



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR
FINANCIAL YEAR 2018/19**

JINJA MUNICIPAL COUNCIL

OCTOBER 2019

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Acronyms

CC	Contracts Committee
EC	Evaluation Committee
FY	Financial Year
GCC	General Conditions of Contract
LPO	Local Purchase Order
NOBEB	Notice of Best Evaluated Bidder
PPDA	Public Procurement and Disposal of Public Assets Authority

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the Procurement and Disposal audit of Jinja Municipal Council. The audit covered a representative sample of twenty seven (27) procurement transactions. The audit involved a review of procurement system, procurement processes, asset disposal process and the procurement performance indicators following the Public Procurement and Disposal of Public Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

From the findings of the procurement audit exercise, the summary score of your Entity revealed that the compliance score was 72.8%, the performance score was 56.2% and the overall Entity procurement performance score was 62.8% which is satisfactory as summarized in the table 1 below:

Table 1: Overall Procurement Performance Score

Indicator	Score (%)	Weight	Weighted Score
Compliance Indicator	72.8	0.4	29.1
Performance Indicator	56.2	0.6	33.7
Entity Procurement Performance Score (%)			62.8

Table 2: Performance rating

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

Despite the satisfactory performance, the following exceptions were noted:

1. The Entity implemented 74.87% of its procurement plan which implied that planned items/activities worth UGX 1,305,811,522 were not executed and this deprived service delivery to the intended beneficiaries.
2. Inadequate market price assessment in twelve (12) revenue tenders worth UGX 423,488,540 which resulted into variances between the planned amounts and the contractual amounts and this created unnecessary price revisions and distorted the procurement budget.
3. The Entity received less than three (3) bids in five (5) procurements worth UGX 292,328,390. This implies limited competition and is indicative of low confidence of bidders in the procurement system thus affecting achievement of value for money.
4. Five (5) procurements worth UGX 125,484,502 had irregularities during the contracting stage such as delay to sign contracts and delayed acceptance of revenue award tenders by the best evaluated bidders. This delayed service delivery to the intended beneficiaries and denied the Entity revenues for the months of July, August and September 2018.
5. The Procurement and Disposal Unit delayed by an average of fifty (50) working days to make submissions due for approval to the Contracts Committee in five (5) procurements worth UGX 827,279,341 and this delayed service delivery to the intended beneficiaries.
6. The Contracts Committee delayed by an average of fifty- six (56) working days to award three (3) contracts worth UGX 407,658,160 and this delayed service delivery to the intended beneficiaries.

7. User Departments delayed by an average delay of eighty- eight (88) working days to initiate six (6) procurements worth UGX 746,058,290 and this delayed service delivery to the intended beneficiaries.
8. Poor contract supervision of revenue tenders which resulted into failure to realize revenue worth UGX 57,805,929 in eight centres. This hindered implementation of planned activities based on these revenues.
9. The Evaluation Committees delayed by an average of eighty (80) working days to conduct evaluations of six (6) procurements worth UGX 929,015,510 and this delayed service delivery to the intended beneficiaries.

The Authority recommends that:

1. The Accounting Officer should integrate the Entity's procurement budget with its expenditure programme in accordance with Section 58 (2) (d) of the PPDA Act, 2003.
2. The Accounting Officer should prevail over the appointed market survey team to conduct market price assessment using appropriate sources and establish realistic estimates based on prevailing rates in accordance with Regulation 65 (2) (a) of the Local Governments (PPDA) Regulations, 2006.
3. The Accounting Officer should investigate the reasons behind the low bidder response in the Entity and institute measures to attract a higher number of bidders to maximise competition in accordance with Section 46 of the PPDA Act, 2003.
4. The Accounting Officer should sign contracts in a timely manner and ensure that the best evaluated bidders respond to letters of bid acceptance in a timely manner to promote efficiency in accordance with Section 48 of the PPDA Act, 2003.
5. The Head Procurement and Disposal Unit should make timely submission of requests due for approval to the Contracts Committee to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.
6. The Contracts Committee should award contracts in a timely manner to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.
7. User Departments should promptly initiate procurements based on the planned timelines in order to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.
8. The Accounting Officer should prevail over contract managers to enforce close supervision and monitoring of revenue collections in order to realise the planned amounts required for implementation of planned activities.
9. Evaluation Committees should conduct evaluations in a timely manner to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.

Recommended Action plan

Jinja Municipal Council should implement the recommended action plan on pages 34 - 35.

CHAPTER 1: INTRODUCTION

Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Jinja Municipal Council. The audit covered a representative sample of twenty seven (27) procurement transactions. The audit involved a review of procurement system, procurement processes, asset disposal processes and the procurement performance indicators following the Public Procurement and Disposal of Public Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

Objectives of the Audit

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

The specific objectives were:

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

Scope of the Audit

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Jinja Municipal Council from 9th to 16th September, 2019. The Entity had a total procurement budget of UGX 5,195,825,922 in the audit period.

The audit covered a representative sample of twenty-seven (27) procurement transactions. The list of sampled transactions is contained in **Annex 1**.

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

Methodology

Jinja Municipal Council was notified about the upcoming audit on 16th August, 2019. To prepare for the audit, the auditors reviewed the Entity's budget, procurement plan and quarterly reports.

The procured items in the transaction list were stratified by (a) category of works, supplies, consultancy, and non-consultancy services, (b) procurement method and (c) contract value. A representative sample of the twenty seven (27) procurement transactions were selected for audit based on a stratified random sampling method.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The distribution of the transactions population and sample for the audit is shown in table 3 below:

Method	Value (UGX)			Number		
	Population	Sample	%	Population	Sample	%
Open Domestic Bidding	3,591,257,717	747,540,888	21	32	22	69
Selective Bidding	298,756,683	98,756,683	33	20	5	25
Total	3,890,014,400	846,297,471	22	52	27	52

Note: The population value under Open Domestic Bidding includes Uganda Road Funds

An entry meeting was held on 9th September, 2019 where the objectives of the audit were discussed as well as the timelines, roles and responsibilities. The Entity's Management was requested to avail the required records in time for the audit, to which they agreed to give the necessary assistance to the auditors.

Three Procurement Audit Officers under the supervision of the Director, Performance Monitoring carried out the audit. During the audit, the auditors had interviews with the staff from the Procurement and Disposal Unit and User Departments were necessary. The meetings were necessary to obtain qualitative information that was crucial to understand the internal control system and processes.

The examination of records and documents was done for each of the sampled transactions. The auditors obtained the relevant evidence to arrive at audit conclusions. Physical inspection was carried out at the end of the audit. On completion of data collection and before writing the report, the Audit Manager reviewed the working papers for completeness. The working papers contain detailed chronology of findings on each of the sampled transactions.

At the end of the field data collection, a debriefing meeting was held on 16th September, 2019 with the Entity Management and staff to conclude pending issues and any records that could not be accessed during the audit.

The auditors prepared the management letter, which was sent to the Entity on 1st October, 2019 with a request to submit management response by 14th October 2019. The exit meeting was held on 14th October, 2019 at PPDA offices in Nakasero.

2.0 CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS ON THE PROCUREMENT SYSTEM, PROCUREMENT PROCESS AND DISPOSAL

This chapter presents the findings arising from a review of the procurement system, procurement process and disposal in Jinja Municipal Council. The audit was carried out based on the set criteria per the PPDA Act, Regulations, Guidelines and the Procurement Audit Manual. The root causes of non-compliance and implications are presented. The recommendations are made considering the management responses from the Entity.

2.1 Accounting Officer

The compliance level for the Accounting Officer was assessed to be 65%, a rating which is satisfactory; however, the following exceptions were noted:

2.1.1 Procurement plan implementation

The procurement plan implementation rate of the Entity was 74.87% with a variance of UGX 1,305,811,522. Table 4 summarizes information about the procurement plan and utilization of funds:

Table 4: Analysis of procurement spend

Total procurement plan value inclusive VAT (UGX)	5,195,825,922
Total procurement spend value inclusive VAT (UGX)	3,890,014,400
Procurement plan implementation (%)	74.87
Variance (UGX)	1,305,811,522

Implication

Planned items/activities worth UGX 1,305,811,522 were not executed which deprived service delivery to the intended beneficiaries.

Management response

The procurement plan was not fully implemented because the Entity did not fully realize the budgeted revenues. In addition, there was non-remittance of the Entity's share of taxi/ bus parks revenue from Central Government.

Recommendations

The Authority noted the Entity's response and recommends that the Accounting Officer should:

- i) Integrate the Entity's procurement budget with its expenditure programme in accordance with Section 58 (2) (d) of the PPDA Act, 2003.
- ii) Enforce close supervision and monitoring of revenue collections in order to realise the planned amounts required for implementation of planned activities.
- iii) Prevail over the Head Procurement and Disposal Unit to amend the procurement plan during the course of the financial year in accordance with Section 58 (4) of the PPDA Act, 2003.

2.1.2 Inadequate market price assessment

Twelve (12) revenue tenders worth UGX 423,488,540 had variances between the planned amounts and the contractual amounts as indicated in table 5:

Table 5: Procurements with unrealistic price estimates at the planning stage

No.	Subject of procurement	Planned value (UGX)	Contract value (UGX)	Variance (UGX)
1.	Revenue collection from Amber Court market worth UGX 2,584,800 per month	28,803,600	31,017,600	2,214,000
2.	Revenue collection from Masese landing site worth UGX 1,276,500 per month	12,392,352	15,420,000	3,027,648
3.	Revenue collection from tobacco parking worth UGX 940,000 per month	10,260,000	11,280,000	1,020,000
4.	Revenue collection from charcoal, bagas and firewood worth UGX 2,097,000 per month	14,148,000	25,164,000	10,684,000
5.	Management and revenue collection from public convenience in Jinja Central Division worth UGX 1,033,000 per month	15,530,000	12,396,000	(3,134,000)
6.	Management and revenue collection from Karibu Karibu market worth UGX 395,000 per month	7,769,508	3,950,000	(3,819,508)
7.	Management and revenue collection from residential kiosks in Walukuba /Masese division worth UGX 611,000 per month	6,588,000	5,499,000	(1,089,000)
8.	Revenue collection from general income in Jinja Central Division worth UGX 2,004,000 per month	12,816,000	24,048,000	11,232,000
9.	Management and revenue collection from Napier market worth UGX 3,500,000 per month	18,612,720	42,000,000	23,387,280
10.	Management and revenue collection from Danida market worth UGX 232,300 per month	3,072,000	2,787,600	(284,400)
11.	Management and revenue collection from abattoir worth UGX 2,327,195 per month	27,621,600	27,926,340	304,740
12.	Management and revenue collection from trailer fees worth UGX 18,500,000 per month	169,344,000	222,000,000	52,656,000
Total		326,957,780	423,488,540	96,198,760

Additionally,

- **Management and revenue collection from Napier market worth UGX 3,500,000 per month**

On 10th November 2017, the Accounting Officer instituted a committee to undertake market price assessment based on prevailing market rates and reserve prices of revenue in consideration of the 18% VAT, inflation and profit margin.

And on 16th March 2018, the LG PP Form 1 was raised with an estimated reserve price of UGX 3,894,200 per month.

However, on 10th December 2018 the previous service provider, Ofwoha Enterprises Ltd, complained about the unrealistic reserve price of UGX 3,894,200 per month and requested the Entity to review the price in order to give the company an opportunity to compete in a fair manner. The Company Director stated that between 2012 and 2016, the reserve price was between UGX 800,000 to UGX 1,000,000 per month and that the company had been collecting UGX 1,600,000 per month.

The Entity did not resolve the issue and on 17th December 2018, the Contracts Committee awarded the contract at UGX 3.5 million to Alma Connexions Uganda Limited.

The Authority found that on 28th February 2019, Alma Connexions Uganda Limited also requested the Town Clerk to review the reserve price of UGX 3.5 million to avoid unrest in the market. This was after learning that the predecessor was remitting about UGX 1,500,000 and the number of stalls and rates charged had remained the same. Alma Connexions Uganda Limited stated that for the two months the company was only able to raise UGX 1,700,000 before considering the Director's allowances.

On 10th June 2019, the Acting Town Clerk stated that the concerned committee conducted a re-assessment of the reserve price and arrived at a price of UGX 2,243,040 which was approved by the Contracts Committee for FY 2019/20.

However, the status report dated 4th July 2019 from the contract supervisor indicated that the price had reduced from UGX 2,243,040 to UGX 1,600,000. The Authority found no evidence of Contracts Committee's approval of the reduction in price or amendment to the contract from UGX 2,243,040 to UGX 1,600,000 per month that Alma Connexions Uganda Limited was found to be remitting to the Entity.

Implications

- Inadequate market price assessment hindered competition and resulted into unnecessary price revisions.
- Unrealistic estimates at the planning stage give a misleading/ false account which distorts activities planning, scheduling and implementation.

Management response

Management acknowledged the anomaly and pledged to conduct re-assessments of market prices before contract signature.

Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer should prevail over the appointed market survey team to conduct market price assessment using appropriate sources and establish realistic estimates based on prevailing rates in accordance with Regulation 65 (2) (a) of the Local Governments (PPDA) Regulations, 2006.

2.1.3 Low Bidder participation

The Entity received less than three (3) bids in five (5) procurements worth UGX 292,328,390 indicated in table 6 below:

Table 6: Procurements with low bidder participation

No	Subject of procurement	No. of bids received
1.	Supply and delivery of safety gears and kits worth UGX 10,680,000	1
2.	Supply, delivery and installation of road signs and road names worth UGX 44,515,500	1
3.	Supply of fuel, oils, lubricants and tyre mending worth UGX 120,152,890	1
4.	Supply & delivery of pozollanic cement under framework arrangement worth UGX 39,480,000	1
5.	Supply & delivery of approved limework under framework arrangement worth UGX 77,500,000	2

Implication

Low bidder participation implies limited competition and may also be indicative of low confidence of bidders in the procurement system thus affecting achievement of value for money.

Management response

Management acknowledged the finding; however, the bidders were invited through use of the open domestic bidding method which gives opportunity to whoever is interested to bid.

Recommendation

The Authority noted the Entity's response, but recommends that the Accounting Officer should investigate the reasons behind the low bidder response in the Entity and institute measures to attract a higher number of bidders to maximise competition in accordance with Section 46 of the PPDA Act, 2003.

2.1.4 Irregularities at the contracting stage

Five (5) procurements worth UGX 125,484,502 had irregularities during the contracting stage as detailed in table 7 below:

Table 7: Procurements with irregularities at the contracting stage

No	Subject of procurement	Findings	Management response
1.	Management and revenue collection from Napier market worth UGX 3,500,000 per month	Signing a contract below the reserve price The Contracts Committee on 17 th December 2018 awarded the contract to Alma Connexions Uganda Limited at UGX 3,500,000 which was below the reserve price of UGX 3,894,200.	The Entity shall conduct a re-assessment of market prices before contract signature in subsequent procurements.

No	Subject of procurement	Findings	Management response
		<p>Consequently, the Accounting Officer signed the contract with the provider at UGX 3,500,000.</p> <p>In addition, the contract was not dated and witnessed by any member from the Entity.</p>	
2.	Construction of a four classroom block at Victoria Nile Primary School worth UGX 116,691,702	<p>Delay to sign the contract Whereas the Notice of Best Evaluated Bidder expired on 15th February 2019, the Accounting Officer signed the contract with the provider on 12th March 2019 implying a delay of 17 working days.</p>	It is true the contract was signed on that day because the Accounting Officer had to first verify the authenticity of the performance bond before signing the contract hence the delay. In future, these delays will be minimized.
3.	Revenue collection from Amber Court market worth UGX 2,584,800 per month	<p>Delay by the best evaluated bidder to respond to the letter of bid acceptance hence delaying contract signing Whereas the letter of bid acceptance was sent by the Entity on 18th June 2018 and received by the best evaluated bidder (Amber Court Traders' Development Association) on the same day; the bidder responded on 1st October 2018 and the contract was signed on 2nd October 2018. This implies that there was loss of revenue for 3 months (July, August and September 2018) since there was no provider enforcing the collection.</p>	Management acknowledged the anomaly and pledged to follow up whenever bid acceptances are issued to the best evaluated bidders.
4.	Revenue collection from charcoal, bagas and firewood worth UGX 2,097,000 per month	<p>Delay by the best evaluated bidder to respond to the letter of bid acceptance hence delaying contract signing Whereas the letter of bid acceptance was sent by the Entity on 18th June 2018 and received by the best evaluated bidder (Chisanna</p>	Management acknowledged the anomaly and pledged to follow up whenever bid acceptances are issued to the best evaluated bidders.

No	Subject of procurement	Findings	Management response
		<p>Consult Ltd) on the same day; the bidder responded on 28th September 2018 and the contract was signed on 3rd October 2018. This implies that there was loss of revenue for 3 months (July, August and September 2018) since there was no provider enforcing the collection.</p> <p>Signing contract based on an expired bid The bid validity period offered by the best evaluated bidder (Chisanna Consult Ltd) was 90 working days up to 24th July 2018; however, the contract was signed on 3rd October 2018. This implies that the contract was signed on a bid that had expired by 71 calendar days.</p>	<p>No response.</p>
5.	<p>Management and revenue collection from residential kiosks in Walukuba/Masese division worth UGX 611,000 per month</p>	<p>Delay by the best evaluated bidder to respond to the letter of bid acceptance hence delaying contract signing Whereas the letter of bid acceptance was sent by the Entity on 18th June 2018 and received by the best evaluated bidder (Bangonza Rebecca) on the same day; the bidder responded on 28th September 2018 and the contract was signed on 3rd October 2018. This implies that there was loss of revenue for 3 months (July, August and September 2018) since there was no provider enforcing the collection.</p>	<p>Management acknowledged the anomaly and pledged to follow up whenever bid acceptances are issued to the best evaluated bidders.</p>

Implications

- Signing a contract below the reserve price hinders implementation of planned activities based on those reserve prices.
- Delay to sign a contract delays service delivery to the intended beneficiaries.
- Contracts signed on expired bids are invalid. Neither party is bound by the terms/conditions of contract so in case of non-performance by the provider, the Entity has no fallback position.
- Delay to accept bid offers resulted into delayed contract signing and denied the Entity revenues for the months of July, August and September 2018.

Recommendations

The Authority noted the Entity's response and recommends that:

- The Accounting Officer should desist from signing revenue tenders below the prevailing reserve prices.
- The Accounting Officer should sign contracts in a timely manner and ensure that the best evaluated bidders respond to letters of bid acceptance in a timely manner to promote efficiency in accordance with Section 48 of the PPDA Act, 2003.
- The Head Procurement and Disposal Unit should allow sufficient time for completion of the procurement processes when determining the duration of bid validity in accordance with Regulation 49 (3) of the Local Governments (PPDA) Regulations, 2006. Where an extension to the bid validity period becomes necessary, a bidder should be requested in writing, before the expiry of validity of their bid, to extend the validity for a specified period to complete the procurement process in accordance with Regulation 49 (5) of the Local Governments (PPDA) Regulations, 2006.

2.1.5 Signing contracts above the estimated market price at initiation

In two (2) procurements worth UGX 55,195,500, the Accounting Officer signed contracts above the estimated market prices at initiation as indicated in tables 8 and 9 below:

Table 8: Supply and delivery of safety gears and kits worth UGX 10,680,000

Item description	Estimated price (UGX)	BEB's price (UGX)	Variance (UGX)
Plastic cones	50,000	65,000	(15,000)
Reflector jackets	20,000	35,000	(15,000)
Face masks	20,000	45,000	(25,000)
Overalls	50,000	55,000	(5,000)
Total	140,000	200,000	(60,000)

Table 9: Supply, delivery and installation of road signs and road names worth UGX 44,515,500

Item description	Estimated price (UGX)	BEB's price (UGX)	Variance (UGX)
Supply, delivery and installation of engineering grade reflective material alucabun 5mm circular post	400,000	413,000	(13,000)
Supply, delivery and installation of engineering grade reflective material alucabun 5mm triangular road sign	400,000	413,000	(13,000)
Supply, delivery and installation of road names engineering grade single	340,000	377,600	(37,600)

Item description	Estimated price (UGX)	BEB's price (UGX)	Variance (UGX)
faced (800mm*200mm)			
Supply, delivery and installation of road names engineering grade double faced (800mm*200mm)	400,000	435,420	(35,420)
Total	1,540,000	1,639,020	(99,020)

Implication

Signing contracts above the estimated market price at initiation results into purchase of items at non-competitive prices.

Management response

Management acknowledged the anomaly and in future pledged to conduct re-assessments of market prices before contract signature.

Recommendation

The Accounting Officer should prior to signing contracts, where prices of the best evaluated bidders are higher than those earlier planned or estimated, conduct a re-assessment of market prices in accordance with Section 26 (5) of the PPDA Act, 2003.

2.2 Procurement and Disposal Unit

The compliance level for the Procurement and Disposal Unit was assessed to be 71%, a rating which is satisfactory; however, the following exception was noted:

2.2.1 Delay to submit requests due for approval to the Contracts Committee (CC)

The Procurement and Disposal Unit delayed by an average of fifty working days to make submissions due for approval to the Contracts Committee in five (5) procurements worth UGX 827,279,341 as detailed in table 10 below:

Table 10: Procurements with delayed approval submissions to the Contracts Committee

No.	Subject of procurement	Evaluation report date	Submission date to CC	Delay (working days)
1.	Upgrading of Kimaka Health Centre II to Health Centre III worth UGX 493,924,741	5 th December 2018	21 st January 2019	34
2.	Management and revenue collection from Karibu Karibu market worth UGX 395,000 per month	18 th October 2018	17 th December 2018	43
3.	Supply and delivery of penetration bitumen and road primer worth UGX 309,840,000	7 th December 2018	21 st December 2018	32
4.	Management and revenue collection from Napier market worth UGX 3,500,000 per month	18 th October 2018	17 th December 2018	43
5.	Construction of boy's water	Delay to submit to the Contracts Committee for		

No.	Subject of procurement	Evaluation report date	Submission date to CC	Delay (working days)
	borne toilet block- 4 stance with urinal at Narambhai Primary School worth UGX 19,619,600	approval for procurement method, bidding document and Evaluation Committee members Whereas the Accounting Officer approved confirmation of availability of funds on 16 th November 2018, the Procurement and Disposal Unit submitted the request for approval of the procurement method, bidding document and Evaluation Committee members to the Contracts Committee on 27 th March 2019 implying a delay of 98 working days.		

Implication

Delay to submit requests due for approval to the Contracts Committee increases procurement lead times thereby delaying service delivery to the intended beneficiaries.

Management response

Management took note of the delays and pledged to adhere to the planned procurement schedule in future.

Recommendation

The Head Procurement and Disposal Unit should make timely submission of requests due for approval to the Contracts Committee to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.

2.3 Contracts Committee

The compliance level for the Contracts Committee was assessed to be 63%, a rating which is satisfactory; however, the following exceptions were noted:

2.3.1 Delay to award contracts

The Contracts Committee delayed by an average of fifty- six working days to award three (3) contracts worth UGX 407,658,160 indicated in table 11 below:

Table 11: Procurements with delayed contract award

No.	Subject of procurement	Procurement and Disposal Unit submission date	Contracts Committee award date	Delay (working days)
1.	Supply and delivery of penetration bitumen and road primer worth UGX 309,840,000	7 th December 2018	21 st January 2019	29
2.	Management and revenue collection from Napier market worth UGX 3,500,000 per month	27 th March 2018	22 nd January 2019	108
3.	Supply and delivery of machine crushed aggregates and quarry dust under framework arrangement worth UGX 94,318,160	7 th December 2018	22 nd January 2019	30

Implication

Delay to award contracts delays service delivery to the intended beneficiaries.

Management response

Management took note of the delays and pledged to adhere to the planned procurement schedule in future.

Recommendation

The Contracts Committee should award contracts in a timely manner to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.

2.3.2 Approval of evaluation reports with irregularities as detailed in table 16.

The Authority recommends that the Contracts Committee should always scrutinize evaluation reports for correctness before approving recommendations of contract award.

2.4 User Departments

The compliance level for the User Departments was assessed to be 56%, a rating which is unsatisfactory and the following exceptions were noted:

2.4.1 Delayed initiation of procurement requirements

There was an average delay of eighty- eight (88) working days to initiate six (6) procurements worth UGX 746,058,290 indicated in table 12 below:

Table 12: Procurements with initiation start delays

No.	Subject of procurement	Planned invitation date	Actual initiation date	Delay (working days)
1.	Construction of a public water borne toilet block with 4-stance, a bathroom and urinal along main street in Jinja Central Division worth UGX 34,289,1437	11 th August 2018	16 th November 2018	70
2.	Construction of a two science class room block and electrical installation works at Walukuba Seed Secondary School worth UGX 98,037,350	11 th August 2018	21 st September 2018	30
3.	Re-roofing of a 2 classroom block at Walukuba East Primary School worth UGX 27,945,940	5 th May 2018	18 th February 2019	206
4.	Management and revenue collection from Karibu Karibu market worth UGX 395,000 per month	5 th May 2018	18 th August 2018	75
5.	Supply and delivery of penetration bitumen and road primer worth UGX 309,840,000	5 th May 2018	14 th August 2018	72
6.	Supply, delivery and installation of solar street lights and accessories under framework contract worth UGX 309,840,000	5 th May 2018	14 th August 2018	72

Implication

Initiation start delays increase procurement lead times and delay service delivery to the intended beneficiaries.

Management response

The Accounting Officer will prevail over the User Departments to make timely initiations.

Recommendation

User Departments should promptly initiate procurements based on the planned timelines in order to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.

2.4.2 Delay contractual completion

In the upgrading of Kimaka Health Centre II to Health Centre III worth UGX 493,924,74, the Authority observed that there was delayed execution of works as shown in table 13. Whereas the contractual completion date was 15th August 2019, the works were still ongoing at the time of audit in September 2019. The medical equipment had not been installed and the drainage system construction was not complete.

Table 13: Ongoing works in Kimaka Health Centre II



Implication

Delayed completion delays service delivery to the intended beneficiaries.

Management response

It is true that the original contract was meant to expire on 15th August, 2019; however, the Contracts Committee in its meeting held on 30th May 2019 extended the contract up to 30th November 2019.

Recommendation

The Authority noted the Entity's response, but recommends that the Accounting Officer should prevail over contract supervisors to ensure that the contractor meets all performance obligations as per the terms and conditions of a contract in accordance with Regulation 119 (10) (a) (i) of the Local Governments (PPDA) Regulations, 2006.

2.4.3 Non remittance of revenues according to the contract terms

The terms and conditions in the signed contracts were as follows:

Special Conditions of Contract:

- *GCC 22.3: Payment Schedule- "The payment schedule shall be monthly payment by posted cheques".*

- *GCC 24.3: Payment Period- “The payment shall be monthly, payable in advance by the first date of the new mont”.*
- *GCC 35.3: Form of Performance Bond- “The forms of acceptable performance bond are post-dated cheques prepared for each month under the contract”.*
- *GCC 35.4: Discharge of performance security (post-dated cheque)-“Shall be within 28 days after successful payment of each month under the contract”.*

Terms of Reference:

- *Item (b): The managers shall irrespective of their monthly collections, unconditionally remit the agreed revenues (the contract price) to Jinja Municipal Council. All payments shall be made directly to the bank and copies of the banking slips should be delivered to the cashier.*
- *Item (p): In the event of failure to effectively manage the tender or in the event of failure to remit payment when due or for any breach of the covenants provided, the Council shall at any time thereafter be at liberty to terminate the contract without notice and may re-enter the same and take full management thereof, the provisions of this agreement to the contrary notwithstanding, where upon the managers shall forfeit the performance bond, and all other financial commitments on the part of managers to the Council shall immediately fall and payable without further notice.*
- *Item (r): That the tenderer shall submit post-dated cheques of contract amount VAT inclusive as performance guarantee for each month of the contract period to Jinja Central Division.*

According to the contract management reports on file, the Authority found that the service providers were not remitting revenues monthly and following deficit was noted:

Table 14: Variances between contract amount and actual remittances

No.	Subject of procurement	Contract value (UGX)	Amount remitted(UGX)	Amount not remitted (UGX)
1.	Revenue collection from Masese landing site worth UGX 1,276,500 per month (from 2 nd July 2018 to 30 th June 2019)	15,318,000	15,129,250	188,750
2.	Revenue collection from tobacco parking worth UGX 940,000 (from 2 nd July 2018 to 30 th June 2019)	11,280,000	10,340,282	939,718
3.	Revenue collection from charcoal, bagas and firewood worth UGX 2,097,000 (from 3 rd October 2018 to 30 th June 2019)	18,873,000	4,594,125	13,873,000
4.	Revenue collection from public convenience in Jinja Central division worth UGX 1,033,000 per month	12,396,000	11,885,725	510,275
5.	Management and revenue collection from Karibu Karibu	3,950,000	1,823,375	2,126,625

No.	Subject of procurement	Contract value (UGX)	Amount remitted(UGX)	Amount not remitted (UGX)
	market worth UGX 395,000 per month (from 16 th January 2019 up to 31 st Oct 2019)			
6.	Management and revenue collection from residential kiosks in Walukuba /Masese division worth UGX 611,000 per month (from 1 st October 2018 to 30 th June 2019)	5,499,000	4,274,127	1,224,873
7.	Revenue collection from general income in Jinja Central division worth UGX 2,004,000 per month (from on 2 nd July 2018 to 30 th June 2019)	24,048,000	15,622,562	8,425,438
8.	Management and revenue collection from Napier market worth UGX 3,500,000 per month (from January 2016 to 31 st October 2019)	42,000,000	11,482,750	30,517,250

Implication

Failure to fully realize the planned revenue hinders implementation of planned activities based on these revenues.

Management response

Management acknowledged the anomaly and pledged to enforce proper contract management skills.

Recommendation

The Accounting Officer should prevail over contract supervisors to enforce close supervision and monitoring of revenue collections in order to realise the planned amounts required for implementation of planned activities.

2.5 Evaluation Committees

The compliance level for the Evaluation Committees was assessed to be 61%, a rating which is satisfactory; however, the following exceptions were noted:

2.5.1 Delay to conduct evaluations

The Evaluation Committee delayed by an average of eighty working days to conduct evaluations of six (6) procurements worth UGX 929,015,510 indicated in table 15:

Table 15: Procurements with delays at the evaluation stage

No	Subject of procurement	Bid opening date	Evaluation date	Delay (Working days)
1.	Supply, delivery and installation of solar street	14 th September 2018	31 st January 2019	100

No	Subject of procurement	Bid opening date	Evaluation date	Delay (Working days)
	lights and accessories under framework contract worth UGX 300,000,000			
2.	Supply and delivery of pozollanic cement under framework arrangement worth UGX 39,480,000	14 th September 2018	31 st January 2019	95
3.	Supply and delivery of approved lime work under framework arrangement worth UGX 77,500,000	14 th September 2018	31 st January 2019	95
4.	Supply and delivery of machine crushed aggregates and quarry dust under framework arrangement worth UGX 94,318,160	14 th September 2018	7 th December 2018	82
5.	Supply and delivery of penetration bitumen and road primer worth UGX 309,840,000	14 th September 2018	7 th December 2018	61
6.	Construction of a two science room block and electrical installation works at Walukaba Seed Secondary School worth UGX 98,037,350	28 th November 2018	31 st January 2019	47

Implication

Delay in conducting evaluations delay the procurement process and consequently service delivery to the intended beneficiaries.

Management response

Management took note of the finding and pledged to adhere to the planned procurement schedule.

Recommendation

Evaluation Committees should conduct evaluations in a timely manner to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.

2.5.2 Irregularities during evaluation of bids

Three (3) procurements worth UGX 445,316,890 had irregularities during evaluation of bids as detailed in table 16 below:

Table 16: Procurements with irregularities during evaluation of bids

No	Subject of procurement	Findings
1.	Revenue collection from charcoal, bagas and	Irregular evaluation The best evaluated bidder Chrisanna Consult (U) Ltd was

No	Subject of procurement	Findings
	firewood worth UGX 2,097,000 per month	found compliant yet it offered a bid validity period of 90 days contrary to the Entity's requirement of 120 working days as stated in the bidding document.
2.	Supply of fuel, oils, lubricants and tyre mending worth UGX 120,152,890	<p>Irregular evaluation</p> <p><i>Part B: Preliminary Examination Criteria: Eligibility Criteria under 3.2 required the following:</i></p> <p>(a) A copy of bidder's valid trading licence;</p> <p>(b) A copy of bidder's certificate of registration;</p> <p>(c) A copy of the current bidder's tax clearance certificate;</p> <p><i>Administrative criteria under 4.1 (b) required a copy of the registered Power of Attorney of the signatory (ies) of the bid document.</i></p> <p>However, the best evaluated bidder, Viral Oil Ltd, did not fulfil the requirements, but was found compliant and awarded the contract.</p> <p>The Authority found that the bidder submitted an application for the Tax Clearance Certificate made to Uganda Revenue Authority on 23rd April 2018 for the period from 01/07/2016 to 30/06/2017 yet the bidding period was from 30th March 2018 to 24th April 2018. The Powers of Attorney dated 5th September 2016 were not registered.</p>
3.	Supply, delivery and installation of solar street lights and accessories under framework contract worth UGX 300,000,000	<p>Unfair evaluation</p> <p><i>Under Preliminary Examination Criteria: Eligibility Criteria, Part 3.2 (d) required a copy of the current bidder's tax clearance certificate while the Commercial Criteria required the following:</i></p> <p>5.1 (c): Name, address of bankers, account number and a bank statement for the last 6 months from the date of publication of the advert; and</p> <ul style="list-style-type: none"> • 5.1 (c): Name, address of bankers, account number and a bank statement for the last 6 months from the date of publication of the advert; and • 5.1(d): Two years' experience of the company in similar business. The applicant must attach evidence of performance of the above contracts either in the form of reference letters or completion certificate from the clients. This is applicable for both completed and current assignments. <p>Whereas Kiboko Enterprises Limited was eliminated for failure to submit the name, address of bankers and a bank statement for the last 6 months and Corporate Gifts Ltd was eliminated for not having two years' experience in</p>

No	Subject of procurement	Findings
		<p>similar works; Jack Manufacturers & Distributors Limited (the best evaluated bidder) was found compliant without submission of the Tax Clearance Certificate and a current bank statement.</p> <p>The Authority found that Jack Manufacturers & Distributors Limited submitted a bank statement from KCB Bank for the period 1st January 2018 to 30th June 2018 yet bidding period was from 22nd August 2018 to 14th September 2018.</p> <p>Another bidder, Water & Pumps International submitted a bank statement from DFCU bank for the period 1st January 2018 to 30th June 2018 but, was evaluated compliant and ranked 2nd at the financial evaluation stage.</p>

Implication

Irregularities during bid evaluation lead to award of contracts to non-compliant/ incompetent bidders which could affect attainment of value for money.

Management response

Management acknowledged the anomaly. In future, the Procurement and Disposal Unit will be observant and guide the Evaluation Committees accordingly.

Recommendation

The Head Procurement and Disposal Unit should prevail over Evaluation Committee members to strictly 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.

2.6 Internal Controls

The compliance level for internal controls was assessed to be 67%, a rating which is satisfactory; however, the following exceptions were noted:

2.6.1 Implementation of previous audit recommendations

The Entity was issued its previous audit report for the Financial Year 2017/2018 in April 2019. Out of the twelve (12) recommendations made, three (25%) were fully implemented, seven (58%) partially implemented and two (17%) not implemented as indicated in table 17:

Table 17: Status of implementation of previous audit recommendations

No	Recommendation	Status of implementation
1.	The Accounting Officer should always conduct a re-assessment of market prices before contract signature where prices are higher than those earlier planned or estimated in accordance with Section 26 (4) of the PPDA Act, 2003.	Partial
2.	The Accounting Officer should ensure that procurements are undertaken in a manner that enhances efficiency as required by	Not implemented

No	Recommendation	Status of implementation
	Section 48 of the PPDA Act, 2003.	
3.	The Contracts Committee should ensure that procurement submissions are approved on time to avoid delays in the procurement process.	Partial
4.	The Accounting Officer should prevail over Heads of User Departments to ensure that contract supervisors manage contracts as per the terms and conditions of contract in accordance with Regulation 103 of the Local Governments (PPDA) Regulations, 2006.	Partial
5.	The Accounting Officer should task the Heads of User Departments and contract supervisors to ensure that contracts are implemented within the contractual completion periods.	Partial
6.	The Contracts Committee should always scrutinize evaluation reports to ensure consistency with evaluation criteria before approval of the recommendation of award of contract.	Not implemented
7.	The Head Procurement and Disposal Unit should prevail over Evaluation Committees to always conduct evaluation in a timely manner and in accordance with the procurement schedule issued in the invitations to bid.	Partial
8.	The Accounting Officer should ensure that proper market price assessment is conducted in order to develop realistic reserve prices for the revenue sources.	Partial
9.	The Accounting Officer should expedite the process of valuation of assets in order to pave way for the disposal process.	Partial

Implication

Failure to fully implement audit recommendations affects improvement of the performance of the Entity's procurement and disposal system.

Management response

The recommendations from the Authority have been gradually implemented and the Entity shall ensure their full implementation.

Recommendation

The Authority noted the Entity responses and recommends that the Accounting Officer should always fully implement all the Authority's recommendations in accordance with Regulation 14(k) of the Local Governments (PPDA) Regulations, 2006.

2.7 Disposal Process

The board of survey conducted from 1st to 30th July 2018 identified twenty- one (21) items for disposal indicated in tables 18 and 19. A disposal plan was prepared and submitted to the Authority on 24th September 2018; however, the items had not been disposed at the time of the audit in September 2019.

The Entity wrote to the Chief Government Valuer on 27th September 2018, but no response was obtained and on 25th February 2019, a follow up letter was sent to the Chief Government Valuer who acknowledged receipt on 28th February 2019. At conclusion of the audit

exercise, the asset valuation process had not commenced and this has delayed the disposal process.

Table 18: Boarded off items

No.	Item description	No.	Item description	No.	Item description
1.	Skip loader (Benz) LG 0011-12	8.	Weighing scale (detector)	15.	Spectrometer (Bioblock)
2.	Skip loader (TATA) LG 0018-12	9.	Weighing scale Sauter type 414/12	16.	Hot air oven (Pick Stone)
3.	Jiefang Tipper LG 0246-01	10.	Motorcycle (Jailing) UG 1810R	17.	Binocular microscopes (two)
4.	Trafford Tipper LG 0075-12	11.	Affront refrigerator E8X288	18.	Incubator Sno 07-12-92
5.	Photocopier (MITA)	12.	Cardiac bed	19.	Hot plate
6.	Photocopier (Canon)	13.	Phillips refrigerator	20.	Lathe machine
7.	Ambulance LG 0014-12	14.	Delivery bed (two)	21.	Baby cot

Table 19: Boarded off vehicles

		
Skip loader (Benz) LG 0011-12	Skip loader (TATA) LG 0018-12	
		
Trafford Tipper LG 0075-12	Ambulance LG 0014-12	Jiefang Tipper LG 0246-01

Implication

Delay to dispose obsolete assets leads to further depreciation of the assets, possible loss and vandalization.

Management response

The Entity has made efforts to have the Chief Government Valuer on ground to value the assets; however, it has not yielded good results. The Entity will continue to seek the appointment of the Chief Government Valuer to conduct the valuation exercise.


Recommendation

The Authority noted the Entity’s response and recommends that the Accounting Officer continues to liaise with Ministry of Works and Transport to have the Chief Government Valuer expedite the assetvaluation exercise so as to avoid further depreciation of the assets.

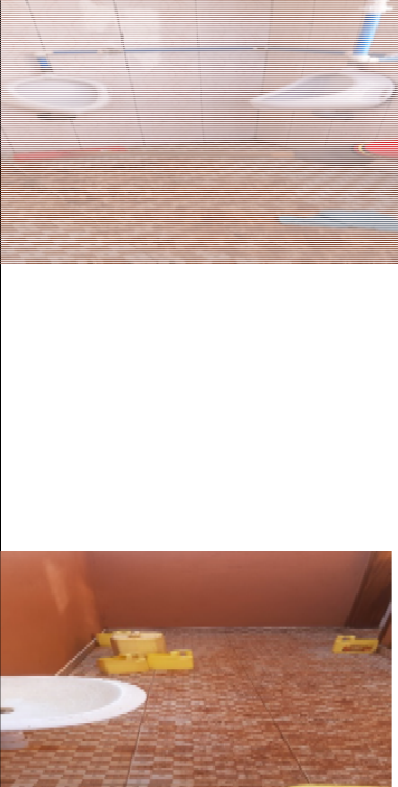

2.9 Impact as a result of the Audit




The Entity after receipt of the Authority’s management letter on 1st October 2019 implemented the following recommendations and sites are now in use by the intended beneficiaries:

Table 20: Implementation of management letter recommendations

No.	Status of projects at time of audit by the Authority (9 th – 16 th September 2019)	Status of projects at time of exit meeting held on 14 th October 2019
1.	<p>Subject of procurement: Provision of 2 coat bitumen seal for Kate road (1.4km) under force account worth UGX 879,003,000</p> <p>Exception: Delayed completion of works. The Authority found that all funds were consumed according to the Uganda Road Fund 4th quarter report, yet during physical inspection, works were still ongoing with only one seal completed. The Authority was informed that the Entity was waiting for the reseal team from Ministry of Works and Transport, but there was no evidence of efforts made to that effect.</p>	<p>Action taken: At the time of the audit, works were not complete. However, the Entity received the reseal team from the Ministry and the second seal was completed.</p> 

No.	Status of projects at time of audit by the Authority (9 th – 16 th September 2019)	Status of projects at time of exit meeting held on 14 th October 2019
	 	
2.	<p>Subject of procurement: Completion of a 2 science room block and electrical installation works at Walukuba Seed Secondary School worth UGX 98,037,350</p> <p>Exception: Delayed handover of site. Works were completed but not in use.</p>	<p>Action taken: the science room was handed over and is now in use by the students as evidenced by the School's UCE candidates.</p>
	 	
	Subject of procurement: Construction	Action taken: the classroom was handed

No.	Status of projects at time of audit by the Authority (9 th – 16 th September 2019)	Status of projects at time of exit meeting held on 14 th October 2019
	<p>of a public water borne toilet block with 4-stance, a bathroom and urinal along main street in JCD worth UGX 34,289,1437</p> <p>Exception: works completed but not in use.</p>	<p>over and now is in use.</p>  <p>Along gokhale road east boundary</p>
	<p>Subject of procurement: Construction of a 4 classroom block at Victoria Nile Primary School worth UGX 116,691,702</p> <p>Exception: Delayed handover of site. Works were completed but not in use.</p> 	<p>Action taken: the classroom was handed over and now is in use.</p>

No.	Status of projects at time of audit by the Authority (9 th – 16 th September 2019)	Status of projects at time of exit meeting held on 14 th October 2019
		
	<p>Subject of procurement: Construction of a boy's water borne toilet block with 4 stance and urinal at Narambhai Primary school worth UGX 19,619,600</p> <p>Exception: Delayed handover of site. Works were completed but not in use.</p>  	<p>Action taken: the toilet was handed over and now is in use.</p>

CHAPTER 3: PROCUREMENT PERFORMANCE SCORE

This chapter analyses the compliance indicator score, performance indicator score and overall procurement performance of Jinja Municipal Council.

3.1 Compliance Indicator score

This is calculated as the weighted compliance score for the procurement system, procurement process and disposal process.

3.1.1 Procurement System Compliance Level

The compliance levels for each dimension of the procurement system are shown in Figure 1. The overall compliance level for procurement system was **63.8%**. Thus the Entity's performance regarding procurement system was **satisfactory**.

Figure 1: Procurement System Compliance Levels

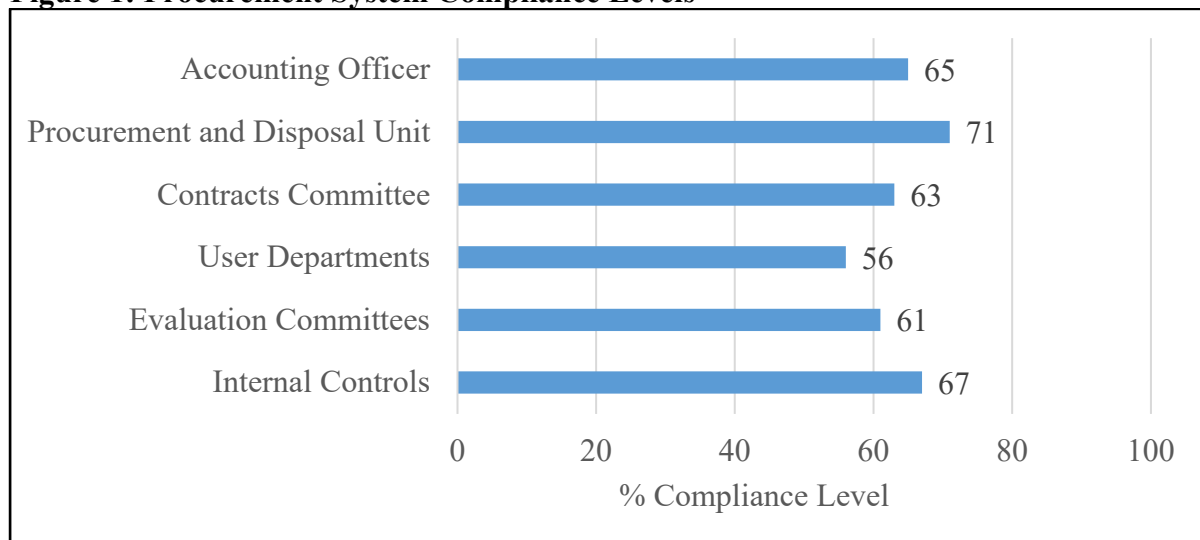


Figure 1 shows that the Entity had a lower compliance level in the area of User Departments, but relatively high compliance levels in the areas of Procurement and Disposal Unit, Internal Controls, Accounting Officer, Contracts Committee and Evaluation Committees.

3.1.2 Procurement Process Levels of Compliance

The compliance levels for each stage in the procurement process are shown in Figure 2. The overall compliance level for procurement processes was **78.1%**. Thus the Entity's performance was **satisfactory** regarding procurement processes.

Figure 2: Procurement Process Compliance Levels

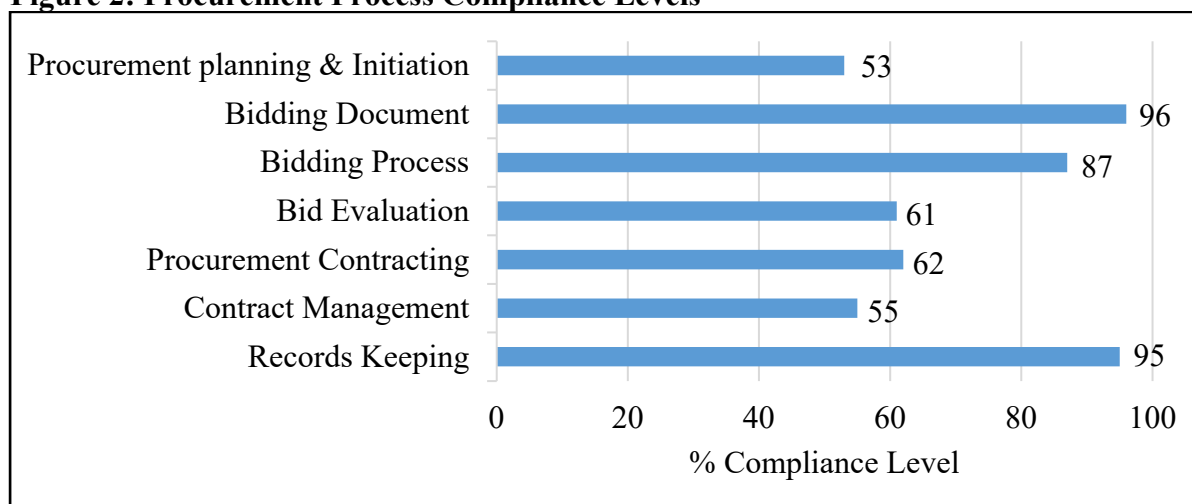


Figure 2 shows that the Entity had lower compliance levels in the areas of procurement planning and initiation, contract management, bid evaluation and procurement contracting. However, it had relatively higher compliance levels in the areas of bidding document, record keeping and bidding process.

3.1.3 Disposal Process Levels of Compliance

The overall compliance level for disposal process was **NIL** because the Chief Government Valuer who acknowledged receipt of the Entity's request for valuation of its assets on 28th February 2019 had not commenced on the asset valuation exercise at the time of audit.

3.1.4 Weighted Compliance Score

The weighted compliance indicator score was **72.8%** which was **satisfactory**.

Table 20: Weighted Compliance Indicator Score

Compliance Indicator	Score (%)	Weight	Weighted Score (%)
Procurement System Compliance Level	63.8	0.3	19.1
Procurement Process Compliance Level	78.1	0.5	39.1
Asset Disposal Process Compliance Level	NIL	0.2	NIL
Weighted Compliance Indicator Score		80	$\frac{58.2}{80} * 100 = 72.8$

3.2 Performance indicators

The dimensions of the Entity's performance on economy, efficiency, efficacy, effectiveness, competition, value for money and equity were analyzed as indicated in table 21:

Table 21: Performance Indicator Scores

No.	Performance Indicator	Score (%)
1.	Procure Ratio: Actual procurement time divided by planned procurement time in days.	14
2.	Completion Ratio: Actual completion time divided by contractual completion time in days.	63
3.	Payment Ratio: Actual payment time divided by contractual payment time in days.	60
4.	Number of Received Bids: The average number of bids received should be three.	56
5.	Bid Responsive Rate: The number of bids that pass technical evaluation as a percentage of the number of received bids	67
6.	Plan Ratio: The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT.	48
7.	Procurement plan implementation: The actual value of the procurement spend as a percentage of the procurement budget	74.8
8.	Cost Ratio: The actual final contract amount paid divided by the original contract amount.	67
	Average Performance Indicator	56.2

3.2.1 Efficacy (Procure Ratio)

This measured the ability to provide goods or services in accordance with the planned timelines. The Entity conducted 14% of the sampled procurements within the planned timelines and 86% outside the planned timelines. This was due to delayed initiation of procurement requirements, delayed submissions of requests to the Contracts Committee for approval, delayed evaluation of bids and delayed contract award.

3.2.2 Efficiency (Completion Ratio)

This analysed the time required to execute tasks to avoid slow implementation of the contracts. The Entity completed 63% of the sampled procurements within the contractual completion time and 37% outside the contractual completion time. This was majorly due to delayed handover of sites which deprived service delivery to the intended beneficiaries.

3.2.3 Effectiveness (Payment Ratio)

This assessed the time taken to pay contractors such that the contract implementation is not delayed. The Entity paid 60% of its providers on time while 40% represented cases of delayed payments. This arose from non-remittance of revenues by service providers

according to the contract terms which hindered effective implementation of planned activities.

3.2.4 Competition (Number of Bids Received)

The Entity received less than three (3) bids in 44% of the sampled procurements and more than three bids in 56% of the sampled procurements. This is an indication of relatively low bidder participation which affects the Entity's competition level in attainment of value for money.

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

The Entity received 67% technically responsive bids and 33% technically non responsive bids in the twenty-seven sampled procurements. This implies that there are still cases of incompetent and incapable bidders who are not able to meet the Entity's specifications and requirements.

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

The Entity awarded 48% of the sampled procurements within the cost estimate in the procurement plan while 52% were not awarded within the cost estimate in the procurement plan. This implies that the Entity did not carry out proper market price assessment prior to commencement of the procurement processes which constrains the procurement budget leading to non-implementation of some planned procurements.

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

The Entity implemented 74.8% of its procurement plan implying 25.2% (UGX 1,305,811,522) of its procurement plan was not implemented and this deprived services to the intended beneficiaries. This was due to failure to fully realise the internally budgeted revenues and non-remittance of the Entity's share of taxi/ bus parks revenue from Central Government.

1.2.8 Final contract cost on completion as compared to the total contract award price inclusive of VAT (Cost Ratio)

The Entity had variations between the final contract amount and the original contract amount in 67% of the sampled contracts. Only 33% of the sampled procurements completed had no cost variations. This arose from mismanagement of revenue sources which denied income to the Entity for implementation of its planned activities and as a result created budget arrears.

3.3 Overall Procurement Performance Score

The overall procurement performance score was calculated as the sum of the weighted indicators as summarized in table 22:

Table 22: Jinja Municipal Council Overall Procurement Performance Score

Indicator	Score (%)	Weight	Weighted Score
Compliance Indicator	72.8	0.4	29.1
Performance Indicator	56.2	0.6	33.7
Entity Procurement Performance Score (%)			62.8

From the above analysis, the Entity had an overall procurement performance of **62.8%** in FY 2018/19 which was **satisfactory**.

CHAPTER 4: RECOMMENDED ACTION PLAN

Jinja Municipal Council should implement the following recommendations within the timeframe given in order to improve its performance in procurement and disposal.

Table 24: Action Plan

Area of exception	Recommended Action	Target Date
Accounting Officer	<p>The Accounting Officer should:</p> <ul style="list-style-type: none">● Integrate the Entity's procurement budget with its expenditure programme in accordance with Section 58 (2) (d) of the PPDA Act, 2003.● Enforce close supervision and monitoring of revenue collections in order to realise the planned amounts required for implementation of planned activities.● Prevail over the appointed market survey team to conduct market price assessment using appropriate sources and establish realistic estimates based on prevailing rates in accordance with Regulation 65 (2) (a) of the Local Governments (PPDA) Regulations, 2006.● Investigate the reasons behind the low bidder response in the Entity and institute measures to attract a higher number of bidders to maximise competition in accordance with Section 46 of the PPDA Act, 2003.● Sign contracts in a timely manner and ensure that the best evaluated bidders respond to letters of bid acceptance in a timely manner to promote efficiency in accordance with Section 48 of the PPDA Act, 2003.● Fully implement all the Authority's recommendations in accordance with Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006.● Continue to liaise with Ministry of Works and Transport to have the Chief Government Valuer expedite the asset valuation exercise so as to avoid further depreciation of the assets.	Immediate
Procurement and Disposal Unit	<p>The Head Procurement and Disposal Unit should</p> <ul style="list-style-type: none">● Amend the procurement plan during the course of the financial year in accordance with Section 58 (4) of the PPDA Act, 2003.● Make timely submission of requests due for approval to the Contracts Committee to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003.● Allow sufficient time for completion of the procurement processes when determining the duration of bid validity in accordance with Regulation 49 (3) of the Local Governments (PPDA) Regulations, 2006. Where an extension to the bid validity period becomes necessary, a bidder should be requested in writing, before the expiry of	Immediate

Area of exception	Recommended Action	Target Date
Contracts Committee	<p>validity of their bid, to extend the validity for a specified period to complete the procurement process in accordance with Regulation 49 (5) of the Local Governments (PPDA) Regulations, 2006.</p> <p>The Contracts Committee should:</p> <ul style="list-style-type: none"> • Award contracts in a timely manner to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003. • Always scrutinize evaluation reports for correctness before approving recommendations of contract award. 	Immediate
User Departments	<p>User Departments should:</p> <ul style="list-style-type: none"> • Promptly initiate procurements based on the planned timelines in order to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003. • Prevail over contract supervisors to ensure that the contractor meets all performance obligations as per the terms and conditions of a contract in accordance with Regulation 119 (10) (a) (i) of the Local Governments (PPDA) Regulations, 2006. • Prevail over contract supervisors to enforce close supervision and monitoring of revenue collections in order to realise the planned amounts required for implementation of planned activities. 	Immediate
Evaluation Committees	<p>Evaluation Committees should:</p> <ul style="list-style-type: none"> • Conduct evaluations in a timely manner to promote efficiency in the procurement process in accordance with Section 48 of the PPDA Act, 2003. • Strictly 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. 	Immediate

Annex 1: Transaction list of audited contracts

No	Procurement reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Compliance rating (%)	Performance rating (%)	Overall score (%)	Rating
1.	JMC755/SRVCS/1 8-19/00001	Revenue collection from Amber Court Market	Open Domestic Bidding	Ambercourt Traders' Development Association	2,584,800 per month	58.4	47.8	53.1	US
2.	JMC755/SRVCS/1 8-19/00005	Revenue collection from public convenience in Jinja Central division	Open Domestic Bidding	Bakaliyo Women's Enterprise	1,033,000 per month	79.3	43.1	61.2	S
3.	JMC755/SRVCS/1 8-19/00006	Revenue collection from charcoal, bagas and firewood	Open Domestic Bidding	Chrisanna Consult (U) Ltd	2,097,000 per month	68.9	34.3	51.6	US
4.	JMC755/SRVCS/1 8-19/00009	Revenue collection from Abattoir	Open Domestic Bidding	Jinja Cattle Traders and Butchery Association	2,327,195 per month	72.7	46.3	59.5	US
5.	JMC 755/SRVCS/ 18-19/00033	Revenue collection from Napier market	Open Domestic Bidding	Alma Connexious Uganda Ltd	3,500,000 per month	66.9	42.9	54.9	US
6.	JMC 755/SUPLS/ 18-19/00042	Supply and delivery of penetration bitumen and road primer under framework	Open Domestic Bidding	Destiny Civil Engineering Co. Ltd	309,840,000	83.6	84.4	83.9	S
7.	JMC755/WRKS/1 8-19/0001-20	Upgrading of Kimaka Health Centre II to Health Centre III	Open Domestic Bidding	Green Heat Uganda Ltd	493,924,741	84.3	41.3	62.8	S
8.	JMC755/WRKS/1 8-19/00049	Construction of a 4 classroom block at Victoria Nile Primary	Open Domestic Bidding	Interbuild Technical Services Ltd	116,691,702	78.7	70.5	74.6	S

No	Procurement reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Compliance rating (%)	Performance rating (%)	Overall score (%)	Rating
		School							
9.	JMC755/WRKS/18-19/00048	Completion of a 2 science room block and electrical installation works At Walukuba Seed Secondary School	Open Domestic Bidding	Balyedickens Investments Ltd	98,037,350	73.5	59.9	66.7	S
10.	JMC 755/WRKS/18-19/00050	Construction of a public water borne toilet block with 4 stance, a bathroom and urinal along ,main street in Jinja Central division	Selective Bidding	St. Muggaga Construction Co. Ltd	34,289,143	69.5	62.1	65.8	S
11.	JMC 755/WRKS/18-19/00051	Construction of a boy's water borne toilet block with 4- stance and urinal at Narambhai Primary school	Selective Domestic Bidding	Simu- Tech Enterprises Uganda Limited	19,619,600	77.3	57.9	67.6	S
12.	JMC755/WRKS/18-19/00053	Renovation of the laboratory at Walukuba Health Centre IV	Selective Bidding	Ceaco Construction Co Ltd	16,902,000	81.8	73.4	77.6	S
13.	JMC755/WRKS/18-19/00052	Re-roofing of a 2- classroom block at Walukuba East Primary School	Selective Bidding	Crescent General Company Ltd	27,945,940	83.0	67.2	75.1	S
14.	JMC755SRVCS/18-19/00032	Revenue collection from trailer fees in	Open Domestic	Berger Enterprises Ltd	18,500,000	66.3	54.7	60.5	S

No	Procurement reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Compliance rating (%)	Performance rating (%)	Overall score (%)	Rating
		the Municipality	Bidding						
15.	JMC755/SUPLS/1 8-19/00045	Supply, delivery and installation of road signs and road names under frame work	Open Domestic Bidding	Corporate Gift Ltd	44,515,500	76.8	67.2	72.0	S
16.	JMC755/SUPLS/1 8-19/00036	Supply, delivery and installation of solar street lights and accessories under framework	Open Domestic Bidding	Jack Manufactures and Distributors	300,000,000	76.4	65.2	70.8	S
17.	JMC755/SUPLS/1 8-19/00040	Supply & delivery pozollanic cement under frame work	Open Domestic Bidding	Nabitende Investments & Suppliers Ltd	39,480,000	83	62.2	72.6	S
18.	JMC775/SUPLS/1 8-19/00039	Supply & delivery of approved lime under frame work arrangement	Open Domestic Bidding	<ul style="list-style-type: none"> • Klub-3 Investment Ltd • Pagoda Stores Ltd 	77,500,000	78.3	62.3	70.3	S
19.	JMC755/SRVCS/1 8-19/00010	Revenue collection from Masese landing site	Open Domestic Bidding	Masese United Traders	1,285,000 per month	77.8	46.2	62	S
20.	JMC755/SRVCS/1 8-19/00008	Revenue collection from general income	Open Domestic Bidding	Ronab Consult (U) Ltd	2,004,000 per month	64.2	47.8	56	US
21.	JMC755/SRVCS/1 8-19/00011	Revenue collection from residential kiosks in Walukuba – Masese division	Open Domestic Bidding	Bagonza Rebecca	611,000 per month	65.4	52.6	59	US
22.	JMC755/SRVCS/	Revenue collection	Open	Tukolere Wamu	940,000 per	63.6	50.4	57	US

No	Procurement reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Compliance rating (%)	Performance rating (%)	Overall score (%)	Rating
	18-19/00012	from tobacco parking	Domestic Bidding	Development Association	month				
23.	JMC755/SRVCS/18-19/00015	Revenue collection from Danida market	Open Domestic Bidding	Masese Women's Association	232,300per month	52.6	50.2	51.4	US
24.	JMC 755/SRVCS/18-19/00014	Revenue Collection from Karibu-Karibu Market	Open Domestic Bidding	Karibu - Karibu Market Venders Association	395,000 per month	55.6	32.6	44.1	US
25.	JMC755/SUPLS/18-19/00026	Supply of fuel, oils, lubricants, servicing and tyre mending	Open Domestic Bidding	Viral Oil Ltd	120,152,890	66.2	67.4	66.8	S
26.	JMC 755/SUPLS/18-19/00038	Supply and delivery of machine crushing aggregates and quarry dust under framework agreement	Open Domestic Bidding	Berger Enterprises Ltd	94,318,160	72.1	52.5	62.3	S
27.	JMC755/SUPLS/18-19/00047	Supply and delivery of safety gears and kits under frame work arrangement	Open Domestic Bidding	Corporate Gifts Ltd	10,680,000	76.0	72.6	73.3	S

Key: S – Satisfactory, US - Unsatisfactory

Annex 2: List of persons in the Procurement and Disposal Unit

No	Name	Job Title	Academic Qualification	Procurement Certification	Years of experience
1.	Ms. Janet Nabwonso	Ag. Senior Procurement Officer	Post graduate diploma in procurement and Supply chain management and Bachelor's	-	10 years

No	Name	Job Title	Academic Qualification	Procurement Certification	Years of experience
			degree in Procurement and supplies management		

Annex 3: List of the Contracts Committee members

No	Name	Job Title	Position on Contracts Committee	Appointment date	Date of expiry
1.	Mr. Muzusa Geoffrey	Principal Community Development Officer	Chairperson	17 th May 2019	17 th May 2022
2.	Ms. Aryemo Florence	Draftman	Member	17 th May 2019	17 th May 2022
3.	Dr. Kisira M. Charles	Senior Medical Officer	Member	17 th May 2019	17 th May 2022
4.	Mr. Lukalango Joseph Mpaulo	Accountant	Member	14 th March 2017	14 th March 2020
5.	Mr. Odoi Tom	Senior Health Inspector	Member	14 th March 2017	14 th March 2020

Annex 4: List of User Departments

No	User Department	Head of Department	Job Title
1.	Administration	Mr. Waidhuuba Jofram	Deputy Town Clerk
2.	Health	Dr. Banonya Stephen	Principle Health Inspector
3.	Works and Engineering	Eng. Muhamad Saeed	Ag. Principal Executive Engineer
4.	Finance	Mr. Kafifi Ronald Elijah	Principal Finance Officer
5.	Environment and Natural Resources	Mr. Nabihambi Earnest	Principal Natural Resources Officer
6.	Production and Marketing	Mr. Kubwoyo Rogers	Production Officer
7.	Social Development Community	Mr. Muzusa Geoffrey	Principal Community Development Officer
8.	Education	Ms. Mutesi Aminah	Principal Education Officer
9.	Internal Audit	Mr. Nnume Yasin Abubaker	Internal Auditor

Annex 5: List of people met during entry meeting

No	Name of person	Job Title
1.	Mr. Waidhuuba Jofram	Deputy Town Clerk

No	Name of person	Job Title
2.	Mr. Kafifi Ronald	Principal Finance Officer
3.	Mr. Abbey Luyuyo	Physical Planner
4.	Ms. Florence Aryemo	Draughts Person
5.	Mr. Nyende Ramathan	Civil Engineer
6.	Mr. Tom Odoi	Member Contracts Committee
7.	Mr. Geofrey Muzusa	Chairperson Contracts Committee
8.	Ms. Janet Nabwonso	Acting Senior Procurement Officer
9.	Mr. Jonathan Musenzi	Senior Accounts Assistant
10.	Mr. Joseph Lukalango	Senior Accountant
11.	Ms. Elizabeth Mutebi	Assistant Town Clerk
12.	Mr. Saeed Muhammed	Municipal Engineer
13.	Mr. Samuel Maali	Principal Human Resource Officer
14.	Mr. Safani Walube	Senior Engineering Assistant