 procurement transactions under Financial Year 2021/22.

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

From the findings of the compliance audit exercise, the performance of Gulu District Local Government for the Financial Year 2021/22 was **moderately satisfactory** with overall weighted average risk rating of **39.5%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of this audit report.

The following key exceptions were noted:

1. Failure to implement 25% of the recommendations in the procurement and disposal compliance inspection report for Financial Year 2018/19;
2. Failure to provide specific and adequate information to the bidders in the statement of requirements and evaluation criteria set in the bidding documents in nine procurement transactions worth UGX 782,572,005;
3. Low bidder participation in six procurement transactions worth UGX 204,900,863, which hinders receipt of competitive bid offers;
4. Irregular evaluation of bids in nine procurements worth UGX 782,572,005 which included passing of non-compliant bidders and failure to adhere to set criteria in the bidding documents;
5. Anomalies at contracting in seven procurements worth UGX 718,071,508 i.e. contradicting completion periods, failure to attach General Conditions of contract and Special Conditions of Contract and failure to send notices of best evaluated bidder to the bidders.
6. Delay to sign contracts as per the planned contract signing dates i.e. in five procurements worth UGX 702,114,273, the Entity on average delayed by 33 working days to sign contracts;
7. Anomalies in contract management in seven procurements worth UGX 763,924,645 which casts doubt on the effectiveness of the Entity in supervision of contracts i.e. failure to prepare progress reports, failure to deduct retention and failure to prepare contract completion certificates.
8. Irregularities in regards to routine mechanized maintenance of roads using Force Account Mechanism i.e. failure to appoint Force Account Supervisor, failure to prepare progress reports and failure to submit reports on Force Account to PDU.

In summary, the Authority observed that inefficiencies in the procurement process, evaluation irregularities and poor contract management affected the Entity's performance.

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

1. The Accounting Officer should:
 - a. Implement the procurement plan by the end of the Financial Year by ensuring that there is early commencement of the procurement processes and updating of the procurement plan regularly and whenever need arises:

- b. Implement all the Authority's procurement audit recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006. Where management finds challenges in implementation of any recommendation, this should be brought to the attention of the Authority;
 - c. Ascertain the causes for low bidder response and devise mechanisms of increasing competition in the Entity's procurement processes so as to achieve value for money;
 - d. Instruct the Chairperson Contracts Committee and Head Procurement and Disposal Unit to quality assure the contract documents by ensuring that clear terms and conditions are stated in the contract documents;
 - e. Task Heads of User Departments to commence procurement processes early enough so as to minimize delays in implementing planned procurements.
 - f. Instruct the District Engineer to adhere to Circular No. 3 of 2012 to Local Governments on the application of the use of Force Account mechanism to ensure value for money.
2. The Contracts Committee should reject solicitation documents that do not define requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 48 (2) of the Local Governments (PPDA) Regulations, 2006;
 3. The Evaluation Committees should evaluate the bids following the criteria set in the bidding document and waive any non-material deviations following Regulation 75 of the Local Governments (PPDA) Regulations, 2006;
 4. Contract Supervisors should strictly supervise contracted firms to fulfil all contractual obligations specified within the terms and conditions.

Gulu District Local Government should implement the recommended action plan on pages **52-53** of this report.

CHAPTER 1: INTRODUCTION

1.1. Structure of the Entity

According to Section 26 of the PPDA Act, 2003, the overall responsibility for the successful execution of procurement, disposal and contract management in Gulu District Local Government lies with the Chief Administrative Officer. The Chief Administrative Officer of Gulu District Local Government during the Financial Year under review was, Mr. Ismael Ochengel. The Contracts Committee and composition of the Procurement and Disposal Unit are detailed in Annex E.

1.2. Background

The Public Procurement and Disposal of Public Assets Authority carried out compliance audit on the procurement and disposal activities of Gulu District Local Government that covered a sample of 11 procurement transactions under Financial Year 2021/22. The exercise involved a review of procurement structures, asset procurement and disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

1.3. Main Audit Objectives

The overall objective of the compliance audit was to assess and establish the degree of compliance of Gulu District Local Government's procurement system and processes with the provisions of the PPDA Act, 2003 and the Local Governments (PPDA) Regulations, 2006 and assess the level of procurement performance over the period under review.

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.

1.4. Scope of the Compliance Audit

The Audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The exercise covered a sample of 11 procurement transactions worth **UGX 1,671,399,825** conducted during the FY 2021/2022, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained in **Annex C**.

1.5. Methodology

A sample of 11 procurement transactions was selected based on stratified random sampling using Contracts Committee minutes and monthly procurement and disposal reports.

Two officer's conducted the exercise under the supervision of the Senior Manager Performance Monitoring – Regional Offices. During the exercise, the team examined records and documents for each of the 11 sampled procurement transactions. The team also reviewed the procurement plan for the Financial Year 2021/2022.

A debrief meeting to discuss preliminary findings was held with the Entity management and staff on **4th November 2022** before the team could embark on preparation of the management letter. The management letter was sent to the Entity on **3rd January 2023** with a request to submit management responses by **16th January 2023**, these were submitted on **3rd April 2023**

This report presents the key findings and conclusions arising from the compliance audit exercise.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

2.1. LEVEL OF COMPLIANCE BY THE PDE WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003 AND LOCAL GOVERNMENTS (PPDA) REGULATIONS, 2006

2.1.1. Implementation of the procurement plan

The procurement reports submitted to the Authority for the Financial Year 2021-2022 indicated that the Entity procured 94% (by value) of the planned procurements with a variance of UGX 316,784,579 as summarized in table 1 below:

Table 1: Procurement plan implementation rate

Total procurement plan value inclusive VAT (UGX)	5,352,502,511
Total procurement spend value inclusive VAT (UGX)	5,035,717,932
Procurement plan implementation rate (%)	94%
Procurement plan implementation Variance (UGX)	316,784,579

Note: Five procurements estimated at UGX 299,430,056 were not implemented despite being planned for by the respective User Departments and this contributed to the variance. The unimplemented procurements are in table 2 below:

Table 2: Unimplemented planned procurements

No.	Subject of Procurement	Responsible Department	Estimated Amount (UGX)
1.	Fuel and lubricant for mechanized routine maintenance of Paibona-Dog Aswa Road	Roads & Engineering	88,969,056
2.	Fuel and lubricant for mechanized routine maintenance of Labworomor-Karai-Paibona Road	Roads & Engineering	64,800,000
3.	Fuel and lubricant for mechanized routine maintenance of Abera-Awach Road	Roads & Engineering	26,400,000
4.	Supply of culverts, hardcore, sand, aggregates, cement, gabion boxes and gravels for mechanized maintenance of roads	Roads & Engineering	50,000,000
5.	Supply of tyres, grader blades, bucket teeth, rippers, scarifiers, fuel and lubricants for service	Roads & Engineering	69,261,000
Total			299,430,056

Implications

- Failure to procure all planned procurements affects achievement of objectives of the budget and also affects public service delivery.

- Failure to fully implement all procurements is an indicator of inadequate planning, poor formulation of needs and lack of absorption capacity or failure to realize all the funds required to achieve the budget targets.

Recommendations

1. The Accounting Officer should implement the procurement plan by the end of the Financial Year by ensuring that there is early commencement of procurement processes.
2. The Accounting Officer should regularly conduct or designate persons to regularly conduct a review of the procurement plan to harmonize it with the existing circumstances and most especially changes in the budget of the Entity.
3. In the event that amendments are made to the departmental work plans, User Departments should share amendments with the Head Procurement and Disposal Unit to update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003.

Management Response

The procurement in question was a Uganda Road Fund (URF) which has to be implemented under force account mechanism and the Government sent less funds, so most of the planned activities were not implemented.

2.1.2. Failure to fully implement the Authority's recommendations

The Entity was issued with the procurement and disposal compliance inspection report for Financial Year 2018/19 and out of the 20 recommendations made, 13 (65%) were implemented, 2 (10%) was partially implemented and 5 (25%) were not implemented as indicated in table 3 below:

Table 3: Previous recommendations that were not implemented

No.	Recommendation	Implementation Status	Management response
1.	The User Departments should attach statement of requirements and terms of reference at initiation in accordance with Regulation 26 (1) (c) and 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006 and Section 34 (1) of the PPDA Act, 2003.	Not Implemented	<i>Management has acknowledged this, and shall enforce compliance</i>
2.	The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.	Partially Implemented	<i>Management has acknowledged this, and shall enforce compliance</i>

No.	Recommendation	Implementation Status	Management response
3.	The Accounting Officer should investigate the reasons behind the low bidder response and also institute measures to attract a higher number of bidders.	Not Implemented	<i>Management has acknowledged this, and shall enforce compliance</i>
4.	The Contracts Committee should desist from approving evaluation recommendations where the requirements in the bidding document have not been adhered to	Not Implemented	<i>Management has acknowledged this, and shall enforce compliance</i>
5.	The Authority recommends that the Head Procurement and Disposal Unit should maintain and archive all records on a procurement transaction in accordance with Section 31 (o) of the PPDA Act, 2003.	Partially Implemented	<i>Management has acknowledged this, and shall enforce compliance</i>
6.	The Accounting Officer should undertake works under the Force Account mechanism in accordance with Section 95A of the PPDA Act, 2003 and Circular No.3 of 2012 on Use of Force Account Mechanism in Local Government.	Not Implemented	<i>Management has acknowledged this, and shall enforce compliance</i>
7.	The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity and accuracy before approval.	Not Implemented	<i>Management has acknowledged this, and shall enforce compliance</i>

Implications

- Failure to implement the Authority's recommendations exposes the Entity to continued weak controls in the procurement function which affects procurement performance.
- Failure to fully implement previous audit recommendations is a breach of Section 9 of the PPDA Act, 2003.

Recommendation

The Accounting Officer should implement all the Authority's procurement audit recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006. Where

management finds challenges in implementation of any recommendation, this should be brought to the attention of the Authority.

2.1.3. Poor records keeping

The Authority found that the Procurement and Disposal Unit lacks adequate filing cabinets and shelves to safely keep the procurement and disposal documents and records as required by the PPDA Act, 2003 and the Local Governments (PPDA) Regulations, 2006. This is shown in figure 1 below:

Figure 1: Photographs showing poor records keeping



Implication

Failure to safely keep the procurement and disposal documents and records exposes them to the risk of uncontrolled access or damage.

Recommendations

1. The Accounting Officer should prioritise the need for storage facilities such as shelves and filing cabinets for the Procurement and Disposal Unit.
2. The documents that have been archived beyond seven years should be disposed in accordance with Section 41 of the PPDA Act, 2003.

Management Response

Management has noticed this compliance report and the District is now preparing to transfer its location to Awach District Headquarters and plans are under way to construct storage facilities for Procurement and Disposal Unit (PDU) and Standard bidding documents that have been archived beyond seven (7) years shall be disposed as per Section 41 of the PPDA Act, 2003.

2.1.4. Failure by Internal Audit to audit the procurement function

The Authority found that the Entity's Internal Auditor did not audit procurement and disposal procedures in the financial year under review contrary to Regulation 28 of the Local Governments (PPDA) Regulations, 2006.

Implication

This denies the Accounting Officer and management the opportunity for timely correction of anomalies before severe outcomes.

Recommendation

The Internal Audit should audit the procurement procedures of the entity in accordance with Regulation 28 of the Local Governments (PPDA) Regulations 2006.

Management response

Management has noticed this gap but there was under staffing of audit department because the Unit lost one of its staff last year but now the Chief Administrative Officer has recruited a new staff to assist the Internal Audit Department.

2.1.5. Failure to dispose obsolete assets

The Authority reviewed the board of survey report for FY 2020/2021 and noted that a number of obsolete assets were recommended for disposal, however, the Entity did not take any steps to dispose the assets. There was also no disposal plan prepared. Table 4 below shows some of the obsolete assets:

Table 4: Items due for disposal according to FY 2020/2021 Board of Survey

No.	Item	Reg. No	Location
1.	Station Wagon (Suzuki Maruti)	UG3502M	Parking Yard
2.	Station Wagon(Suzuki Maruti)	UG3506M	Parking Yard
3.	Station Wagon (Toyota Land Cruiser))	UG1111M	Parking Yard
4.	Toyota Hilux Double Cabin Pickup	LG0057-09	Parking Yard
5.	Ford Ranger Double Cabin	UG0440M	Parking Yard
6.	Yamaha AG 100	LG0146-09	Parking Yard
7.	Suzuki TF-125	UG2040M	Parking Yard
8.	Ford Ranger Double Cabin	UG1239R	Parking Yard
9.	Toyota Hilux Double Cabin	LG0108-09	Parking Yard
10.	Yamaha YBR	LG0151-09	Parking Yard
11.	TATA Lorry	LG0078-09	Parking Yard
12.	Honda XL-125	UG1995E	Parking Yard
13.	Jailing Motorcycle	UG3839R	Parking Yard
14.	Jailing Motorcycle	UG2840R	Parking Yard
15.	Isuzu De-Max Double Cabin	UG1597A	Parking Yard
16.	Nissan Hard Body Double Cabin	UG1816A	Parking Yard
17.	Yamaha DT-125	UBA 334Z	Parking Yard
18.	Land Rover Bonet Truck	UG0017Z	Parking Yard

No.	Item	Reg. No	Location
19.	Yamaha DT-125	UDX 135Y	Parking Yard
20.	Yamaha DT-125	UDX 169Y	Parking Yard
21.	Honda XR-125	UG0515Z	Parking Yard
22.	Honda XR-125	UG0511Z	Parking Yard
23.	Massey MF 395 Tractor	UR 0590	Parking Yard
24.	Pickup Vehicle	LG0094-09	Parking Yard
25.	Isuzu f t s Truck	LG0008-09	Parking Yard
26.	Double Cabin Pickup	UG0473Z	Service Provider Workshop
27.	Motorcycle	LG0004-030	Parking Yard
28.	Motorcycle	LG0005-030	Community
29.	Motorcycle	UG0961S	Parking Yard
30.	Toyota Land Cruiser	LG0139-09	Parking Yard
31.	Drilling Rig	LG0008-09	Parking Yard

Implication

Failure to dispose of assets whose use ceased inhibits achievement of value for money as funds are held up in grounded assets and also lost through farther depreciation of such assets.

Recommendation

The Accounting Officer should dispose all obsolete assets of the District in accordance with Regulation 122 of the Local Governments (PPDA) Regulations, 2006.

Management Response

Management has noticed this gap and the Accounting Officer has written to the Ministry of Works and Transport for request for a board of survey for disposal of assets dated 15th June, 2020 and the reply was done by the Permanent Secretary letter dated 7th September, 2020 however the District is limited by funds to facilitate the officials to conclude.

Authority's comment: The Authority appreciates the Entity's response however advises the Accounting Officer to dispose all the boarded off assets.

2.1.6. Force Account Mechanism

Failure to implement Force Account in accordance with Circular No. 3 of 2012 issued by the Authority

The Authority found that the Uganda Road Fund released a total of UGX 245,864,161 to Gulu District Local Government for implementation of routine mechanized maintenance of District roads under Force Account mechanism in the FY 2021/22. The quarterly releases by URF are indicated in table 5 below:

Table 5: Releases by URF in FY 2021/2022

No.	Activity	IPF (UGX)	Quarterly Release (UGX)
1.	IPF	470,240,560	

2.	Quarter 1		65,971,223
3.	Quarter 2		74,206,234
4.	Quarter 3		44,439,790
5.	Quarter 4		34,701,702
6.	Quarter 4 (Additional Release)		26,545,212
Total		470,240,560	245,864,161

The Ag. District Engineer on 15th September 2021 submitted to Contracts Committee a request for approval of mechanized and routine manual maintenance of the following district roads under Uganda Road Fund;

- a. *Paibona – Dog Aswa Road 20km at a cost of UGX 147,902,000*
- b. *Spot improvement of Abera – Awach Road 19.2km at a cost of UGX 44,017,000 and*
- c. *Labworomor – Karai – Paibona Road 18km at a cost of UGX 107,908,000.*

The Contracts Committee on 22nd October 2021 under minutes GDLG 02/CC03/2021-2022 approved the request from the Ag. District Engineer for approval of the mechanized and routine manual maintenance of the above district roads under Uganda Road Fund.

The Authority found a number of irregularities in regards to the implementation of the routine mechanized maintenance using Force Account mechanism as detailed below;

i. Failure to appoint the Force Account Supervisor and Force Account Manager

There was no appointment of Force Account Supervisor and Force Account Manager by the Accounting Officer contrary to Circular No. 3 of 2012 to Local Governments on use of Force Account Mechanism. As a result, the following exceptions were occasioned:

- a) Failure to prepare works implementation plan;
- b) Failure to supervise the progress of the works;
- c) Failure to verify the works undertaken and costs of the works;
- d) Failure to issue performance and completion certificates in respect of the works; and
- e) Failure to submit to the Accounting Officer, periodic progress reports and completion reports.

ii. Failure to procure supplies/inputs from contracted providers

There was no evidence that the Entity procured supplies/inputs such as gravel, murrum, culverts, cement, fuel from providers contracted in accordance with the PPDA Act, 2003.

iii. Failure to maintain Force Account Mechanism records and reports

There was no procurement action file in the Procurement and Disposal Unit containing records and reports on Force Account Mechanism contrary to Circular No. 3 of 2012 to Local Governments on use of Force Account Mechanism.

iv. There was no evidence to prove that contracts committee adjudicated over reports on works undertaken under Force Account Mechanism.

The Authority found that there was no evidence to prove that the Contracts Committee adjudicated over reports on works undertaken under Force Account Mechanism which is an indication that the

Contracts Committee did not play an oversight role in monitoring the activities conducted under Force Account Mechanism.

v. Failure to prepare monthly progress reports

The Authority found that the monthly progress reports on activities implemented using Force Account were not prepared and shared with the Accounting Officer and Procurement and Disposal Unit.

vi. Failure to report activities conducted under Force Account Mechanism to the Authority

The Force Account activities were conducted outside the Procurement and Disposal Unit and as such were not reported to the Authority. The Authority could not ascertain the total amount spent on procured inputs under Force Account Mechanism.

vii. Lack of accountability records.

The Entity did not maintain in the file accountability records and reports for Paibona – Dog Aswa Road 20km estimated at UGX 147,902,000, Spot improvement of Abera – Awach Road 19.2km estimated at UGX 44,017,000 and Labworomor – Karai – Paibona Road 18km estimated at UGX 107,908,000.

The following records were not in the file;

- Call off orders for materials
- payment vouchers
- invoices/ payment requests
- amount of fuel utilized in terms of litres
- progress reports
- completion reports/completion certificates

Implications

- There is a risk that resources allocated for the mechanized maintenance of roads were potentially mismanaged and the works were not done in accordance with the PPDA regulations on Force Account mechanism.
- The anomalies noted above were in contravention of the principles of accountability and transparency in the application of the force account mechanism.

Recommendations

1. The Accounting Officer should instruct the District Engineer to submit all copies of records and reports on Force Account to the Procurement and Disposal Unit.
2. The Accounting officer should instruct the District Engineer to maintain and manage the records of the works equipment and supplies in accordance with Section 95A (5) (e) of the PPDA Act, 2003.
3. The Accounting Officer should instruct the District Engineer to adhere to Circular No. 3 of 2012 to Local Governments on the use of Force Account mechanism to ensure value for money.

Management Response

Management has noticed concern of the audit team, however we have been implementing the force account mechanism according to the guidelines because we have in place the procurement plan, appointment letter of force account supervisors and records of payments and reports are all available.

Authority's comment: The Authority appreciates the Entity's response however found it unsatisfactory given that the documentary evidence was not submitted for verification.

2.2. LEVEL OF COMPLIANCE WITH THE PPDA ACT, 2003 AND LOCAL GOVERNMENTS (PPDA) REGULATIONS, 2006 IN THE CONDUCT OF PROCUREMENT AND DISPOSAL ACTIVITIES

2.2.1 Failure to attach statement of requirements to the requisition forms at the time of initiating the procurements

In nine procurement transactions worth UGX 782,572,005, the User Departments initiated procurements without recommending the statement of requirements contrary to Regulation 26 (1) (c) of the Local Governments (PPDA) Regulations, 2006 and Section 34 (1) of the PPDA Act, 2003. The details of such procurements are given in table 6 below:

Table 6: Procurements initiated without statement of requirements

No.	Subject of Procurement	Contract Value (UGX)
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252
3.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Pukony HC II	31,070,369
4.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Patiko HC III	30,740,003
5.	Construction of District Headquarters at Awach Town Council	285,726,790
6.	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	101,474,100
7.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	49,571,137
8.	Supply of 22 three seater desks to Oguru Primary School	3,718,000
9.	Construction of 1 block of 2 stances drainable latrine with urinals and bath shelter at Aswa Camp Primary School	14,929,360
Total		782,572,005

Implication

Failure to recommend statement of requirements potentially delays the procurement processes as time is lost through searching/obtaining the statement of requirements and increases the risk of procuring items that do not meet the needs of the end users.

Recommendation

The Accounting Officer should not confirm funding for procurement requisitions without complete statements of requirements proposed/ recommended by the User Department.

Management Response

Management has noticed this gap and HPU is instructed to enforce this issue but normally what happen is that the User departments rely on the BoQs submitted to PDU as statement of requirements for construction works.

2.2.2 Failure to complete the funds availability section of the LG PP Form 1 (Budget Tracker)

The Authority found that in four procurement transactions worth UGX 416,387,483 the section of the requisition form (LG PP Form 1) on funds availability which acts as the budget tracker for any particular procurement transaction was left blank. These procurements included:

Table 7: Requisition forms with blank funds availability section

No.	Subject of Procurement	Contract Value (UGX)
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252
3.	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	101,474,100
4.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	49,571,137
Total		416,387,483

Implication

The funds availability section acts as the budget tracker for any particular procurement transaction and therefore failure to fill the budget tracker deprives the Accounting Officer vital information on funds availability while confirming availability of funds. This could result into approval of procurements without sufficient funding thus causing domestic arrears.

Recommendation

The User Departments should always indicate the amount of funds available at the time of raising LG PP Form 1.

Management response

Management has acknowledged these concerns, and shall enforce compliance accordingly

2.2.3 Irregularities in the bidding document

The Authority found that there were irregularities in the bidding documents in nine procurement transactions worth UGX 782,572,005. The details of such procurement transactions are given in table 8 below:

Table 8: Procurements with irregularities in the bidding document

No.	Subject of Procurement	Contract Value (UGX)	Irregularities found
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994	<ul style="list-style-type: none"> • The bidding document required a valid tax clearance certificate however the period of its validity was not stated • The bidding document required a minimum average annual turnover but did not the state the amount. It was left blank. • The bidding document required a Health and Safety Officer with a qualification of Ordinary Diploma in Civil and Building Engineering which was inappropriate. • Requirement of Environmental Officer was not stated in the bidding document. The date of expiry of bid validity was not stated in the bidding document. ITB 19.1 only stated that bids must be valid until 120 days.
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252	<ul style="list-style-type: none"> • The bidding document required a valid tax clearance certificate however the period of its validity was not stated • The bidding document required a minimum average annual turnover but did not the state the amount. It was left blank. • The bidding document required a Health and Safety Officer with a qualification of Ordinary Diploma in Civil and Building Engineering which was inappropriate. • Requirement of Environmental Officer was not stated in the bidding document. • The date of expiry of bid validity was not stated in the bidding document. ITB 19.1 only stated that bids must be valid until 120 days. • Environmental mitigation measures such as planting of trees and grass was not provided for in the bills of quantities
3.	Construction of 1 block of 4 stances	31,070,369	<ul style="list-style-type: none"> • The bidding document required evidence of relevant key staff and their qualification

No.	Subject of Procurement	Contract Value (UGX)	Irregularities found
	drainable latrine with urinals and bath shelter at Pukony HC II		<p>however was not specific to the particular key staff and qualifications that were required</p> <ul style="list-style-type: none"> • The bidding document required evidence of relevant equipment however was not specific to the particular equipment that were required • The bidding document required a valid tax clearance certificate however the period of its validity was not stated • The bidding document required a valid trading license however the period of its validity was not stated • Failure to include the requirement of Certificate of Registration issued by URA as part of the evaluation criteria. Without this document the Entity may not know whether a bidder is VAT registered • The date of expiry of bid validity was not stated in the bidding document. The bidding document only stated that bids validity required was 90 days from closing date of bid submission.
4.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Patiko HC III	30,740,003	<ul style="list-style-type: none"> • The bidding document required evidence of relevant key staff and their qualification however was not specific to the particular key staff and qualifications that were required. • The bidding document required evidence of relevant equipment however was not specific to the particular equipment that were required • The bidding document required a valid tax clearance certificate however the period of its validity was not stated • The bidding document required a valid trading license however the period of its validity was not stated • The date of expiry of bid validity was not stated in the bidding document. The bidding document only stated that bids validity required is 90 days from closing date of bid submission.
5.	Construction of District	285,726,790	<ul style="list-style-type: none"> • The BOQs and drawings were not included in the bidding document. Section 6 was blank

No.	Subject of Procurement	Contract Value (UGX)	Irregularities found
	Headquarters at Awach Town Council		<ul style="list-style-type: none"> • The bidding document required a valid tax clearance certificate however the period of its validity was not stated • The date of expiry of bid validity was not stated in the bidding document. ITB 19.1 only stated that bids must be valid until 120 days • The bidding document required a Health and Safety Officer with a qualification of Ordinary Diploma in Civil and Building Engineering which was inappropriate. • Requirement of Environment Officer was not stated in the bidding document • The bidding document required minimum average annual turnover but did not the state the amount
6.	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	101,474,100	<ul style="list-style-type: none"> • The BOQs and drawings were not included in the bidding document. Section 6 was blank • The bidding document required a valid tax clearance certificate however the period of its validity was not stated • The date of expiry of bid validity was not stated in the bidding document. ITB 19.1 only stated that bids must be valid until 120 days • Requirement of Environment Officer was not stated in the bidding document
7.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	49,571,137	<ul style="list-style-type: none"> • The BOQs and drawings were not included in the bidding document. Section 6 was blank • The bidding document required a valid tax clearance certificate however the period of its validity was not stated • The date of expiry of bid validity was not stated in the bidding document. ITB 19.1 only stated that bids must be valid until 120 days
8.	Supply of 22 three seater desks to Oguru Primary School	3,718,000	<ul style="list-style-type: none"> • The bidding document required a valid tax clearance certificate however the period of its validity was not stated

No.	Subject of Procurement	Contract Value (UGX)	Irregularities found
			<ul style="list-style-type: none"> • The bidding document required a valid trading license however the period of its validity was not stated • The date of expiry of bid validity was not stated in the bidding document. The bidding document only stated that bids validity required is 60 days from closing date of bid submission.
9.	Construction of 1 block of 2 stances drainable latrine with urinals and bath shelter at Aswa Camp Primary School	14,929,360	<ul style="list-style-type: none"> • The bidding document required evidence of relevant key staff and their qualification however was not specific to the particular key staff and qualifications. • The bidding document required a valid tax clearance certificate however the period of its validity was not stated. • The bidding document required a valid trading license however the period of its validity was not stated. • The date of expiry of bid validity was not stated in the bidding document. The bidding document only stated that bids validity required is 90 days from closing date of bid submission.
Total		782,572,005	

Implications

- Failure to state key requirements in the bidding documents increases the risk of submission of non-responsive bids.
- Setting inappropriate criteria exposes the Entity to the risk of inappropriate evaluation of bids hence awarding contracts to ineligible and unsuitable bidders. In addition, the risk of misprocurement is increased.

Recommendations

1. The Head Procurement and Disposal Unit should prepare solicitation documents that define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 48(2) of the Local Governments (PPDA) Regulations, 2006.
2. The Head Procurement and Disposal Unit should set evaluation criteria that is appropriate and suits the objectives of the procurement in accordance with Regulation 48(4) of the Local Governments (PPDA) Regulations, 2006.

Management Response

Management has noticed the gap in preparation of standard bidding documents and HPDU is alerted to enforce the above gaps.

2.2.4 Low bidder participation

Out of the 11 sampled procurement transactions, the Authority found low bidder participation in six procurement transactions worth UGX 204,900,863. The Entity either had a sole bidder or two bidders participating in the procurement process. It should also be noted that there was no evidence of receipt of bid invitations by all invited providers for procurements under Selective Bidding. These procurements are listed in table 9 below:

Table 9: Procurements with low bidder participation

No.	Subject of procurement	Contract Value (UGX)	Number of bids received
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994	2
2.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Pukony HC II	31,070,369	2
3.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Patiko HC III	30,740,003	2
4.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	49,571,137	2
5.	Supply of 22 three seater desks to Oguru Primary School	3,718,000	2
6.	Construction of 1 block of 2 stances drainable latrine with urinals and bath shelter at Aswa Camp Primary School	14,929,360	2
Total		204,900,863	

Implication

This deprives the Entity of the opportunity of receiving competitive prices and quality competitive bids and is a red flag for potential mistrust in the procurement function of the district.

Recommendations

1. The Accounting officer should investigate and address the causes of low bidder participation in the Entity.
2. The Head Procurement and Disposal Unit should develop shortlists that have sufficient providers that are expected to participate and meet the eligibility requirements of the Entity and have them approved by the Contracts Committee in accordance with Regulation 38 of the Local Governments (PPDA) Regulations, 2006.

Management Response

Management has noticed the concern, however advertisement is always in the media, many of the bidders are failing to respond to adverts because of the unattractive estimated prices of contracts coupled with the high taxes e.g. WHT & VAT

2.2.5 Irregularities during evaluation of bids

The Authority found irregularities during evaluation in the following nine procurements worth UGX 782,572,005. This was attributed to low competences and capacities within the respective evaluation committees. The anomalies per procurement are mentioned in table 10 below:

Table 10: Procurements with irregularities during evaluation

No.	Subject of procurement	Contract Value (UGX)	Irregularities during evaluation
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994	<ul style="list-style-type: none">• The bidding document required audited accounts for the last 2 years however the criteria was irregularly changed to audited accounts for the last 3 years.• The bidding document required a copy of the bidder's certificate of registration. Notably, the Best Evaluated Bidder (Wan Aye Company Ltd) did not submit the document but was irregularly rated compliant to the criteria.• Atto Francesca Kisembo the Senior Environment Officer was appointed a member of the Evaluation Committee however she did not participate in the evaluation process neither did she sign the evaluation report.
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252	<ul style="list-style-type: none">• The bidding document required audited accounts for the last 2 years however the criteria was irregularly changed to audited accounts for the last 3 years• The bidding document required a copy of bidder's trading license 2021 however the criteria was changed to a copy of bidder's trading license.• The bidding document required a bank statement for the last three (3) months however the criteria was changed at evaluation to bank statement for the last six (6) months.• Evaluation of criteria not stated in the bidding document. The Evaluation Committee evaluated the following criteria that were not stated in the bidding document; (i) Environmentalist, (ii) Foreman Sealing, and (iii) Sociologist. <p>Atto Francesca Kisembo the Senior Environment Officer was appointed a member of the Evaluation Committee</p>

No.	Subject of procurement	Contract Value (UGX)	Irregularities during evaluation
			however she did not participate in the evaluation process neither did she sign the evaluation report.
3.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Pukony HC II	31,070,369	<ul style="list-style-type: none"> • No evidence of nomination and approval of Evaluation Committee members by the Contracts Committee. • Appointment of Evaluation Committee without delegated authority from the Accounting Officer. The appointment letters dated 21st February 2022 were signed by the Deputy Chief Administrative Officer Ms. Mugoya Ssonny Mulembe, however there was no evidence of delegated authority from the Accounting Officer. • The bidding document required most recent bank statements for three months however the Evaluation Committee changed the criteria to bank statement for the last six months • The bidding document required a valid trading license however the criteria was changed to a copy of bidder's trading license 2021-2022 • The bidding document required a valid income tax clearance addressed to Gulu DLG however the criteria was changed to income tax clearance certificate 2021-2022 • The bidding document required evidence of relevant equipment, evidence of experience in work applied for and evidence of relevant key staff and their qualification however these criteria were not evaluated by the EC.
4.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Patiko HC III	30,740,003	<ul style="list-style-type: none"> • No evidence of nomination and approval of Evaluation Committee members by the Contracts Committee. • Appointment of Evaluation Committee without delegated authority from the Accounting Officer. The appointment letters dated 21st February 2022 were signed by the Deputy Chief Administrative Officer Ms. Mugoya Ssonny Mulembe, however there was no evidence of delegated authority from the Accounting Officer. • The bidding document required most recent bank statements for three months however the Evaluation Committee changed the criteria to bank statement for the last six months.

No.	Subject of procurement	Contract Value (UGX)	Irregularities during evaluation
			<ul style="list-style-type: none"> • The bidding document required a valid trading license however the criteria was changed to a copy of bidder's trading license 2021-2022 • The bidding document required a valid income tax clearance addressed to Gulu DLG however the criteria was changed to income tax clearance certificate 2021-2022 • The bidding document required evidence of relevant equipment, evidence of experience in work applied for and evidence of relevant key staff and their qualification however these criteria were not evaluated by the Evaluation Committee. • Though the bidding document required audited accounts for the previous two years, Melwood company Ltd the BEB only submitted audited account for one year i.e. audited accounts for the year ended 30th June 2021 but were evaluated compliant. • Failure to communicate arithmetic correction. Arithmetic correction of UGX 2,451,558 was made on Melwood Company Ltd's bid price increasing the bid price from UGX 28,288,445 to UGX 30,740,003 however the arithmetic correction was not communicated to the bidders.
5.	Construction of District Headquarters at Awach Town Council	285,726,790	<ul style="list-style-type: none"> • Atto Francesca Kisembo the Senior Environment Officer was appointed a member of the Evaluation Committee however she did not participate in the evaluation process. • The bidding document required a copy of bidder's trading license 2021 however the criteria was changed to a copy of bidder's trading license • The bidding document required audited accounts for the last 2 years however the criteria was irregularly changed to audited accounts for the last 3 years • The bidding document required a bank statement for the last three (3) months however the criteria was changed at evaluation to bank statement for the last six (6) months.
6.	Site survey, drilling, casting, gravels parking, well	101,474,100	<ul style="list-style-type: none"> • Atto Francesca Kisembo the Senior Environment Officer was appointed a member of the Evaluation Committee however she did not participate in the evaluation process.

No.	Subject of procurement	Contract Value (UGX)	Irregularities during evaluation
	development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District		<ul style="list-style-type: none"> • The bidding document required a copy of bidder's trading license 2021 however the criteria was changed to a copy of bidder's trading license • The bidding document required audited accounts for the last 2 years however the criteria was irregularly changed to audited accounts for the last 3 years • The bidding document required a bank statement for the last three (3) months however the criteria was changed at evaluation to bank statement for the last six (6) months. • The Evaluation Committee evaluated the following criteria that were not stated in the bidding document; (i) Hydrologist with a Degree in Geology, (ii) Health and Safety Officer with a Diploma in Civil and Building Engineering. • The Evaluation Committee evaluated the following criteria that were not stated in the bidding document; (i) Mounted Compressor Drilling Rig, and (ii) Compressor for test Pumping Unit.
7.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	49,571,137	<ul style="list-style-type: none"> • Atto Francesca Kisembo the Senior Environment Officer was appointed a member of the Evaluation Committee however she did not participate in the evaluation process. • The bidding document required a copy of bidder's trading license 2021 however the criteria was changed to a copy of bidder's trading license. • The bidding document required audited accounts for the last 2 years however the criteria was irregularly changed to audited accounts for the last 3 years. • The bidding document required a bank statement for the last three (3) months however the criteria was changed at evaluation to bank statement for the last six (6) months.
8.	Supply of 22 three seater desks to Oguru Primary School	3,718,000	<ul style="list-style-type: none"> • No evidence of nomination and approval of Evaluation Committee members by the Contracts Committee. • Appointment of Evaluation Committee without delegated authority from the Accounting Officer. The appointment letters dated 21st February 2022 were signed by the Deputy Chief Administrative Officer Ms. Mugoya Ssonny Mulembe, however there was no

No.	Subject of procurement	Contract Value (UGX)	Irregularities during evaluation
			<p>evidence of delegated authority from the Accounting Officer.</p> <ul style="list-style-type: none"> • The bidding document required most recent bank statements for three months however the Evaluation Committee changed the criteria to bank statement for the last six months. • The bidding document required a valid trading license however the criteria was changed to a copy of bidder's trading license 2021-2022 • The bidding document required a valid income tax clearance certificate addressed to Gulu DLG however the criteria was changed to income tax clearance certificate 2021-2022 • Suspected forgery of audited books of accounts. The audited books of accounts submitted by Star Sanitation Ltd appeared forged. The figures under the statement of comprehensive income and statement of financial position in the audited accounts for the year ended 30th June 2020 were different from the figures for year ended 2020 indicated under the statement of comprehensive income and statement of financial position in the audited accounts for year ended 30th June 2021. <i>The details are in Annex G.</i>
9.	Construction of 1 block of 2 stances drainable latrine with urinals and bath shelter at Aswa Camp Primary School	14,929,360	<ul style="list-style-type: none"> • No evidence of nomination and approval of Evaluation Committee members by the Contracts Committee. • Appointment of Evaluation Committee without delegated authority from the Accounting Officer. The appointment letters dated 21st February 2022 were signed by the Deputy Chief Administrative Officer Ms. Mugoya Ssonny Mulembe, however there was no evidence of delegated authority from the Accounting Officer. • The bidding document required most recent bank statements for three months however the evaluation committee changed the criteria to bank statement for the last six months. • The bidding document required a valid trading license however the criteria was changed to a copy of bidder's trading license 2021-2022

No.	Subject of procurement	Contract Value (UGX)	Irregularities during evaluation
			<ul style="list-style-type: none"> The bidding document required a valid income tax clearance certificate addressed to Gulu DLG however the criteria was changed to income tax clearance certificate 2021-2022
Total		782,572,005	

Implication

Irregularities during evaluation of bids lead to award of contracts to non-compliant/ incompetent bidders and also hinders competition thus affecting attainment of value for money. Furthermore, a risk is created of procurement of items which do not meet the requirements of the users as far as may be possible.

Recommendations

1. The Evaluation Committees should adhere to the evaluation criteria stated in the bidding document while conducting evaluations in accordance with Section 71 (3) of the PPDA Act, 2003.
2. The Evaluation Committees should be vigilant while reviewing the information submitted by the bidders for conformity with the set criteria before passing bidders in accordance with Section 71 (3) of the PPDA Act, 2003.
3. The Head Procurement and Disposal Unit should provide guidance to the Evaluation Committees appropriately.

Management Response

Management has acknowledged these concerns, and shall enforce compliance accordingly.

2.2.6 Failure to conduct post qualification

The Authority found that post qualification was not conducted in four procurement transactions worth UGX 652,543,136 despite it being a requirement in the bidding documents for post qualification to be conducted on the lowest best evaluated bidders. Post qualification was required on bidder's performance of previous private and public contracts, due diligence to verify and ascertain the bidder's financial contracting capacity and bank commitment to provide credit line to the bidder, bidders equipment, and bidders personnel. This was contrary to Regulation 82 of the Local Governments (PPDA) Regulations, 2006. The details are in table 11 below:

Table 11: Procurements where post qualification was not conducted

No	Subject of procurement	Contract Value (UGX)
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252
3.	Construction of District Headquarters at Awach Town Council	285,726,790

No	Subject of procurement	Contract Value (UGX)
4.	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	101,474,100
Total		652,543,136

Implication

Failure to conduct post qualification as required in the bidding documents, leads to risk of award of contracts to firms that lack capacity to execute government contracts.

Recommendation

The Accounting Officer should instruct the Chairperson, Contracts Committee and Head, Procurement and Disposal Unit to ensure that post qualification is conducted in accordance with Regulation 82 of the Local Governments (PPDA) Regulations, 2006.

Management response

Management has acknowledged these concerns; however, this was because of limited funding; when funds allow we pledge to ensure compliance accordingly

2.2.7 Anomalies at contracting

The anomalies indicated in table 12 below were observed at contracting stage in four procurements worth UGX 718,071,508.

Table 12: Anomalies at contracting

No	Subject of procurement	Contract value (UGX)	Finding	Management Response
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994	<ul style="list-style-type: none"> The pages of the contract and Special Conditions of contract were not countersigned by the CAO and the Contractor representative. 	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252		
3.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Pukony HC II	31,070,369	<ul style="list-style-type: none"> There was no proof of sending the Notices of Best Evaluated Bidder to the bidders that participated. 	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>

No	Subject of procurement	Contract value (UGX)	Finding	Management Response
4.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Patiko HC III	30,740,003	<ul style="list-style-type: none"> • The pages of the Special Conditions of contract were not countersigned by the CAO and the Contractor representative. • Contradiction between the start date and the site possession date. GCC 1.1 (ee) of the Special Condition of Contract stated that the start date shall be seven (7) days after signing the contract however GCC 21.1 of the Special Condition of Contract stated that the site possession date shall be fourteen (14) days after signing the contract • Contradiction on contract completion period. GCC 17.1 of the Special Condition of Contract stated that the intended completion date for the whole of the works shall be three months however the Entity indicated on the second page of the signed contract that contract period shall be 60 days from the date of signing the contract. 60 days is approximately two months. 	
5.	Construction of District Headquarters at Awach Town Council	285,726,790	<ul style="list-style-type: none"> • Failure by the Contracts Committee to approve members of the Negotiation Committee. On 20th December 2022 the following staff; Nyeko Samuel, Onekalit Bosco 	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>

No	Subject of procurement	Contract value (UGX)	Finding	Management Response
			<p>and Kilama Bosco conducted negotiations with the Contractor's representative and recommended the contract to be awarded at UGX 285,726,970. There was no evidence of approval of the Negotiation Committee by the Contracts Committee.</p> <p><i>Note: Negotiation was recommended given that the Best Evaluated Bidder's bid price was UGX 549,119,225 higher than the estimated cost of only UGX 230,000,000</i></p> <ul style="list-style-type: none"> • There was no evidence of confirmation of the additional funds worth UGX 55,726,970 by the Accounting Officer. • Delay by the Contracts Committee to award the contract. The evaluation of bids was concluded on 26th November 2021 however the Contracts Committee awarded the contract on 28th January 2022. • Irregularly signing the contract at a price not awarded by the Contracts Committee. The Contracts Committee on 28th January 2022 awarded the contract at UGX 285,726,970 however the contract was signed at UGX 	

No	Subject of procurement	Contract value (UGX)	Finding	Management Response
			230,000,000. The negotiated price of UGX 285,726,970 that was approved by the Contracts Committee was irregularly not considered.	
6.	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	101,474,100	<ul style="list-style-type: none"> The pages of the Special Conditions of Contract were not countersigned by the Accounting Officer and the Contractor's representative. 	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly.</i>
7.	Supply of 22 three seater desks to Oguru Primary School	3,718,000		
Total		718,071,508		

Implications

- Contradicting completion periods in the signed contracts creates ground for contract disputes between the Entity and the Provider.
- Signing a contract at a price different from the price approved by the Contracts Committee is irregular and this tantamount to usurping the powers of the Contracts Committee.
- Failure to countersign all pages of the contract exposes the district to the risk of contract disputes in the event that one of the parties fraudulently changes the clauses in the contract.
- Failure to send notices of best evaluated bidder denies aggrieved bidders the right to appeal the contract award decision and therefore undermines the principle transparency.
- Failure to attach the General Condition of Contract and Special Condition of Contract to the contract denies the contractors and the contract supervisors the opportunity to fully understand the terms and conditions in the contract.

Recommendations

1. The Accounting Officer should instruct the Head, Procurement and Disposal Unit to send notice of best evaluated bidder to all bidders that participate in a procurement in accordance with Regulation 85 (5) of the Local Governments (PPDA) Regulations, 2006.
2. The Accounting Officer should instruct the Chairperson, Contracts Committee and Head, Procurement and Disposal Unit to quality assure the contract documents and ensure that clear terms and conditions are stated in the contract documents.
3. The Accounting Officer should only sign contracts at prices approved by the Contracts Committee.
4. The Accounting Officer should countersign all pages of the contract and ensure that the provider's representative countersigns all the pages as well.

2.2.8 Delay in signing contracts as per the planned contract signing dates

In five procurements worth UGX 702,114,273, the Authority found significant delays (variances) between the planned contract signing dates in the procurement plan and the actual dates of contract signature as indicated in table 13 below:

Table 13: Delays to sign contracts as per the planned contract signing dates

No	Subject of procurement	Contract value (UGX)	Date of Contract Signature in procurement plan	Actual date of contract signature	Delay in working days
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994	19 th November 2021	23 rd December 2021	25
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252	19 th November 2021	23 rd December 2021	25
3.	Construction of District Headquarters at Awach Town Council	285,726,790	19 th November 2021	21 st February 2022	65
4.	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	101,474,100	19 th November 2021	23 rd December 2021	25

No	Subject of procurement	Contract value (UGX)	Date of Contract Signature in procurement plan	Actual date of contract signature	Delay in working days
5.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	49,571,137	19 th November 2021	23 rd December 2021	25
Total		702,114,273			

Implication

Delays during the procurement process lead to delayed service delivery to the targeted beneficiaries and further contribute to haphazard contract execution towards the end of the financial year while at the same time increasing the risk of failure to absorb funds.

Recommendations

1. The Accounting Officer should caution the Contracts Committee and Head, Procurement and Disposal Unit and Heads of User Departments for delays in the procurement transactions listed above.
2. The Accounting Officer should task Heads of User Departments to commence procurement processes early enough so as to minimize delays in implementing planned procurements.

Management response

Management has acknowledged these concerns, and shall enforce compliance accordingly.

2.2.9 Incomplete procurement files

The Authority found that there were missing records relating to seven procurement action files contrary to Regulation 46 of the Local Governments (PPDA) Regulations, 2006. These are listed in table 14 below:

Table 14: Procurement with incomplete files

No	Subject of Procurement	Contract value (UGX)	Missing record
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994	<ul style="list-style-type: none"> • Performance security worth 10% of the contract price • Advance payment guarantee worth 20% of the contract price

No	Subject of Procurement	Contract value (UGX)	Missing record
			<ul style="list-style-type: none"> • Progress reports for months of January, February, April and June 2022 • Contract completion certificate
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252	<ul style="list-style-type: none"> • Performance security worth 10% of the contract price • Advance payment guarantee worth 20% of the contract price • Contract completion certificate
3.	Construction of District Headquarters at Awach Town Council	285,726,790	<ul style="list-style-type: none"> • Performance security worth 10% of the contract price • ES performance security worth 5% of the contract price • Advance payment guarantee worth 20% of the contract price • Payment vouchers for payment certificates No. 1 and 2. • Progress reports for months of January, February, March, April and May 2022 • Contract completion certificate
4.	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	101,474,100	<ul style="list-style-type: none"> • Performance security worth 10% of the contract price • Payment vouchers for payment certificate No. 1 • Progress reports for months of January, February, March, April and May 2022 • Contract completion certificate
5.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	49,571,137	<ul style="list-style-type: none"> • Performance security worth 10% of the contract price • Progress reports for months of January, February and March 2022 • Contract completion certificate
6.	Supply of fuel, oils and lubricants	589,000,820	<ul style="list-style-type: none"> • Call off orders issued for fuel • Receipts on payments • Invoice from the providers • Payment vouchers • Contract progress reports

No	Subject of Procurement	Contract value (UGX)	Missing record
			<ul style="list-style-type: none"> Contract completion certificate
7.	Mechanized and routine manual maintenance of Paibona – Dog Aswa Road 20km at a cost of UGX 147,902,000, Spot improvement of Abera – Awach Road 19.2km at a cost of UGX 44,017,000 and Labworomor – Karai – Paibona Road 18km at a cost of UGX 107,908,000	299,827,000	<ul style="list-style-type: none"> Call off orders issued for materials Receipts on payments Invoice from the providers Payment vouchers Progress reports Contract completion certificate
Total		1,590,942,093	

Implication

Missing records are a sign of ineffective accountability and transparency mechanisms within the Entity.

Recommendations

1. The Accounting Officer should prevail over contract supervisors to ensure that reports on contract implementation are prepared and shared with the Procurement and Disposal Unit in accordance to Regulation 119 (10) (f) of the Local Governments (PPDA) Regulations, 2006.
2. The Head Procurement and Disposal Unit should ensure that the Procurement and Disposal Unit procurement action files are complete with all documents in accordance with Section 31 (o) of the PPDA Act, 2003.

Management responses

Management has acknowledged these concerns, and shall enforce compliance accordingly

2.3. LEVEL OF EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION

2.3.1 Failure to obtain performance securities

The Authority found that the Entity did not obtain performance securities from the contractors in five procurements worth UGX 702,114,273. The five contracts are listed in table 15 below:

Table 15: Contracts without performance securities

No.	Subject of procurement	Contract value (UGX)	Conditions of Contract breached
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	74,871,994	SCC 61.1 required the contractor, Wan Aye Company Ltd to submit a performance security inform of an

No.	Subject of procurement	Contract value (UGX)	Conditions of Contract breached
			unconditional Bank Guarantee worth 10% of the contract price, i.e. UGX 7,487,199 but it was not submitted.
2.	Low cost sealing of roads within Awach Town Council (0.4km)	190,470,252	SCC 61.1 required the contractor, CME Enterprises Limited to submit a performance security inform of an unconditional Bank Guarantee worth 10% of the contract price, i.e. UGX 19,047,025 but it was not submitted.
3.	Construction of District Headquarters at Awach Town Council	285,726,790	<ul style="list-style-type: none"> • SCC 61.1 required the contractor, Bygon Enterprises Limited to submit a performance security inform of an unconditional Bank Guarantee worth 10% of the contract price, i.e. UGX 28,572,679 but it was not submitted. • SCC 61.1 required the contractor, Bygon Enterprises Limited to submit an ES performance security inform of an unconditional Bank Guarantee worth 5% of the contract price, i.e. UGX 14,286,339 but it was not submitted.
4.	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	101,474,100	SCC 61.1 required the contractor, Brotto's (U) Ltd to submit a performance security inform of an unconditional Bank Guarantee worth 10% of the contract price, i.e. UGX 10,147,410 but it was not submitted.
5.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	49,571,137	SCC 61.1 required the contractor, Jorenzo Quality (U) -SMC Limited to submit a performance security inform of an unconditional Bank Guarantee worth 10% of the contract price, i.e. UGX 4,957,113 but it was not submitted.
	Total	702,114,273	

Implication

Failure to obtain performance securities exposes the Entity to risks associated with non-performance of the contracts.

Recommendations

The Accounting Officer should task contractors to fulfil conditions of contract effectiveness by obtaining the required performance securities from contractors before they are allowed access to the sites in accordance with Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations, 2006.

Management responses

Management has acknowledged these concerns, and shall enforce compliance accordingly

2.3.2 Anomalies in contract management

The Authority found anomalies in contract management in seven procurements worth UGX 763,924,645 which casts doubt on the effectiveness of the Entity in supervision of contracts and contravenes Regulation 119 of the Local Governments (PPDA) Regulations, 2006 as detailed in table 16 below:

Table 16: Procurements with irregularities in contract management

No	Subject of Procurement	Findings	Management response
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School worth UGX 74,871,994	<ul style="list-style-type: none">• Inadequate contract implementation plan; the amounts, dates of receipt and release of the performance security and advance payment guarantee were not indicated in the contract implementation plan.• Though the appointment letter of the Contract Supervisor required preparation of monthly progress reports, the team found only monthly reports of March 2022 and May 2022. There were no monthly progress reports for the months of January, February, April and June 2022.• No evidence of commissioning and handover of the facility to the beneficiaries.• The contract completion certificate was not prepared & issued.	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>

No	Subject of Procurement	Findings	Management response
2.	Low cost sealing of roads within Awach Town Council (0.4km) worth UGX 190,470,252	<ul style="list-style-type: none"> • Inadequate contract implementation plan; the amounts, dates of receipt and release of the performance security were not indicated in the contract implementation plan. • There was no contract completion report on file to show that the works were completed. • No evidence of commissioning and handover of the facility. • The contract completion certificate was not prepared & issued. 	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>
3.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Pukony HC II worth UGX 31,070,369	<ul style="list-style-type: none"> • There was no contract completion report on file to show that the works were completed. • Failure to deduct retention. 5% Retention worth UGX 1,553,518 was not deducted. The contractor was on 27th June 2022 paid UGX 31,070,369. This was in total disregard of the interim payment certificate dated 6th June 2022 which had deducted 5% retention worth UGX 1,553,518 • No evidence of commissioning and handover of the facility to the beneficiaries. • The contract completion certificate was not prepared & issued. 	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>
4.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Patiko HC III worth UGX 30,740,003	<ul style="list-style-type: none"> • There was only one progress report dated 10th June 2022 prepared by Kinyera John Olaka which stated that the works was not complete i.e. hand washing facility and environmental mitigation not yet executed. The contract was signed on 14th April 2022 with a duration of 3 months. • No evidence that social safeguarding measures were undertaken such as 	<ul style="list-style-type: none"> • <i>Management has acknowledged these concerns; it was eventually implemented after the writing of the progress report on the 10th June 2022.</i> • <i>Management pledges to enforce</i>

No	Subject of Procurement	Findings	Management response
		<p>signage, HIV/AIDS awareness and sensitization.</p> <ul style="list-style-type: none"> • Failure to deduct 5% retention. 5% Retention worth UGX 1,537,000 was not deducted. SCC 48.1 of the contract provided a 5% retention. • Melwood Company Ltd was not VAT registered however the Entity paid the company 18% VAT worth UGX 4,689,153. The bid price exclusive of VAT was UGX 26,050,850 • No evidence of commissioning and handover of the facility to the beneficiaries. • The contract completion certificate was not prepared. 	<p><i>compliance accordingly</i></p>
5.	Construction of District Headquarters at Awach Town Council worth UGX 285,726,790	<ul style="list-style-type: none"> • No contract management/progress reports. However, the appointment letters required monthly progress reports for the duration of the contract • The contract expired on 21st May 2022 however there was no evidence whether the works were complete by that time. • GCC 36.1 the contract agreement stated that the contractor shall submit the program for the works within 14 days of contract signature however this was not done • Inadequate contract implementation plan. The performance security worth 10% of the contract price and an advance payment guarantee worth 20% of the contract price were required however the Contract Supervisor indicated as not applicable in the contract implementation plan 	<p><i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i></p>

No	Subject of Procurement	Findings	Management response
		<ul style="list-style-type: none"> • Irregular deduction of retention. Though GCC 57.1 stated that the proportions of payments retained is 10%, the Entity deducted 5% retention from payments made to the contractor. 5% retention worth UGX 7,578,175 was deducted from payment certificate No. 1 and 5% retention worth UGX 5,215,954 was deducted from payment certificate No.2. <i>The details are in Annex 1.</i> • No evidence of commissioning and handover of the facility to the beneficiaries. • The contract completion certificate was not prepared and issued. 	
6.	<p>Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District worth UGX 101,474,100</p>	<ul style="list-style-type: none"> • GCC 36.1 the contract agreement stated that the contractor shall submit the program for the works within 14 days of contract signature however this was not done • Inadequate contract implementation plan. The performance security worth 10% of the contract price and an advance payment guarantee worth 20% of the contract price were required however the Contract Supervisor indicated as not applicable in the contract implementation plan • Failure to deduct 10% retention. GCC 57.1 stated that the proportion of payments retained is 10%, however the Entity did not deduct the 10% retention. The full contract amount was paid. • No evidence of commissioning and handover of the facility to the beneficiaries. 	<p><i>Management has acknowledged these concerns, and shall enforce compliance accordingly.</i></p>

No	Subject of Procurement	Findings	Management response
		<ul style="list-style-type: none"> The contract completion certificate was not prepared & issued 	
7.	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District worth UGX 49,571,137	<ul style="list-style-type: none"> There were no monthly progress reports yet the appointment letters required monthly progress reports for the duration of the contract. The contract was signed on 23rd December 2021 for a duration of three months. Delay to complete the works. The contract completion date was 23rd March 2022 however the works were completed on 6th June 2022. There was no evidence of contract extension GCC 36.1 the contract agreement stated that the contractor shall submit the program for the works within 14 days of contract signature however this was not done Inadequate contract implementation plan. The performance security worth 10% of the contract price and an advance payment guarantee worth 20% of the contract price were required however the Contract Supervisor indicated as not applicable in the contract implementation plan Failure to deduct 10% retention. GCC 57.1 stated that the proportion of payments retained is 10%, however the Entity deducted only 5% retention worth UGX 2,478,557 instead of UGX 4,957,113.7. No evidence of commissioning and handover of the facility to the beneficiaries. The contract completion certificate was not prepared & issued. 	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>

No	Subject of Procurement	Findings	Management response
	Total		

Implications

- Ineffective contract monitoring and supervision, potentially increased the risk of contract non-performance by a provider.
- There is a potential risk that some of the terms and conditions of contract were breached and breach not detected thus compromising the quality of deliverables.

Recommendations

1. Contract supervisors should strictly supervise contracted firms to fulfil all contractual obligations specified within the terms and conditions.
2. The Authority recommends that the contract supervisors should submit regular progress /contract management reports to the Procurement and Disposal Unit as required under Regulation 119 (10) (f) of the Local Governments (PPDA) Regulations, 2006.

2.3.3 Failure to implement some of the activities provided in the bills of quantities

The Authority found that a number of activities provided in the bills of quantities were not implemented. These were in six procurement transactions worth UGX 627,808,768 as indicated in table 17 below:

Table 17: Procurements with activities not implemented yet provided in the bills of quantities

No	Subject of Procurement	Findings	Management Response
1.	Construction of 1 block of 2 classrooms at Kiju Hill Primary School worth UGX 74,871,994	<p>a. No evidence that the following activities were implemented by the Entity as provided for in the BoQs;</p> <ul style="list-style-type: none"> ➤ UGX 200,000 for stakeholders training on environment and social safeguards, ➤ UGX 200,000 environmental impact screening, ➤ UGX 150,000 for issuance of certificate of environmental restoration, ➤ UGX 300,000 for monitoring by the District. <p><i>The total amount provided for the above activities was UGX 850,000.</i></p>	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>

No	Subject of Procurement	Findings	Management Response
		<p>b. No evidence that the following activities were implemented by the Contractor as provided for in the BoQs;</p> <ul style="list-style-type: none"> ➤ UGX 500,000 to establish 1 well dug pit for solid waste disposal (2.5x2x2 meters), ➤ UGX 200,000 for vegetation of degraded site/compound with grass, ➤ UGX 200,000 for 100 seedlings (windbreak), ➤ UGX 10,000 for 20 seedlings (compound beautification), ➤ UGX 640,000 for 320 seedlings protection fence for compound, ➤ UGX 120,000 for 2 Waste/trash bins installed for workers on site and ➤ UGX 750,000 for 500 pines or eucalyptus in any location. <p><i>The total amount provided for the above activities was UGX 2,420,000.</i></p>	
2.	Low cost sealing of roads within Awach Town Council (0.4km) worth UGX 190,470,252	<p>a. No evidence that the following activities were implemented;</p> <ul style="list-style-type: none"> ➤ UGX 300,000 for information education and consultation campaigns including regular distribution of condoms to workforce, ➤ UGX 360,000 to provide qualified Safety Officer to deal with OHS, HIV/AIDS and gender management, including transport, ➤ UGX 240,000 to provide, maintain and operate STD and HIV/AIDS Clinic or make alternative arrangement with existing local clinic. <p><i>The total amount provided for the above activities was UGX 900,000.</i></p>	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>
3.	Construction of 1 block of 4 stances drainable latrine with	<p>a. No evidence that the following activities were done;</p>	<i>Management has acknowledged these concerns, and</i>

No	Subject of Procurement	Findings	Management Response
	urinals and bath shelter at Pukony HC II worth UGX 31,070,369	<p>➤ UGX 1,250,000 was provided to construct an elevated 250 litre hand washing tank well protected plastic or ferro cement tank complete with mild steel cover with proper drain and soak pit. There was no evidence to show that this facility was installed.</p> <p><i>The total amount provided for the above activities was UGX 1,250,000.</i></p> <p>b. No evidence that the following activities were done;</p> <p>➤ UGX 150,000 for site levelling and re-vegetation of delegated site/compound with Plasma grass on the constructed facility compound,</p> <p>➤ UGX 60,000 for planting seedlings (windbreak such as Teak, Mivule and Mahogany tress),</p> <p>➤ UGX 100,000 for planting seedlings (compound beautification such as Ashoak flower) and</p> <p>➤ UGX 80,000 for waste/trash bins installed for workers on site for waste management.</p> <p><i>The total amount provided for the above activities was UGX 390,000.</i></p>	<i>shall enforce compliance accordingly</i>
4.	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Patiko HC III worth UGX 30,740,003	<p>a. No evidence that the following activities were done;</p> <p>➤ UGX 500,000 was provided to construct an elevated 250 litre hand washing tank well protected plastic or Ferro cement tank complete with mild steel cover with proper drain and soak pit. There was no evidence to show that this facility was installed.</p> <p>b. No evidence that the following activities were done;</p>	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>

No	Subject of Procurement	Findings	Management Response
		<ul style="list-style-type: none"> ➤ UGX 80,000 for site levelling and re-vegetation of delegated site/compound with Plasma grass on the constructed facility compound, ➤ UGX 110,000 for planting 20 seedlings (windbreak such as Teak, Mivule and Mahogany tress), ➤ UGX 550,000 for planting 100 seedlings (compound beautification such as Ashoak flower) and ➤ UGX 250,000 for waste/trash bins installed for workers on site for waste management. <p><i>The total amount provided for the above activities was UGX 1,490,000.</i></p>	
5.	Construction of District Headquarters at Awach Town Council worth UGX 285,726,790	<p>a. No evidence that the following items under Environmental mitigation were implemented;</p> <ul style="list-style-type: none"> ➤ UGX 1,000,000 for environment impact screening, ➤ UGX 300,000 for establishment of waste bins, ➤ UGX 500,000 for planting of 500 pieces of trees/grass, ➤ UGX 500,000 for establishment of rubbish pit, ➤ UGX 1,200,000 for supervision and monitoring, ➤ UGX 800,000 for provision of Personal Protective Equipment (Overalls, gumboots, gloves, helmets, masks, reflector jackets etc.) for the workers and ➤ UGX 300,000 for complete set of First Aid Kit. <p><i>The total amount provided for the above activities was UGX 4,600,000.</i></p>	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>

No	Subject of Procurement	Findings	Management Response
6.	Construction of 1 block of 2 stances drainable latrine with urinals and bath shelter at Aswa Camp Primary School worth UGX 14,929,360	<p>a. No evidence that the following activities were done;</p> <ul style="list-style-type: none"> ➤ UGX 400,000 for site leveling and re-vegetation of delegated site/compound with Plasma grass on the constructed facility compound, ➤ UGX 100,000 for planting 20 seedlings (windbreak such as Teak, Mivule and Mahogany tress), ➤ UGX 200,000 for planting 100 seedlings (compound beautification such as Ashoak flower) and ➤ UGX 200,000 for waste/trash bins installed for workers on site for waste management. <p><i>The total amount provided for the above activities was UGX 900,000.</i></p>	<i>Management has acknowledged these concerns, and shall enforce compliance accordingly</i>
Total = UGX 763,924,645			

Implication

The Entity's failure to enforce implementation of some of the activities provided in the bills of quantities could result in a potential financial loss of UGX 12,800,000.

Recommendations

1. The Accounting Officer should account for UGX 12,800,000 that was allocated for each of the project activities not implemented as stated in table 17 above.
2. The Accounting Officer should task the District Engineer to always implement all the items provided in the bills of quantities.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.1. Overall Audit Conclusion

The performance of Gulu District Local Government for the Financial Year 2021/22 was **moderately satisfactory** with overall weighted average risk rating of **39.5%**.

The risk rating is as follows:

Table 18: Risk rating table

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

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 below: -

Table 19: Weighted score of Gulu District Local Government

Risk Rating	No.	%No	Weights	Weighted score by No.	Value	% Value	Weights	Weighted score by value
High Risk	1	9	0.6	5.4	299,827,000	18	0.6	10.8
Medium Risk	2	18	0.3	5.4	874,727,610	52	0.3	15.6
Low Risk	8	73	0.1	7.3	496,845,215	30	0.1	3
Satisfactory	-	-	0	-	-	-	0	0
Total	11	100	1	18.1	1,671,399,825	100	1	29.4

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{18.1}{60} \times 100 = 30\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{29.4}{60} \times 100 = 49\%$$

$$\text{Combined Weighted Average} = \frac{30 + 49}{2} = 39.5\%$$

Figure 2: Risk Rating by Number

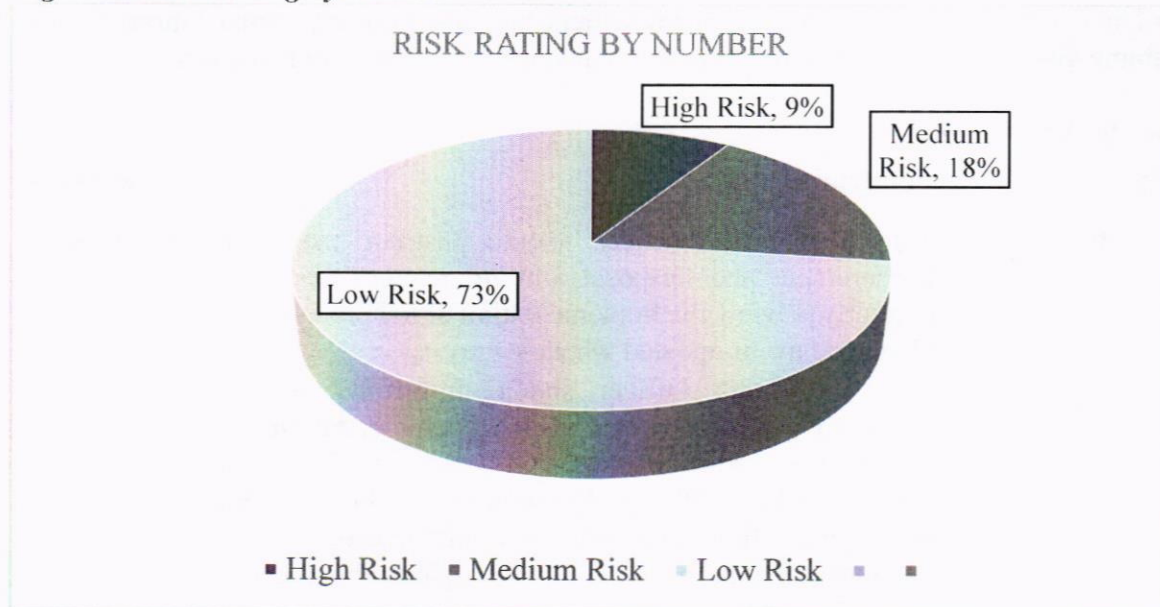
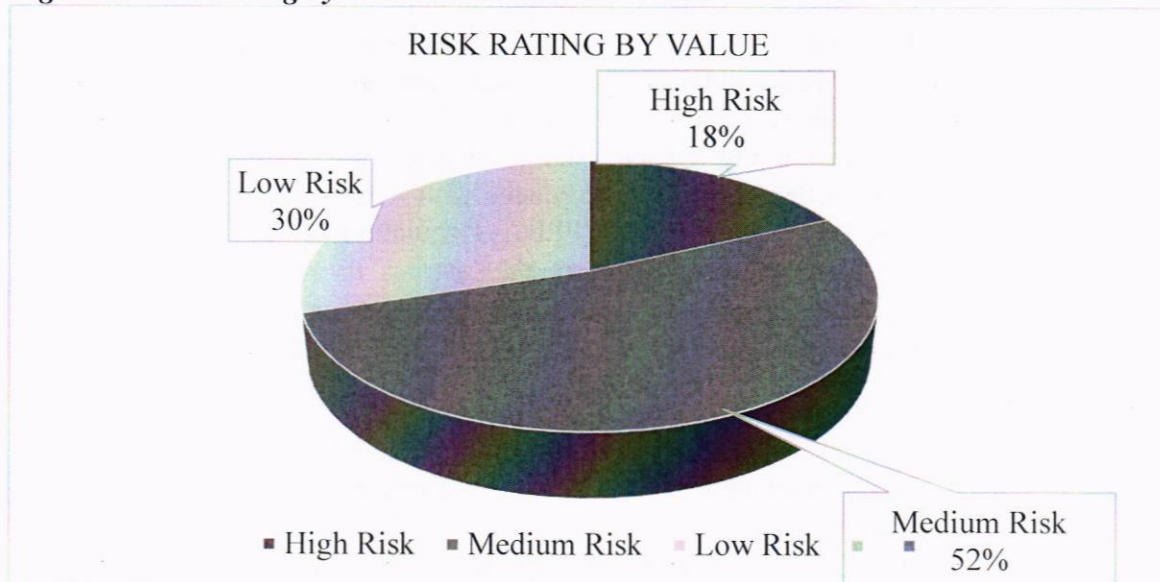


Figure 3: Risk Rating by Value



3.2. Recommended Action Plan

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

Table 20: Action Plan

Origin	Recommended Action	Target Date
Accounting Officer	<ul style="list-style-type: none"> • The Accounting Officer should instruct the Head Procurement and Disposal Unit to regularly (at least quarterly) review the implementation of the procurement plan and have it updated whenever necessary. • The Accounting Officer should implement all the Authority's procurement audit recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006. Where management finds challenges in implementation of any recommendation, this should be brought to the attention of the Authority. • The Accounting officer should investigate and address the causes of low bidder participation in the Entity. • The Accounting Officer should prioritise the need for storage facilities for the Procurement and Disposal Unit such as shelves and filing cabinets. • The Accounting Officer should dispose all obsolete assets of the council in accordance with Regulation 122 of the Local Governments (PPDA) Regulations, 2006. • The Accounting Officer should instruct the District Engineer to submit all copies of records and reports on Force Account to the Procurement and Disposal Unit. 	December 2023
Procurement and Disposal Unit	<ul style="list-style-type: none"> • The Procurement and Disposal Unit should regularly review the implementation of the procurement plan and engage management to have it updated whenever necessary. • The Head Procurement and Disposal Unit should archive all documents pertaining to a particular procurement on their respective files in accordance with Section 31 (o) of the PPDA Act, 2003. • The Head Procurement and Disposal Unit should prepare solicitation documents that define the requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 48(2) of the Local Governments (PPDA) Regulations, 2006. 	December 2023

Origin	Recommended Action	Target Date
Contracts Committee	<ul style="list-style-type: none"> The Contracts Committee should scrutinize the statement of requirements, evaluation criteria and contract terms in the bidding documents to ensure that they are complete, appropriate, fair, minimize risk for the Entity, and maximize achievement of value for money before approval. 	December 2023
User Departments	<ul style="list-style-type: none"> The Contract Supervisors should submit regular progress /contract management reports to the Procurement and Disposal Unit as required under Regulation 119 (10) (f) of the Local Governments (PPDA) Regulations, 2006. 	December 2023
Evaluation Committee	<ul style="list-style-type: none"> Evaluation Committee members should adhere to the criteria set out in the solicitation document during bid evaluation in accordance with Regulation 73 of the Local Governments (PPDA) Regulations, 2006. The Evaluation Committees should be vigilant while reviewing the information submitted by the bidders for conformity with the set criteria before passing bidders in accordance with Section 71 (3) of the PPDA Act, 2003. 	December 2023
Internal Audit	The Internal Audit should audit the procurement procedures of the entity in accordance with Regulation 28 of the Local Governments (PPDA) Regulations 2006.	December 2023

Annex A: Summary case by case (High Risk)

No	Subject of Procurement	Amount (UGX)	Reasons for high risk rating
1.	Mechanized and routine manual maintenance of Paibona – Dog Aswa Road 20km at a cost of UGX 147,902,000, Spot improvement of Abera – Awach Road 19.2km at a cost of UGX 44,017,000 and Labworomor – Karai – Paibona Road 18km at a cost of UGX 107,908,000	299,827,000	<ul style="list-style-type: none"> • No call off orders issued for materials • No receipts on payments issued by the providers • No invoice from the providers • No payment vouchers • Anomalies at contract management • No contract progress reports prepared • No contract completion certificate prepared
Total		299,827,000	

Annex B: Summary case by case (Medium Risk)

No	Subject of Procurement	Amount (UGX)	Reasons for medium risk rating
1.	Construction of District Headquarters at Awach Town Council	285,726,790	<ul style="list-style-type: none"> • Delay to sign contract as planned by 65 working days • Inadequate bidding documents • Irregularities at evaluation of bids • Anomalies at contracting • No copy of performance security worth 10% of the contract price • No copy of ES performance security worth 5% of the contract price • Anomalies at contract management • No progress reports for months of January, February, March, April and May 2022 • No contract completion certificate prepared
2.	Supply of fuel, oils and lubricants	589,000,820	<ul style="list-style-type: none"> • No receipts on payments issued by the providers • No invoice from the providers • Anomalies at contract management • No contract progress reports prepared • No contract completion certificate prepared

No	Subject of Procurement	Amount (UGX)	Reasons for medium risk rating
Total		874,727,610	

Annex C: List of the sample with risk rating

No	Reference No.	Subject of Procurement	Procurement method	Provider	Contract Value (UGX)	Risk Rating
1.	GULU508/WRK S/2021-2022/00007	Construction of 1 block of 2 classrooms at Kiju Hill Primary School	Open Domestic Bidding	Wan Aye Company Ltd	74,871,994	Low Risk
2.	GULU508/WRK S/2021-2022/00008	Low cost sealing of roads within Awach Town Council (0.4km)	Open Domestic Bidding	CME Enterprises Limited	190,470,252	Low Risk
3.	GULU508/WRK S/2021-2022/00014	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Pukony HC II	Selective National Bidding	Lagere Engineerings (U) Ltd	31,070,369	Low Risk
4.	GULU508/WRK S/2021-2022/00013	Construction of 1 block of 4 stances drainable latrine with urinals and bath shelter at Patiko HC III	Selective National Bidding	Melwood Company Ltd	30,740,003	Low Risk
5.	GULU508/WRK S/2021-2022/00011	Construction of District Headquarters at Awach Town Council	Open Domestic Bidding	Bygon Enterprises Limited	285,726,790	Medium Risk
6.	GULU508/WRK S/2021-2022/00009	Site survey, drilling, casting, gravels parking, well development, test pumping and water quality testing of seven (7) deep boreholes in Awach, Bungatira, Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District	Open Domestic Bidding	Brotto's (U) Ltd	101,474,100	Low Risk
7.	GULU508/WRK S/2021-2022/00010	Boreholes platform casting and hand pump installation of seven (7) deep boreholes in Awach, Bungatira,	Open Domestic Bidding	Jorenzo Quality (U) -SMC Limited	49,571,137	Low Risk

No	Reference No.	Subject of Procurement	Procurement method	Provider	Contract Value (UGX)	Risk Rating
		Palaro, Patiko, Paicho and Unyama Sub Counties in Gulu District				
8.	GULU508/SUP I.S/2021- 2022/00006	Supply of 22 three seater desks to Oguru Primary School	Selective National Bidding	Star Sanitation Ltd	3,718,000	Low Risk
9.	GULU508/WRK S/2021- 2022/00019	Construction of 1 block of 2 stances drainable latrine with urinals and bath shelter at Aswa Camp Primary School	Selective National Bidding	Alabama Crown Limited	14,929,360	Low Risk
10.	GULU508/SUP I.S/2021- 2022/00001	Supply of fuel, oils and lubricants	Open Domestic Bidding	<ul style="list-style-type: none"> • Northern Energy Co. Ltd • Gasco Energy (U) Ltd • Nile Energy Ltd • Rock Global Oil (U) Ltd 	589,000,820	Medium Risk
11.	-	Mechanized and routine manual maintenance of Paibona – Dog Aswa Road 20km at a cost of UGX 147,902,000, Spot improvement of Abera – Awach Road 19.2km at a cost of UGX 44,017,000 and Labworomor – Karai – Paibona Road 18km at a cost of UGX 107,908,000.	Open Domestic Bidding	Force Account Mechanism	299,827,000	High Risk
Total					1,671,399,825	

Annex D: Risk Rating Criteria

RISK	DESCRIPTION
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".
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.
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best 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.

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.

Annex E: Contracts Committee and Procurement and Disposal Unit Composition

Contracts Committee Composition


No	Name	Job Title	Committee Position	Date of Appointment
1.	Mr. Komakech O. Caesar	Senior Assistant Secretary	Chairperson	30 th January 2021
2.	Mr. Latim Walter Aliza	Senior Assistant Secretary	Member	4 th February 2020
3.	Mr. Obot Robinson	District Inspector of schools	Member	30 th January 2021

No	Name	Job Title	Committee Position	Date of Appointment
4.	Mr. Omara Emmanuel Pacoto	Senior Fishery Officer	Member	15 th December 2020
5.	Mr. Opiro Dickens Thomas	Senior Human Officer	Member	29 th January 2020

Procurement and Disposal Unit Composition

No	Name	Position in the Procurement Unit	Date of Appointment
1.	Mr. Onekalit Bosco	Senior Procurement Officer	-
2.	Mr. Odongo Paul	Procurement Officer	10 th October 2022

Annex F: Details of irregular deduction of retention in the contract for construction of office block at Awach

DISTRICT DISCRETIONARY EQUILIZATION GRANT  **GULU DISTRICT LOCAL GOVERNMENT OFFICE OF THE DISTRICT ENGINEER**

Payment Certificate- No.2 Date: 5-Jun-2022

Name of Contractor: BYONDENT ENTERPRISES LIMITED

Contract Name: CONSTRUCTION OF OFFICE BLOCK AT AWACH

Contract Number: GL/EST/2021/002-2022/0001

Contract start date: 8-Jun-2022 Contract Period in weeks: 24

Contract end date: 20/06/2022 Contract time in weeks: 21

Actual start date: 5 Feb. 2022 Actual Time completed to date (%): 98%

Actual completion date: 19 Jun 2022 Physical progress to date (%): 98%

Default liability period (days): 30

Original Contract Price: USh 285,726,970

Current Contract Price: USh 285,726,970 Demand: Retention

Advance Payment (%): 0%

Total amount this Certificate (refer DLG / 2, Measurement summary sheet): USh 100,000,000

Est	Variations and Contingency	USh	
Sub total		USh	<u>100,000,000</u>
Less	Retention <u>0%</u>	USh	<u>0,000,000</u>
	Others	USh	
	Net Total	USh	<u>100,000,000</u>

Net Amount this Certificate refers to the Amount (refer DLG / 2) below: USh 100,000,000

Less	Withholding tax <u>0%</u>	USh	
	DOT <u>0%</u>	USh	
	VAT (This certificate) <u>0%</u>	USh	<u>0,000,000</u>
	Less Advance Payment Recoveries <u>0%</u>	USh	
	Net Amount this Certificate refers to the Certificate Entitled to: USh		<u>100,000,000</u>

OFFICE OF THE DISTRICT ENGINEER
GULU DISTRICT LOCAL GOV'T
P. O. BOX 2, GULU (U)

1. Table 1 - Payment certificate Record

Current Contract price (U Shs) = 285,726,970

Payment Certificate Record	Net amount each Certificate (Ush)	Cumulative payments to date (Ushs)	Payments to date (%)	Balance on contract sum (Ushs)
1 Advance payment			0	285,726,970
2 Certificate No. 1	<u>168,902,684</u>	<u>168,902,684</u>	<u>59</u>	<u>115,824,286</u>
3 Certificate No. 2	<u>99,103,126</u>	<u>268,005,810</u>	<u>94%</u>	<u>16,721,161</u>

2. Retention payment request

Total Retention to date - last certificate

Retention, This certificate

Total Retention to Date

U Shs	<u>8,942,267</u>
U Shs	<u>5,216,254</u>
U Shs	<u>14,158,521</u>

Notes: No defect liability Period,
100% retention Release at end of defect liability.

3. Value of Works to date

Value of Works 285,164,010

Signed by - Project Supervisor

District Engineer

Head of Department

Accounting Officer

OFFICE OF THE DISTRICT ENGINEER
GULU DISTRICT LOCAL GOV'T
P. O. BOX 2, GULU (U)

Date: 26/6/22

Annex G: Suspected forged audited books of accounts submitted by Star Sanitation Limited for supply of desks

U/S. STAR SANITATION LIMITED		AUDITED FINANCIAL STATEMENT 2020/2021	
STATEMENT OF COMPREHESEVE INCOME FOR THE PERIOD ENDED 30TH JUNE 2021			
INCOME	NOTES	2021 UGX	2020 UGX
REVENUE RECEIPTS	2	419,094,950	475,782,800
LESS: Cost of sales		242,450,321	310,779,470
GROSS PROFIT		176,644,629	165,003,330
LESS EXPENDITURE			
SALARY AND RELATED EXPENSES	4	26,024,500	25,642,300
UTILITIES	5	1,886,650	1,775,410
ADMINISTRATION AND GENERAL EXPENSES	6	38,193,300	38,777,400
		66,104,450	66,195,110
NET OPERATING BEFORE DEPRECIATION		110,540,179	98,808,220
LESS DEPRECIATION		3,573,703	1,155,950
NET OPERATING AFTER DEPRECIATION		106,966,476	97,652,270
CORPORATION TAX		32,089,943	29,295,681
PROFIT/LOSS AFTER TAXATION		74,876,533	68,356,589
ADD Retain Earnings		68,356,589	99,029,713
Net Balance Transferred to Balance sheet		143,233,122	167,386,302

U/S. STAR SANITATION LIMITED		AUDITED FINANCIAL STATEMENT 2019/2020	
STATEMENT OF COMPREHESEVE INCOME FOR THE PERIOD ENDED 30TH JUNE 2020			
INCOME	NOTES	2020 UGX	2019 UGX
REVENUE RECEIPTS	2	475,782,800	449,621,846
LESS: Cost of sales		239,412,050	236,326,823
GROSS PROFIT		236,370,750	213,295,023
LESS EXPENDITURE			
SALARY AND RELATED EXPENSES	4	25,642,300	23,055,000
UTILITIES	5	1,775,410	1,586,650
ADMINISTRATION AND GENERAL EXPENSES	6	36,017,400	32,003,700
		63,435,110	56,645,350
NET OPERATING BEFORE DEPRECIATION		172,935,640	156,649,673
LESS DEPRECIATION		1,155,950	1,271,174
NET OPERATING AFTER DEPRECIATION		171,779,690	155,378,499
CORPORATION TAX		51,533,907	46,613,550
PROFIT/LOSS AFTER TAXATION		120,245,783	108,764,949
ADD Retain Earnings			
Net Balance Transferred to Balance sheet		120,245,783	108,764,949

M/S. STAR SANITATION LIMITED
AUDITED FINANCIAL STATEMENT 2019/2020

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

ASSETS	NOTES	2020 (UGX)	2019 (UGX)
Non-Current Assets as per Schedule			
Fixed Assets (NBV)	7 (b)	7,400,649	9,304,985
Investments			
CURRENT ASSETS			
Inventory	3	7,400,649	9,304,985
Receivables	13	4,512,450	6,033,100
Cash and Bank	12	61,247,000	65,000,000
Sub Total current Assets		27,385,423	26,980,650
CURRENT LIABILITIES			
Accrued charges	9 (b)		
Trade Payables	11	5,240,000	3,460,000
Total Current Liabilities		5,240,000	3,460,000
Net Current Assets		87,904,873	94,553,750
Total Asset		95,305,522	103,858,735
FINANCED BY			
EQUITY AND LIABILITIES			
Share Capital	10	5,000,000	5,000,000
Retains Earning/Net Profit		120,245,783	108,764,949
Less Drawing		5,000,000	8,000,000
Owners Equity		121,764,949	121,764,949
Long Term Liability			
Bank Loan			
Director Contribution	9 (a)	95,305,522	17,906,215
Sub Total		95,305,522	17,906,215
TOTAL EQUITY AND LIABILITIES		95,305,522	103,858,735

M/S. STAR SANITATION LIMITED
AUDITED FINANCIAL STATEMENT 2020/2021

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

ASSETS	NOTES	2021 (UGX)	2020 (UGX)
Non-Current Assets as per Schedule			
Fixed Assets (NBV)	7 (b)	8,226,946	7,400,649
Investments			
CURRENT ASSETS			
Inventory	3	8,226,946	7,400,649
Receivables	13	5,137,200	4,512,450
Cash and Bank	12	50,206,500	48,247,000
Sub Total current Assets		21,892,750	27,385,423
CURRENT LIABILITIES			
Accrued charges	9 (b)	77,236,450	80,144,873
Trade Payables	11	2,127,500	5,240,000
Total Current Liabilities		2,127,500	5,240,000
Net Current Assets		75,108,950	74,904,873
Total Asset		83,335,896	82,305,522
FINANCED BY			
EQUITY AND LIABILITIES			
Share Capital	10	2,000,000	2,000,000
Retains Earning/Net Profit		74,876,553	68,336,589
Less Drawing			
Owners Equity		76,876,553	70,366,589
Long Term Liability			
Bank Loan			
Director Contribution			
Sub Total		83,335,896	82,305,522
TOTAL EQUITY AND LIABILITIES		83,335,896	82,305,522