



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

**PROCUREMENT AND DISPOSAL COMPLIANCE AUDIT REPORT FOR  
FINANCIAL YEAR 2021/22**

**KABERAMAIDO DISTRICT LOCAL GOVERNMENT**

**JUNE 2023**

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## ACRONYMS

|       |  |
|-------|--|
| AO    | Accounting Officer   |
| BEB   | Best Evaluated Bidder                                      |
| BOQs  | Bill of Quantities   |
| CC    | Contracts Committee  |
| FY    | Financial Year   |
| LTD   | Limited  |
| MOU   | Memorandum of Understanding                                |
| PDE   | Procuring and Disposing Entity                             |
| PDU   | Procurement and Disposal Unit                              |
| PPDA  | Public Procurement and Disposal of Public Assets Authority |
| PS/ST | Permanent Secretary/ Secretary to the Treasury             |
| DLG   | District Local Government                                  |
| UGX   | Uganda Shillings   |
| (U)   | Uganda   |
| VAT   | Value Added Tax  |
| UGIFT | Uganda Intergovernmental Fiscal Transfer Program           |

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal Compliance Audit of Kaberamaido District Local Government that covered a sample of eleven procurement transactions under the Financial Year 2021/22 worth UGX. UGX 979,887,717.

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

From the findings of the procurement Compliance Inspection exercise, the performance of Kaberamaido District Local Government for the Financial Year 2021/22 was **Unsatisfactory** with an overall weighted average risk rating of **77.4%**. The risk assessment criteria is detailed in chapter 3 of the report.

**The above unsatisfactory performance is attributed to the following issues that were noted for Managements attention:**

1. The Procurement and Disposal Unit was inadequately facilitated as it lacked sufficient stationery and toner and as a result, some records such as solicitation documents were lacking on files since they had not been printed contrary to Section 26 (1) (c) of the PPDA Act 2003.
2. The Contracts Committee was partially constituted as it only comprised of four members after the tenure of one of the members expired. There was no evidence of any efforts by the Entity to have the Committee fully constituted and approved by the PS/ST contrary to Regulation 24 (i) of the Local Governments (PPDA) Regulations 2006.
3. There was 54.5% non-implementation of the of the previous audit recommendations for the Financial Year 2018/19 by the Entity that was issued in 2019. Out of the eleven recommendations that were made, six recommendations representing 54.5% were either partially or not implemented which deters performance improvements in the Entity's procurement and disposal system.
4. Non-implementation of 26.1% of the Procurement plan worth UGX. UGX 588,390,201 was evident during the Financial Year under review which denied delivery of services to the intended beneficiaries.
5. The Entity did not dispose of fourteen obsolete items such as old grounded vehicles and road equipment by the time of the audit The Authority noted that the Accounting Officer was awaiting the Government valuers' input in to the disposal process but no evidence was provided to that effect.
6. Unaccounted for expenditure worth UGX. 85,650,357 that was received under the Uganda Road Fund for road works on Force on account mechanism by the Entity. This was evident as the Entity submitted documentation to account for only UGX 63,257,093 out of the received UGX 148,907,450 for the force on account activities carried out during the financial year. The actual released funds and actual expenditure of released funds.
7. Two procurements worth UGX. 246,603,160 had confirmation of availability of funds done by other staff other than the Accounting Officer without delegated authority to do so contrary to Section 39 (a) of the PPDA Act, 2003.

8. Low bidder participation was evident in seven (7) procurements worth UGX 379,681,798 as the Entity obtained only one to two bidders responding to the bid invitation, contrary to Section 46 of the PPDA Act, 2003 that requires the Entity to conduct procurements in a manner that maximizes competition and achieves value for money.
9. Irregularities at evaluation such as passing non-compliant bidders and failure to adhere to the set evaluation criteria were evident in the evaluation of nine procurement transactions worth UGX 1,151,608,080 contrary to Section 71 (3) of the PPDA Act, 2003 which compromises fairness and transparency of the procurement process and could result into award of contracts to contractors without adequate capacity to execute the contracts.
10. There was failure to communicate arithmetic error corrections to all bidders by the Evaluation Committee in three procurements worth UGX 718,057,080 contrary to Regulation 74 (4) of the Local Governments (PPDA) Regulations 2006 therefore their consent of the changes was not sought. This compromises the transparency of the evaluation process.
11. Display of the NOBEB for less than the statutory 10 working days was noted in three procurements worth UGX 82,662,600, contrary to Regulation 86 (2)(c) of the Local Governments (PPDA) Regulations, 2006.
12. There was poor records management by the Procurement and Disposal Unit and User Departments in seven procurements worth UGX 881,830,118 contrary to Regulation 46 (1) (b) of the Local Governments (PPDA) Regulations, 2006. This compromises the audit trail accountability of public funds
13. Shoddy works by the contractor such as cracked floors and walls were noted by the Authority during physical verification of one project for the construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one five stance drainable girls' latrine and supply of assorted furniture at Achilo Corner Primary School) worth UGX. 216,603,160 which compromises the achievement for value for money and safety of the beneficiaries of the structure.

**Key Recommendations made:**

1. The Accounting Officer should;
  - i. ensure that the Procurement and Disposal Unit is adequately facilitated with all the necessary requirements such as toner, stationery and internet connectivity to enable improved day to day operations and functionality of the Unit in accordance with Section 26 (1) (c) of the PPDA Act 2003.
  - ii. The Accounting Officer should ensure that the Contracts Committee is fully constituted and inducted with all the 5 members in accordance with Section 26 (1) (a) of the PPDA Act, 2003.
  - iii. The Accounting Officer should constitute a task force of staff comprising of the Internal Auditor that will ensure that a strong mechanism is put in place to implement the audit recommendations made by the Authority so as to improve the Entity's performance.
  - iv. ensure that the that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006 and where the assets had been donated by other line Ministries, Department and Agencies, authority to dispose and documents of ownership should be sought by the Accounting Officer. In the event of failure to obtain authority to dispose and ownership documents, the Accounting Officer should write to the donors of the assets to manage their disposal.

- v. ensure that all procurements are conducted in a manner that promotes competition, economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003 and investigate any causes of low bidder participation leading to reduced competition in the Entity in order to formulate strategies enhance competition.
  - vi. streamline the way force account mechanism is implemented in the District and auction the District Engineer against failure to follow force account guidelines and Section 95A of the PPDA Act 2003 as amended.
  - vii. ensure that where his duties such as confirmation of availability of funds is done by any other officer other than him/her, there should be formal delegation of authority in accordance with Section 39 (a) of the PPDA Act, 2003.
  - viii. Liaise with the Authority and organize a training for the various procurement stakeholders in the entity including the Contracts Committee and members of User Departments to ensure that they are equipped with the skills necessary to conduct their roles. strengthen contracts management and monitoring systems in the Entity and task the Contract Supervisors to ensure that contractors fulfil their obligations as per the contract.
  - ix. And where shoddy works were noted such as in the construction of a 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one five stances drainable girls' latrine and supply of assorted furniture at Achilo Corner Primary School) worth UGX. 216,603,160 are corrected by the Contractor by end of July 2023 and report submitted to the Authority immediately upon completion of corrections made or submit the contractors to the Authority for black listing for failure tom adhere to contractual obligations.
2. The Head Procurement and Disposal Unit and Heads of User Departments should ensure that;
- i. the Entity's procurement plan is executed at 100% in order to deliver the desired services to the intended beneficiaries and where changes occur during implementation, the plan should be regularly reviewed and updated in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.
  - ii. all relevant procurement records are well kept on respective procurement action files in line with Regulation 46 of the Local Governments (PPDA) Regulations, 2006.
3. The Inspectorate of Government should investigate the unaccounted for expenditure worth UGX. 85,650,357 relating to works done under force account mechanism by the Entity.
4. The Head Procurement and Disposal Unit should ensure that;
- i. the Evaluation Committee members adhere to the set evaluation criteria and principals of fairness, accountability and transparency in the evaluation process in accordance with Section 45 of the PPDA Act 2003 while adhering to the set criteria.
  - ii. any arithmetic error corrections and request for clarification should be communicated to all bidders and their consent sought in line with the corrections made in accordance with Regulation 74 (3) of the Local Governments (PPDA) Regulations, 2006.
  - iii. the notice of the best evaluated is displayed for the mandatory 10 working days in line with to Regulation 86 (2)(c) of the Local Governments (PPDA) Regulations, 2006 so as to improve the transparency of the process and give aggrieved bidders enough time to seek redress in case of any grievance in the procurement process.

5. The Contracts Committee should strengthen its oversight role when approving procurement and disposal procedures to ensure that they are in line with Section 28 of the PPDA Act, 2003 as amended. This could include approving solicitation documents with clear evaluation criteria, evaluation reports and award recommendations for procurements that whose procedures are compliant with the PPDA Act, 2003 and Local Government (PPDA) Regulations, 2006.

## 1.0 CHAPTER 1: INTRODUCTION

### 1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal Compliance Audit of Kaberamaido District Local Government that covered a sample of eleven procurement transactions under the Financial Year 2021/22 following the provisions of the Public Procurement and Disposal of Assets Act 2003 and the Local Governments (PPDA) Regulations 2006.

### 1.2 Overall Objective

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

### 1.3 The specific objectives were:

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

### 1.4 Compliance audit Scope

The Compliance Audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The compliance inspection covered eleven procurement transactions worth UGX 964,371,224 under the Financial Year 2021/22.

The Entity had a total procurement budget of UGX 1,763,168,247 in the audit period. To prepare for the audit, the auditors reviewed the Entity budget, procurement plan and monthly reports. The procured items in the transaction list were stratified by (a) category of works, supplies, consultancy, and non-consultancy services, (b) procurement method, (c) and contract value.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The list of sampled transactions is contained in **Annex 1**. The distribution of the transaction population and sample is in Table 1 below:

**Table 1: Distribution of transaction population and sample**

| Method of Procurement      | Population Value (UGX) | Sample Value (UGX) | % by value | Population No. | Sample No. | % by no |
|----------------------------|------------------------|--------------------|------------|----------------|------------|---------|
| Open National Bidding      | 857,346,000            | 799,855,080        | 93.3       | 7              | 5          | 71.4    |
| Selective National bidding | 891,914,006            | 180,032,637        | 20.2       | 48             | 6          | 12.5    |

| Method of Procurement | Population Value (UGX) | Sample Value (UGX) | % by value | Population No. | Sample No. | % by no |
|-----------------------|------------------------|--------------------|------------|----------------|------------|---------|
| Direct Procurement    | 13,908,241             | 0                  | 0          | 4              | 0          | 0       |
| <b>Total</b>          | <b>1,763,168,247</b>   | <b>979,887,717</b> |            | <b>59</b>      | <b>11</b>  |         |

### 1.5 Compliance audit Methodology

The Compliance Audit exercise examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive compliance inspection conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fitness for purpose. Special attention was given to reporting mechanisms within the Entity and internal controls due to repeated failures by the Entity as highlighted in previous reports.

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

A debriefing meeting to clear all pending issues that arose during the compliance audit was held with the Entity management and staff on **25<sup>th</sup> January 2023** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **21<sup>st</sup> March 2023** with a request to submit a management response by **28<sup>th</sup> March 2023**, which was submitted on **6<sup>th</sup> April 2023**.

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

### 1.6 Structure of the Entity

The Entity had a substantive Accounting Officer, a fully staffed Procurement and Disposal Unit with two staff for the period under review, a Contracts Committee consisting of four members and adhoc Evaluation Committees appointed for each procurement transaction. The Entity's substantive Accounting Officer during the Financial Year was the Chief Administrative Officer Mr. Kasadha John Stephen.

### 1.7 Composition of the Contracts Committee

During the year under audit, the Entity's Contracts Committee was not fully constituted and had only four out of the required five members as shown in table 2 below;

**Table 2: Composition of Contracts Committee**

| S/N | Name                 | Position    | Job Title                   | Date of appointment          |
|-----|----------------------|-------------|-----------------------------|------------------------------|
| 1.  | Molly Monicah Alweyo | Chairperson | Education Officer           | 7 <sup>th</sup> April 2020   |
| 2.  | Semmy Patricia Ikeo  | Member      | Planner                     | 24 <sup>th</sup> August 2021 |
| 3.  | Sara Alwalo          | Member      | Human Resource Officer      | 17 <sup>th</sup> August 2022 |
| 4.  | Odongo J Daniel      | Member      | Ag. District Health Officer | 13 <sup>th</sup> March 2023  |

NB: The Contracts Committee was never inducted nor trained in how to effectively and efficiently execute its oversight role of the procurement and disposal function within the entity which could compromise the integrity of the process.

### 1.8 Staffing of the Procurement and Disposal Unit

During the year under audit, the Entity's procurement and disposal unit was fully staffed with three members of staff in the Unit at the level of Principal Procurement Officer, Senior Procurement Officer and Assistant Procurement Officer. The details of the Procurement and Disposal Unit staff are as shown in table 3 below;

**Table 3 Staff in the Procurement and Disposal Unit**

| No | Name           | Position                      | Academic and professional qualifications | Years in appointment       |
|----|----------------|-------------------------------|--|----------------------------|
| 1. | Micheal Eyuu   | Procurement Officer           | BPLM, PGD-PSCM, CIPS                     | 1 <sup>st</sup> June 2020  |
| 2. | Etoku Emmanuel | Assistant Procurement Officer | Bsp, PGD-PSCM, PGD-PPM                   | 1 <sup>st</sup> April 2020 |

## 2.0 CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS

### 2.1 LEVEL OF COMPLIANCE BY KABERAMIADO DLG WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003 AS AMENDED AND THE LOCAL GOVERNMENTS (PPDA) REGULATIONS, 2006

#### 2.1.1 Inadequate facilitation of the Procurement and Disposal Unit

The Audit team observed that the Procurement and Disposal Unit was inadequately facilitated as it lacked adequate stationery toner and internet connectivity due to insufficient funds and this was evidenced by solicitation documents lacking on the respective files as the PDU could not print them.

#### **Implication**

This affects the efficiency and effectiveness of the Procurement and Disposal Unit which might affect service delivery.

#### **Management response**

*The Accounting Officer noted the concern and stated that the creation of Kalaki District Local Government and taking up of some new Town Councils reduced their local revenue collection which would have facilitated the PDU since they had to surrender those sources to the new Administration. The Entity pledged to better facilitate the PDU when funds appreciate.*

#### **Recommendation**

The Authority noted the Entity's response and advises that the Accounting Officer should ensure that the Procurement and Disposal Unit is adequately facilitated with all the necessary requirements to enable proper functionality of the Unit in accordance with Section 26 (1) (c) of the PPDA Act 2003.

#### 2.1.2 Inadequate composition of the Contracts Committee

The Audit team noted that the Contracts Committee was not fully constituted as it only had four members following the expiry of tenure of one of the members. There was no evidence of any efforts by the entity to have the member replaced and approved by the PS/ST contrary to Regulation 24 (i) of the Local Governments (PPDA) Regulations 2006 as shown in table 4 below;

**Table 4: Composition of the Contracts Committee**

| No | Name                  | Position on the Committee | Job Title                                 | Date of Appointment           |
|----|-----------------------|---------------------------|---|-------------------------------|
| 1. | Molly Monnicah Alweyo | Chairperson               | Education officer (Guidance & counseling) | 7 <sup>th</sup> April, 2020   |
| 2. | Semmy Patricia Ikeo   | Member                    | Planner                                   | 24 <sup>th</sup> August, 2021 |
| 3. | Sarah Alwaro          | Member                    | Human Resource Officer                    | 17 <sup>th</sup> August 2022  |
| 4. | Daniel Odongo J       | Member                    | Ag. District Health Officer               | 13 <sup>th</sup> March 2023   |

### Implications

- The Contracts Committee currently may lack quorum to transact business in the Entity in the event that any two of the members is not available which may delay procurement activities and service delivery to the intended beneficiaries.
- This may affect the effectiveness and efficiency of the Contracts Committee.

### Management Response

*The Chief Administrative Officer wrote to the Secretary to the Treasury and the process of having the Contracts Committee fully fledged and constituted is still ongoing.*

### Recommendation

The Authority noted the Entity's response and recommends that the Accounting Officer follows up on the PS/ST approval to ensure that the Contracts Committee is fully constituted in accordance with Section 26 (1) (a) of the PPDA Act, 2003 and inducted in to its roles and responsibilities.

### 2.1.3 Failure to fully implement 54.5% of the previous audit recommendations

The Authority conducted a compliance audit of the Entity for the Financial Year 2018/19 in 2018. Whereas eleven recommendations were made, only five representing 45.5% were implemented, four recommendations representing 36.4% were partially implemented and two recommendations representing 18.1% of the total recommendations were not implemented as shown in table 5 below;

**Table 5: Implementation of previous audit recommendations**

| No | Recommendation  | Status                |
|----|---|-----------------------|
| 1. | The Heads of User Departments should ensure that prior to approval of the requisitions, the statement of requirements are attached in order to guide the authorization process and also subsequently the bid document preparation process in accordance with Regulation 26 (1) (c) of the Local Governments (PPDA) Regulations, 2006. | Partially implemented |
| 2. | The Head Procurement and Disposal Unit and the Contracts Committee should ensure that no procurement is approved without confirmation of funding by the Accounting Officer or a person with written delegation of authority   | Partially Implemented |
| 3. | The Accounting Officer should ensure that the Procurement and Disposal Unit is adequately facilitated with internet connectivity and adequate stationery to enable proper functionality of the Unit in accordance with Section 26 (1) (c) of the PPDA Act 2003.   | Partially Implemented |
| 4. | The Accounting Officer should task the Head Procurement and Disposal Unit and the Heads of User Departments to include provisions for vulnerable and marginalized groups when developing project work plans and bidding documents.  | Partially Implemented |
| 5. | The Accounting Officer should recover money worth UGX 400,000 from the contractors to which it was paid and give a report to the Authority on the same within two (2) months from receipt of this communication.  | Not implemented       |

| No | Recommendation  | Status          |
|----|---|-----------------|
| 6. | The Accounting Officer should recover money worth UGX 5,200,000 from the contractors to which it was paid and give a report to the Authority on the same within two (2) months from receipt of this communication. A sum of UGX 200,000 was meant to be recovered from Ficah Enterprises U Ltd, UGX 2,000,000 from Multec Consults U Ltd and 3,000,000 from Romi General Suppliers Ltd. | Not implemented |

### **Implication**

Failure to fully implement audit recommendations affects performance of the procurement function and is an indicator of very weak internal control mechanisms within the entity.

### **Management Response**

*As noted by the officers in the field, the findings were true and adjustments made. The Entity still in the process of making the necessary complete adjustments as per the previous recommendations. However, somewhere in due course we got hit by the COVID-19 which affected our implementation plan.*

### **Recommendation**

The Accounting Officer should ensure that a strong mechanism is put in place such as a task force to implement recommendations made by the Authority so as to improve the Entity's performance.

#### **2.1.4 Non-implementation of 26.1% of the Procurement plan**

The table below summarizes information about the procurement plan, budget, and utilization of funds. The procurement plan implementation rate was 73.9% while there was a variance 26.1% worth UGX 588,390,201 which was implemented during the Financial Year.

**Table 6: Procurement Plan Implementation Rate**

| <b>Analysis of procurement spend</b>                 |                    |
|--|--------------------|
| Total procurement plan value inclusive of VAT (UGX)  | 2,262,549,123      |
| Total procurement spend value inclusive of VAT (UGX) | 1,674,158,922      |
| Procurement plan implementation rate (%)             | 73.9               |
| Implementation variance (UGX)                        | 588,390,201 (26.1) |

### **Implication**

- Procurements worth UGX. 588,390,201 were not implemented and this deprived service delivery to the intended beneficiaries.
- Failure to fully implement the procurement plan exposes the entity to risks of budgetary cuts for subsequent periods due to non-performance thus failure to meet planned objectives and un satisfied stakeholders that are denied services.

### **Management response**

*The District receives funds from both local revenue collections and from the central government. However, due to budget cuts and little revenues collected we failed to implement*

some activities. Example; Ministry of Education and Sports that was to give us 266,337,620 under emergency construction failed to release the funds at the close of the Financial Year.

### **Recommendation**

The Accounting Officer and Management should regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.

#### **2.1.5 Failure to dispose obsolete items**

The Entity failed to dispose of fourteen obsolete items as at the time of the audit. The Authority further noted that the Accounting Officer was awaiting the Government valuers' input to dispose. However, no correspondences to this effect made in the financial year under review were availed to the audit team.

1. LG 0063-44 Jiefang truck
2. Ford double cabin pick up
3. Isuzu double cabin pick up
4. Toyota double cabin pick up
5. Nissan double cabin pick up
6. FAW dump truck LG 0002 039
7. UG 0353Z Tractor

Below are some of the pictures of the assets due for disposal.





### **Implication**

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

### **Management Response**

*It's true most of this equipment listed was due for disposal. However, we have tried and failed because most of these assets were given to us by the various line ministries and unfortunate bit is they have not given us their log books, meaning the ownership is with them like the Ford Ranger (lotted 25 seen above). Has been lotted by OPM for disposal not Kabaramaido as the entity that has been using it. Also, there is a challenge of getting the Government Valuers to come and value assets. We pray that the valuing of the government assets is given to regional offices for easy accessibility and being near to the local governments.*

### **Recommendation:**

The Accounting Officer should ensure that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006. The Accounting Officer should also follow up with the Line Ministries

that donated these assets to grant authority and ownership documents to for disposal or else they handle the disposal by themselves.

**2.1.6 Failure to provide accountability for procurements and activities under Force on Account Mechanism worth UGX 85,650,357.**

The Authority noted that the Entity had planned for activities worth UGX 317,978,329 and the releases for the entire Financial Year were worth UGX. 148,907,450. Only funds worth **UGX. 63,257,093 were accounted for leaving UGX. 85,650,357 as unaccounted funds.** Table 7 below shows the details of the URF budget performance.

**Table 7: URF Budget Performance for Kaberamaido DLG FY 2021/2022**

| <b>Actual URF Releases for the selected Kaberamaido DLG for the F.Y2021/22</b> |            |            |            |            |                    |
|--|------------|------------|------------|------------|--------------------|
| <b>IPF</b>   | <b>Q1</b>  | <b>Q2</b>  | <b>Q3</b>  | <b>Q4</b>  |                    |
| 317,978,329  | 41,156,528 | 58,602,010 | 27,724,019 | 21,424,893 |                    |
| Total Amount received by the Entity  |            |            |            |            | <b>148,907,450</b> |
| Total amount accounted for:  |            |            |            |            | <b>63,257,093</b>  |
| Amount not accounted for:  |            |            |            |            | <b>85,650,357</b>  |

**Implications**

- This casts doubt on the transparency and accountability for works undertaken using force account and led to financial loss worth UGX. 85,650,357

**Management Response**

*The Entity did not respond to the observation.*

**Recommendation:**

- The Inspectorate of Government should investigate the unaccounted for expenditure worth UGX. 85,650,357 relating to works done under force account mechanism.
- The Accounting officer should streamline the way force account mechanism is implemented in the District and auction the District Engineer against failure to follow force account guidelines and Section 95A of the PPDA Act 2003 as amended

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

**2.2.1 Confirmation of funding to procure without delegated authority from the Accounting Officer**

The Authority noted in two procurements worth UGX 246,603,160, confirmation of availability of funds at initiation was done by unauthorized personnel without evidence of delegation of authority by the Accounting Officer.

**Table 8: Procurements without delegated authority from Accounting Officer**

| No. | Procurement subject   | Contract Value (UGX) | Observation   |
|-----|---|----------------------|---|
| 1.  | Rehabilitation of Children's ward at Kaberamaido Hospital   | 30,000,000           | Confirmation of availability of funds was carried out on 5 <sup>th</sup> July 2021 by Mr. Joseph Esiru (Senor Hospital Admin) without delegated authority to confirm availability from the Accounting Officer     |
| 2.  | Construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one Five (5) Stance drainable Girls Latrine and supply of assorted furniture at Achilo Corner Primary School under Schools Facilities Grant (SFG-MOES) | 216,603,160          | Confirmation of funds was done on 28 <sup>th</sup> Jan 2022 by Mr. Richard Eeyubu (Acting DEO) and he also on the same date confirmed availability of funds without delegated authority of the Accounting Officer |
|     | <b>Total</b>  | <b>246,603,160</b>   |   |

**Implication**

This may lead to poor accountability for the actions of the Accounting Officer and may lead to unjustified commitment of the Entity without the knowledge of the Accounting Officer and creation of domestic arrears.

**Management Response**

*Management has noted this finding and it was corrected for the FY 2022/23 because Kaberamaido Hospital management had thought that it was an independent entity and not under the District.*

**Authority's comment**

The Entity did not provide a response on the observation on the procurement for construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one Five (5) Stance drainable Girls Latrine and supply of assorted furniture at Achilo Corner Primary School.

### Recommendations

- The Accounting Officer should ensure that any Officer performing the duties on his/her behalf has written delegated Authority to perform those functions in accordance with Section 39 (a) of the PPDA Act, 2003.
- The Head Procurement and Disposal Unit should only conduct procurements for items whose funds availability has been confirmed either by the Accounting Officer or by individuals with written delegation of that function in accordance with PPDA Regulation 87(1) of the LG (PPDA) Regulation, 2006.

#### 2.2.2 Low bidder participation

The audit team observed that the Entity failed to obtain adequate competition in seven procurements worth UGX 379,681,798 as it obtained only one to two bidders responding to the bid invitation, contrary to Section 46 of the PPDA Act, 2003 that requires the Entity to conduct procurements in a manner that maximizes competition and achieves value for money. This was attributed to failure to invite all shortlisted bidders, restrictive technical requirements and loss of confidence in the procurement process due to unfairness at evaluation. Examples are listed in the table 9 below:

**Table 9: Procurements with low bidder participation**

| No.          | Procurement subject   | Contract Value (UGX) | Number of bids received |
|--------------|---|----------------------|-------------------------|
| 1.           | Renovation of Alwa HC III maternity ward in Alwa Sub-County   | 37,996,000           | 2                       |
| 2.           | Renovation of a 4 in 1 staff house at Aperkira HC in Aperkira S/C Kaberamaido District  | 25,605,000           | 1                       |
| 3.           | Construction of a 5-stance lined pit latrine for boys at Okike – Obulbul P/S in Kaberamaido District  | 26,000,000           | 2                       |
| 4.           | Supply of 73 3-seater desks to selected schools   | 12,420,038           | 1                       |
| 5.           | Rehabilitation of 7 deep boreholes in Kaberamaido District  | 31,057,600           | 2                       |
| 6.           | Rehabilitation of Children’s ward at Kaberamaido Hospital   | 30,000,000           | 2                       |
| 7.           | Construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one Five (5) Stance drainable Girls Latrine and supply of assorted furniture at Achilo Corner Primary School under Schools Facilities Grant (SFG-MOES) | 216,603,160          | 1                       |
| <b>Total</b> |   | <b>379,681,798</b>   |                         |

#### Implications

- This could be a sign of bidder collusion, lack of information to bidders and subjective award of tenders.
- Loss of confidence by bidders in the procurement processes of the Entity thus failure to obtain competitive offers.

### Management Response

*From the COVID-19 season, Management has witnessed low turn up of bidders. However, Management shall continue to encourage them to be prequalified with us in the coming financial years and in the current year at least the number has increased. It may also be noted that some of the procurements had been advertised under open domestic bidding.*

### **Recommendations**

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

- The Head Procurement and Disposal Unit should ensure that all bidders shortlisted for a particular procurement are formally invited in accordance with Regulation 66 (1) of the Local Government (Public Procurement and Disposal of Public Assets) Regulations, 2006 and evidence of invitation recorded in accordance with Regulation 66 (4) of the LG (PPDA) Regulations, 2006.
- The Entity should increase the number of shortlisted bidders to more than a minimum of three in order to attain maximum competition.

### **2.2.3 Irregularities at evaluation.**

The audit team observed irregularities in the evaluation of three procurement transactions worth UGX 89,601,000 such as passing firms that were non-compliant with the evaluation criteria as indicated in table 10 below;

**Table 10: Procurements for which irregularities at evaluation were noted**

| No. | Procurement subject  | Contract Value (UGX) | Observation   |
|-----|--|----------------------|---|
| 1.  | Renovation of a 4 in 1 staff house at Aperkira HC in Aperkira S/C Kaberamaido District               | 25,605,000           | The Best Evaluated Bid for Geoflix Engineering Services Ltd had bid validity stated as 90 days contrary to the required 120 days.   |
| 2.  | Renovation of Alwa HC III maternity ward in Alwa Sub-County  | 37,996,000           | The best evaluated bidder (Wajap holdings Ltd) Bank did not attach valid experience on bid as required by the solicitation document |
| 3.  | Construction of a 5-stance lined pit latrine for boys at Okike – Obulbul P/S in Kaberamaido District | 26,000,000           | The best evaluated bidder (Wajap Holdings Ltd) Bank did not attach valid experience on bid as required by the solicitation document |
|     | <b>Total</b>   | <b>89,601,000</b>    |   |

### **Implications**

- This could be an indicator that members of the evaluation committees lacked adequate capacity to review bids which could have compromised fairness and transparency in the evaluation process or unethical tendencies in the procurement process.
- This leads to award of contracts to non-compliant bidders and failure to attain value for money.

### Management Response

*Management has noted the finding under evaluation for corrections and the Accounting Officer shall organize a training for all the various procurement stakeholders in the entity User Departments and the Contracts Committee.*

## Recommendations

- The Head Procurement and Disposal Unit should ensure that evaluations are conducted by Evaluation Committees according to the criteria set in the bidding document in accordance with Section 71 (3) of the PPDA Act, 2003.
- The Contracts Committee should ensure that the principles of fairness and transparency are observed in the evaluation process in accordance with Section 45 of the PPDA Act, 2003 before approving the evaluation reports.
- The Accounting Officer should organize a training for both the Contracts Committee and members of User Departments to ensure that they are equipped with the skills necessary to conduct their roles.

### 2.2.4 Failure to communicate arithmetic errors

The audit team observed that arithmetic errors were detected by the Evaluation Committees in three procurements worth UGX 749,114,680 and there was no evidence of communication of these errors to the respective bidders. This was contrary to Regulation 74 (4) of the Local Governments (PPDA) Regulations 2006 which requires a request for clarification to be communicated to all bidders that participated in the procurement process. Table 11 below shows the procurements where arithmetic errors were not communicated to the bidders.

**Table 11: Procurements in which errors were not communicated to bidders**

| S/No | Subject   | Contract Value (UGX) | Observations   |
|------|---|----------------------|--|
| 1.   | Construction of a Two (2) classroom block, rehabilitation of Eight (8) classrooms, construction of Five (5) stance pit latrine, and supply of assorted furniture for Okapel Primary School worth under Emergency fund from MOES | 283,251,920          | Read-out price of M/s Whimpsy (U) Ltd (BEB) was UGX. 264,511,160, the Evaluation Committee made arithmetic corrections worth UGX. 18,740,780 hence raising the contract price to a sum of UGX. 283,251,920. However, there was no communication of this to the BEB and whether they accepted the arithmetic corrections. |
| 2.   | Construction of Low-cost Seal Volume Road of 0.6km at Kaberamaido – Kalaki Road under RTI funding   | 218,202,000          | Read-out price of M/s Bestway General Contractors Ltd (BEB) was UGX. 207,937,947, the Evaluation Committee made arithmetic corrections worth UGX. 11,192,427 totaling to a sum of UGX. 219,130,427. However, there was no communication of this to the BEB and whether they accepted the arithmetic corrections.         |
| 3.   | Construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one Five Stance drainable Girls  | 216,603,160          | Read out price of M/s Whimpsy (U) Ltd (BEB) was UGX. 194,272,840 and arithmetic corrections worth UGX.   |

| S/No | Subject  | Contract Value (UGX) | Observations  |
|------|--|----------------------|---|
|      | Latrine and supply of assorted furniture at Achilo Corner Primary School under Schools Facilities Grant (SFG-MOES) |                      | 22,330,320 were made raising the bid price to UGX. 216,603,180. However, there was no communication of this and whether the BEB consented to the same or not.   |
| 4.   | Rehabilitation of 7 deep boreholes in Kaberamaido District   | 31,057,600           | Read-out price of M/s Wajap Holdings Ltd (BEB) was UGX. 30,868,800 and arithmetic corrections worth UGX. 188,800 were made raising the bid price to UGX. 31,057,600. However, there was no communication of this and whether the BEB consented to the same or not |
|      | Total  | <b>749,114,680</b>   |   |

#### **Implication**

Failure to inform bidders of arithmetic correction shows lack of transparency and may lead to bidders applying for administrative review which extends the procurement lead time and affects timely delivery of services to the beneficiaries.

#### **Management Response**

*Communications were done and they had their specific file for arithmetic error communications- see evidence attached.*

#### **Authority's comment**

The Authority found the Entity's response unsatisfactory as there was no evidence provided in the attachments to prove that the bidders received the communication on arithmetic errors and neither was there any consent from the affected bidders in regard to the corrections that were made.

#### **Recommendation**

The Head, Procurement and Disposal Unit should ensure that where arithmetic errors are detected and corrected, the corrections are communicated to all the concerned bidders through a written request for clarification which should be copied to all participating bidders in the process as per Regulation 74 (3) of the Local Governments (PPDA) Regulations, 2006 with the bidders' consent of the new position after the evaluation received and filed.

#### **2.2.5 Display of the NOBEB for less than 10 mandatory working day period**

The Authority noted that in three procurements worth UGX 82,662,600, the NOBEB was displayed for a period of five days instead of the required ten working contrary to the above Regulation. These procurements are detailed in the table 12 below:

**Table 12: Procurements with inadequate NOBEB display period**

| No           | Subject of Procurement   | Contract Amount   | Date of Display                | Date of Expiry                |
|--------------|--|-------------------|--------------------------------|-------------------------------|
| 1.           | Renovation of a 4 in 1 staff house at Aperkira HC in Aperkira S/C Kaberamaido District               | 25,605,000        | 29 <sup>th</sup> November 2021 | 3 <sup>rd</sup> December 2021 |
| 2.           | Construction of a 5-stance lined pit latrine for boys at Okike – Obulbul P/S in Kaberamaido District | 26,000,000        | 14 <sup>th</sup> March 2022    | 18 <sup>th</sup> March 2022   |
| 3.           | Rehabilitation of 7 deep boreholes in Kaberamaido District   | 31,057,600        | 29 <sup>th</sup> November 2021 | 3 <sup>rd</sup> December 2021 |
| <b>Total</b> |  | <b>82,662,600</b> |                                |                               |

**Implications**

- This disadvantages bidders with less time to make a complaint in the event that they are aggrieved with the outcome of the evaluation process.
- Contracts that were signed immediately after the elapse of the five and six working days were entered into before confirmation by the Accounting Officer that the procurements were not subject to any administrative review and thus could be nullified in case discontented providers appealed leading to unnecessary delays.

**Management response**

*It's true the Procurement and Disposal Unit has been using 5 days for selective domestic bidding and 10 working days for open domestic bidding to display the best evaluated bidder notice. With advice from Audit team we have adjusted both selective and open domestic biddings to 10 working days going forward.*

**Recommendations**

1. The Head, Procurement and Disposal Unit should ensure that the NOBEB is published for a minimum of ten working days as per the PPDA regulations.
2. The Accounting Officer should not sign any procurement contract before expiry of ten (10) working days after the NOBEB has been displayed in accordance with Regulation 86 (c) of the Local Governments (PPDA) Regulations, 2006.

## 2.3 LEVEL OF EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION.

### 2.3.1 Poor records management by the Procurement and Disposal Unit and the User Departments

The audit team observed that seven procurements worth UGX 881,830,118 had no contract management records maintained on file contrary to Regulation 46 (1) (b) of the Local Governments (PPDA) Regulations, 2006 as indicated in the table 13 below:

**Table 13: Missing contract management records**

| No | Subject of Procurement   | Amount (UGX) | Missing records  |
|----|--|--------------|--|
| 1. | Renovation of a 4 in 1 staff house at Aperkira HC in Aperkira S/C Kaberamaido<br><br>Contractor: Geoflix Engineering Services Ltd  | 25,605,000   | <ul style="list-style-type: none"> <li>• Payment records</li> <li>• Progress reports</li> <li>• Completion certificates</li> </ul>   |
| 2. | Supply of 73 3-seater desks to selected schools<br>Contractor: Basham Associates Ltd   | 12,420,038   | Payment records  |
| 3. | Rehabilitation of Children's ward at Kaberamaido Hospital<br>Contractor: Kony Dano Services Ltd  | 30,000,000   | <ul style="list-style-type: none"> <li>• Contract implementation plan</li> <li>• Progress reports</li> <li>• Completion certificates</li> </ul>  |
| 4. | Procurement of one (1) GPS Machine to Water Department, one (1) laptop computer with all its accessories for Natural Resource Department, one desktop computer, and two filing cabinets to Administration Department of Kaberamaido DLG<br>Contractor: Kelpy Investments Ltd | 13,950,000   | <ul style="list-style-type: none"> <li>• Record of contract supervisor nomination and appointment</li> <li>• Record of contract implementation plan by the contract supervisor</li> <li>• Delivery notes</li> <li>• Payment records</li> </ul> |
| 5. | Construction of a 2 Classrooms with 2 Blocks of 5-stance drainable latrines (Girls & Boys) at Alwa Seed Secondary School in Alwa Sub County under OPM Emergency funds<br><br>Contractor: Can Pwonyi Contractors Ltd  | 300,000,000  | <ul style="list-style-type: none"> <li>• Requisition form</li> <li>• Contract implementation plan.</li> <li>• Progress monthly reports</li> <li>• Payment records</li> <li>• Handover certificates and completion records</li> </ul>           |
| 6. | Construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one Five (5) Stance drainable Girls Latrine and supply of assorted  | 216,603,160  | <ul style="list-style-type: none"> <li>• Record of the contract implementation plan prepared by Contract Supervisor.</li> </ul>  |

| No           | Subject of Procurement  | Amount (UGX)       | Missing records  |
|--------------|---|--------------------|--|
|              | furniture at Achilo Corner Primary School UGX. under Schools Facilities Grant (SFG-MOES)<br><br>Contractor: Whimsy U Ltd  |                    | <ul style="list-style-type: none"> <li>Evidence of progress monthly reports on file prepared by the contract supervisor</li> </ul>   |
| 7.           | Construction of a Two (2) classroom block, rehabilitation of Eight (8) classrooms, construction of Five (5) stance pit latrine, and supply of assorted furniture for Okapel Primary School under Emergency fund from MOES<br><br>Contractor: Whimsy U Ltd | 283,251,920        | <ul style="list-style-type: none"> <li>Record of clearance of contract by Solicitor General.</li> <li>Contract implementation plan by the contract supervisor.</li> <li>Monthly progress reports</li> <li>Interim and completion/handover certificates</li> <li>Payment records</li> </ul> |
| <b>Total</b> |   | <b>881,830,118</b> |  |

#### **Implications**

- Lack of contract management reports/progress reports and other records casts doubt on whether contracts were executed in accordance with contractual requirements and terms and conditions.
- This indicates failure by the Entity to account for public funds which could result in to fraudulent tendencies in the Entity.

#### **Management Response**

*The missing documents have been retrieved and filed to respective files, except for Okapel primary school, we merely carried the procurement process to certain level and placed it on hold awaits funds from MoES.*

#### **Authority's comment**

The Authority noted the Entity's response as unsatisfactory as no documentary evidence was submitted for review by the audit team as alleged by the Entity.

#### **Recommendations**

- User Department Heads should charge all Contract Supervisors to submit progress reports/contract management reports and all contract implementation documentation to the PDU and Accounting Officer in accordance with the Local Governments (PPDA) Regulations, 2006.
- The Procurement and Disposal Unit should maintain a complete set of documents of procurement cycle from needs identification to final payment as required by Regulation 46 of the Local Governments (PPDA) Regulations, 2006.

### 2.3.2 Shoddy works by the contractor and failure to adhere to contractual obligations.

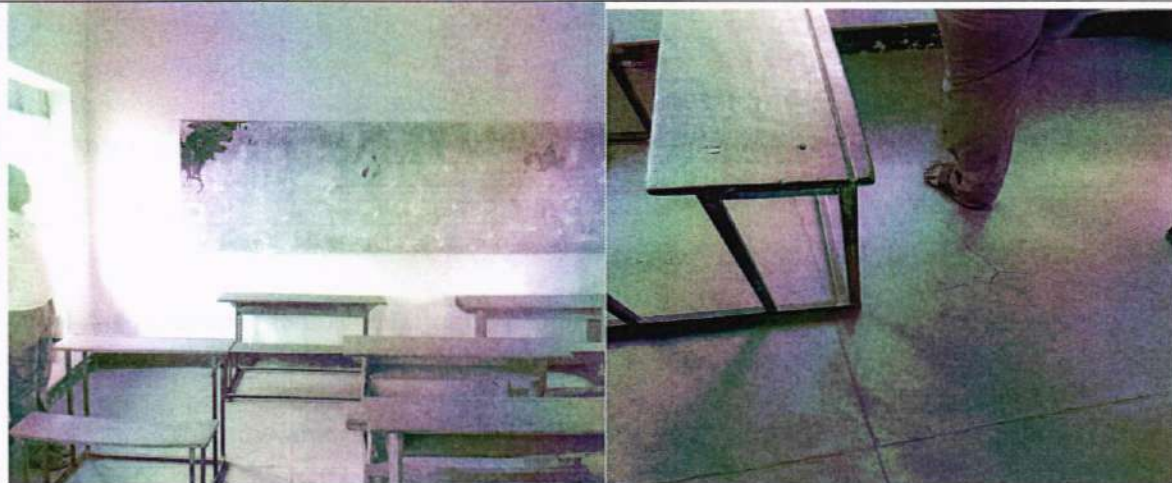
The audit team conducted physical verification on 15<sup>th</sup> November 2022 on seven projects worth UGX. 893,460,078. From the exercise, one project (construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one five stances drainable girls' latrine and supply of assorted furniture at Achilo Corner Primary School) worth UGX. 216,603,160 was identified to have issues that required immediate attention of management as shown in the table 14 below;

**Table 14: Issues noted during physical verification**

**Contract name:** Construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one Five Stance drainable Girls Latrine and supply of assorted furniture at Achilo Corner Primary School

**Contract value:** 216,603,160

**Contractor:** Whimpsy (U) Ltd



The following anomalies were noted:

- The blackboard in one of the classrooms had defects which made it unusable and the classroom was abandoned since there was no alternative
- Pit latrine walls had developed cracks.
- The classroom walls had developed cracks.

### **Implication**

Irregularities at contract implementation compromise quality and the intended beneficiaries do not get the desired effects of the services delivered. Thus compromising the achievement of value for money.

### **Management Response**

*Communication was made to the contractor to correct all the defects that have appeared in the latrine due to shear movement of the soil and in the wall of the classroom before they can access retention money that was withheld.*

### **Recommendation**

The Accounting Officer should ensure that all defects that were noted in the procurement for construction of 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one Five (5) Stances drainable Girls' Latrine and supply of assorted furniture at Achilo Corner Primary School worth UGX 216,603,160 are rectified immediately by the Contractors and a report on this submitted to the Authority **within one month of receipt of this report**. Failure by the Contractors to rectify the defects, the Accounting Officer should recover money meant for such works from the contractors and recommend them to the Authority for black listing.

### 3.0 CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present graphically the scores per area assessed under different compliance inspection sections.

#### 3.1 Overall Compliance Inspection Conclusion

The performance of Kaberamaido District Local Government for the Financial Year 2021/22 was **Unsatisfactory** with overall weighted average risk rating of **74.4%**.

**Table 15:: Risk rating criteria**

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

#### 3.2 Entity's Risk Assessment

The table below shows the Entity's performance per risk category based on the sampled procurements:

**Table 16: Showing summary of risk assessment of Kaberamaido DLG**

| Risk Category | Number of Sampled Procurements | %Number | Value (UGX) | % Value |
|---------------|--------------------------------|---------|-------------|---------|
| High          | 6                              | 54.5    | 537,363,624 | 54.8    |
| Medium        | 5                              | 45.5    | 442,524,093 | 45.2    |
| Low           | 0                              | 0       | 0           | 0       |
| Satisfactory  | 0                              | 0       | 0           | 0       |
| Total         | 11                             | 100     | 979,887,717 | 100     |

#### 3.3 Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in table 17 below:

**Table 17: Weighted risk assessment of Kaberamaido DLG**

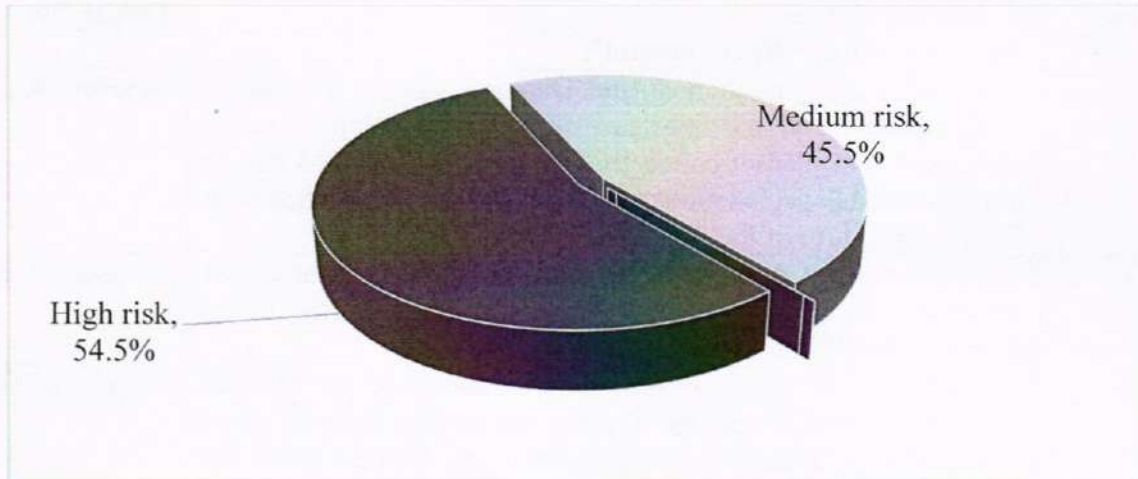
| Risk category | Rating (By Number) | Weights | Total weighted Average | Rating (By Value) | Weights | Total weighted Average |
|---------------|--------------------|---------|------------------------|-------------------|---------|------------------------|
| High          | 54.5               | 0.6     | 32.7                   | 54.8              | 0.6     | 32.9                   |
| Medium        | 45.5               | 0.3     | 13.7                   | 45.2              | 0.3     | 13.6                   |
| Low           | 0                  | 0.1     | 0                      | 0                 | 0.1     | 0                      |
| Satisfactory  | 0                  | 0       | 0                      | 0                 | 0       | 0                      |
| Total         | 100                | 1       | 46.4                   | 100               | 1       | 46.5                   |

$$\text{Weighted Average (By no.)} = \sum \text{Weighted Score} \times 100 = \frac{46.4}{60} \times 100 = 77.3\%$$

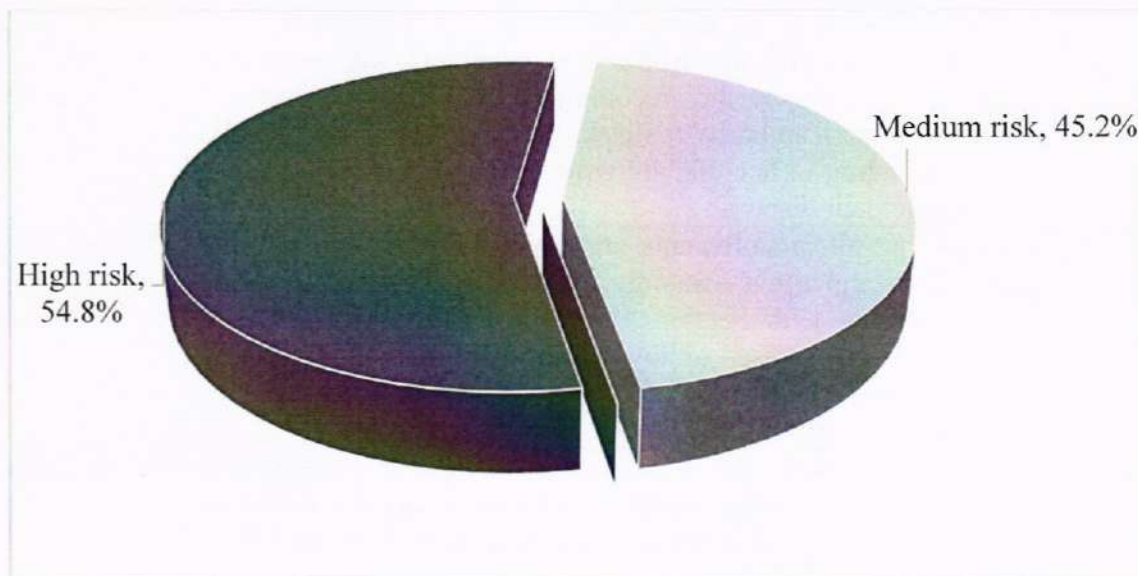
$$\text{Weighted Average (By Value)} = \sum \text{Weighted Score} \times 100 = \frac{46.5}{60} \times 100 = \%$$

Combined Weighted Average =  $\frac{77.3+77.5}{2} = 77.4\%$

**Figure 1: Showing graphical representation of the Entity's risk assessment by value**



**Figure 2: Showing graphical representation of the Entity's risk assessment by number**



### Recommended Action Plan

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

**Table 18: Recommended Action Plan**

| No.       | Recommendation   | Target Date  |
|-----------|--|--------------|
| <b>1.</b> | <b>The Accounting Officer should';</b>   |              |
| i.        | ensure that the Procurement and Disposal Unit is adequately facilitated with all the necessary requirements such as toner, stationery and internet connectivity to enable improved day to day operations and functionality of the Unit in accordance with Section 26 (1) (c) of the PPDA Act 2003.   | October 2023 |
| ii.       | ensure that the Contracts Committee is fully constituted and inducted with all the 5 members in accordance with Section 26 (1) (a) of the PPDA Act, 2003.  | October 2023 |
| iii.      | constitute a task force of staff comprising of the Internal Auditor that will ensure that a strong mechanism is put in place to implement the audit recommendations made by the Authority so as to improve the Entity's performance.   | October 2023 |
| iv.       | ensure that the that assets of the Entity are reviewed and disposed of following the methods recommended under Regulations 122-133 of the LG (PPDA) Regulations, 2006 and where the assets had been donated by other line Ministries, Department and Agencies, authority to dispose and documents of ownership should be sought by the Accounting Officer. In the event of failure to obtain authority to dispose and ownership documents, the Accounting Officer should write to the donors of the assets to manage their disposal. | October 2023 |
| v.        | ensure that all procurements are conducted in a manner that promotes competition, economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003 and investigate any causes of low bidder participation leading to reduced competition in the Entity in order to formulate strategies enhance competition.  | October 2023 |
| vi.       | streamline the way force account mechanism is implemented in the District and auction the District Engineer against failure to follow force account guidelines and Section 95A of the PPDA Act 2003 as amended.  | October 2023 |
| vii.      | ensure that where his duties such as confirmation of availability of funds is done by any other officer other than him/her, there should be formal delegation of authority in accordance with Section 39 (a) of the PPDA Act, 2003.  | October 2023 |
| viii.     | Liaise with the Authority and organize a training for the various procurement stakeholders in the entity including the Contracts Committee and members of User Departments to ensure that they are equipped with the skills necessary to conduct   | October 2023 |
| ix.       | strengthen contracts management and monitoring systems in the Entity and task the Contract Supervisors to ensure that contractors fulfil their obligations as per the contract.  | August 2023. |

|           |  |              |
|-----------|--|--------------|
|           | And where shoddy works were noted such as in the construction of a 2 classroom block, rehabilitation of 2 blocks of 2 classrooms, construction of one five stances drainable girls' latrine and supply of assorted furniture at Achilo Corner Primary School) worth UGX. 216,603,160 are corrected by the Contractor by end of July 2023 and report submitted to the Authority immediately upon completion of corrections made or submit the contractors to the Authority for black listing for failure tom adhere to contractual obligations. |              |
| <b>2.</b> | The Head Procurement and Disposal Unit and Heads of User Departments should ensure that;   |              |
| i.        | the Entity's procurement plan is executed at 100% in order to deliver the desired services to the intended beneficiaries and where changes occur during implementation, the plan should be regularly reviewed and updated in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance.  | October 2023 |
| ii.       | all relevant procurement records are well kept on respective procurement action files in line with Regulation 46 of the Local Governments (PPDA) Regulations, 2006.  | October 2023 |
| <b>3.</b> | The Head Procurement and Disposal Unit should ensure that;   |              |
| i.        | the Evaluation Committee members adhere to the set evaluation criteria and principals of fairness, accountability and transparency in the evaluation process in accordance with Section 45 of the PPDA Act 2003 while adhering to the set criteria.  | October 2023 |
| ii.       | any arithmetic error corrections and request for clarification should be communicated to all bidders and their consent sought in line with the corrections made in accordance with Regulation 74 (3) of the Local Governments (PPDA) Regulations, 2006.  | October 2023 |
| iii.      | the notice of the best evaluated is displayed for the mandatory 10 working days in line with to Regulation 86 (2)(c) of the Local Governments (PPDA) Regulations, 2006 so as to improve the transparency of the process and give aggrieved bidders enough time to seek redress in case of any grievance in the procurement process.  | October 2023 |
| <b>4.</b> | The Contracts Committee should strengthen its over sight role when approving procurement and disposal procedures to ensure that they are in line with Section 28 of the PPDA Act ,2003 as amended. This could include approving solicitation documents with clear evaluation criteria, evaluation reports and award recommendations for procurements that whose procedures are compliant with the PPDA Act, 2003 and Local Government (PPDA) Regulations, 2006.  | October 2023 |

**Annex A: Findings and rating on the individual contracts reviewed**

| No | HIGH RISK CONTRACTS  | REASONS FOR HIGH RISK  |
|----|--|--|
| 1. | <p>Construction of 2 classroom block, Rehabilitation of 2 blocks of 2 Classrooms, construction one 5 stance drainable latrine for girls and supply of assorted furniture at Achilo corner primary school in Kaberamaido sub county</p> <p>Procurement method: Open Bidding</p> <p><b>Provider:</b> Whimpsy (U) Ltd</p> <p><b>Contract Value:</b> 216,603,160</p> | <ul style="list-style-type: none"> <li>• Approval of confirmation of funds on the procurement requisition by Acting DEO Mr. Richard Eeyubu without delegated authority from CAO.</li> <li>• Low bidder participation as the solicitation document was issued to only two (2) bidders and subsequently only one (1) bid was received.</li> <li>• Failure to substantiate clarification or response from the bidder on correction of arithmetic errors worth UGX. 22,330,320 which changed the contract amount from UGX. 194,272,840 to UGX. 216,603,180.</li> <li>• During physical verification on 24<sup>th</sup> Jan 2022 by the inspection team the following anomalies were noted; -             <ol style="list-style-type: none"> <li>1. Cracks on all the floors of the one classroom block constructed</li> <li>2. faded black boards.</li> <li>3. Wall and floor cracks on the 5 stance VIP latrine</li> <li>4. Cracks on the rehabilitated 2 blocks of 2 classrooms.</li> </ol> </li> </ul> <p><b>Missing records</b></p> <ul style="list-style-type: none"> <li>• Solicitation document issued</li> </ul> |
| 2. | <p>Renovation of a 4 in one staff house at Aperkira Health centre in Aperkira sub county, Kaberamaido district</p> <p>Procurement method: Restricted Bidding</p> <p>Provider: Geoflix Engineering Services Ltd</p> <p>Contract Value: 25,605,000</p>   | <ul style="list-style-type: none"> <li>• Limited competition as only two bidders were issued the SBDs and only one response was received</li> <li>• Evaluation irregularities as Geoflix Engineering Services Ltd was evaluated compliant with a bid validity of 90 days against the required 120 days.</li> <li>• NoBEB was displayed for only 5 days contrary to the required ten (10) days. (29<sup>th</sup> November to 3<sup>rd</sup> December 2021)</li> </ul> <p><b>Missing documents</b></p> <ul style="list-style-type: none"> <li>• payment documents</li> <li>• Issued bid not on file</li> </ul>   |
| 3. | <p>Renovation of Alwa HCIII maternity ward in Kaberamaido district</p> <p>Procurement method: Restricted Bidding</p> <p>Provider: Wajap holdings Ltd</p> <p>Contract Value: 37,999,998</p>   | <ul style="list-style-type: none"> <li>• Low bidder participation as the solicitation document was issued to only two providers (Wajap holdings Ltd and Rejime Contractors Ltd) bid and subsequently only two bids were received.</li> </ul> <p><b>Evaluation irregularities</b></p> <ul style="list-style-type: none"> <li>• BEB did not attach a bank statement for the previous six months and valid experience which were requirements in the issued solicitation document</li> </ul> <p><b>Missing documents.</b></p>   |

| No | HIGH RISK CONTRACTS   | REASONS FOR HIGH RISK  |
|----|---|--|
|    |   | <ul style="list-style-type: none"> <li>• Notice of the best evaluate bidder</li> <li>• Bid for Rejime was not on file</li> </ul>   |
| 4. | Renovation of a 4 in one staff house at Aperkira Health centre in Aperkira sub county, Kaberamaido district<br>Procurement method: Restricted Bidding<br>Provider: Geoflix Engineering Services Ltd<br>Contract Value: 25,605,000 | <ul style="list-style-type: none"> <li>• Low bidder participation as the solicitation document was issued to only 2 bidders (Leading edge Engineering ltd and Geoflex Engineering Services Ltd) and subsequently only one bid was received.</li> </ul> <p><b>Evaluation irregularities.</b></p> <ul style="list-style-type: none"> <li>• The BEB Geoflix Engineering Services Ltd was evaluated compliant with a bid validity of 80 days against the required 120 days bid validity.</li> <li>• Notice of the best evaluate bidder was displayed for only 5 days contrary to the required 10 days</li> </ul> <p><b>Missing documents.</b></p> <ul style="list-style-type: none"> <li>• Contract management report and payment documents</li> <li>• Issued solicitation document was not on file</li> </ul> |
| 5. | Supply of 73 3-seater desks to selected schools (Bugoi, Kodekere and Apele) Primary school<br>Procurement method: Restricted Bidding<br>Provider: Bashamu Associates Ltd<br>Contract Value: 12,420,039                            | <ul style="list-style-type: none"> <li>• Low bidder participation as only two bidders were issued the Solicitation document and subsequently only one was received.</li> </ul> <p><b>Evaluation irregularities.</b><br/>The BEB had a bank balance of 8,342 contrary to the required balance of 1,000,000 but the evaluation team considered the bid compliant</p> <p><b>Missing records</b></p> <ul style="list-style-type: none"> <li>• Bid for Group Healthcare</li> <li>• Contract document</li> </ul>   |
| 6. | Construction of a Lowcost sealing volume road of 0.6 Km of Kaberamaido - Kalaki (Opiro) road<br>Procurement method: Open Bidding<br>Provider: M/s Bestway General Contractors Ltd<br>Contract Value: 219,130,427                  | <ul style="list-style-type: none"> <li>• Failure to communicate arithmetic errors worth UGX. 11,192,427 which changed the contract price from UGX 207,937,947, to a total of UGX. 219,130,427,</li> </ul> <p><b>Missing records</b></p> <ul style="list-style-type: none"> <li>• There was no record of the evaluation report on file which made it hard to ascertain if there was any evaluation carried out.</li> <li>• Contract Implementation Plan</li> <li>• Progress monthly reports</li> </ul>  |

| No | MEDIUM RISK CONTRACTS   | REASONS FOR MEDIUM RISK   |
|----|---|---|
| 1. | <p>Construction of 5 stance lined latrine for Boys at Okile-Obulubulu primary school in Kaberamaido district</p> <p>Procurement method: Restricted bidding</p> <p>Provider: Robert Emadu construction Ltd</p> <p>Contract Value: 26,000,000</p>   | <ul style="list-style-type: none"> <li>• Low bidder participation as only two bidders were issued solicitations and subsequently only two bids were received</li> <li>• Notice of the Best evaluated bidder was displayed for only 5 working days instead of 10 working days.</li> </ul> <p><b>Missing documents</b></p> <ul style="list-style-type: none"> <li>• Bid for IME Engineering services was not on file</li> <li>• Issued solicitation document not on file</li> </ul>   |
| 2. | <p>Procurement of One (1) GPS Machine to Water department; One (1) Laptop computer with its accessories and a bag to Natural Resource department One (1) Laptop computer , One (1) Desk top computers with its accessories and two (2) filling cabinets to HR Administration department in Kaberamaido district</p> <p>Procurement method: Restricted bidding</p> <p>Provider: M/s Kelpy Investment Ltd</p> <p>Contract Value: 13,950,000</p> | <p>Missing records</p> <ul style="list-style-type: none"> <li>• Contract implementation plan by the contract supervisor</li> <li>• Delivery notes</li> <li>• Payment records</li> </ul>   |
| 3. | <p>Construction of 4 Classroom block with an office and 5 stance pit latrine at Alwa Seed Secondary Schools in Alwa sub county, Kaberamaido District</p> <p>Procurement method: Open Bidding</p> <p>Provider: Can Pwonyi Construction Ltd</p> <p>Contract Value: 300,000,000</p>  | <ul style="list-style-type: none"> <li>• Lack of evidence of issued bid document to bidders</li> <li>• Irregularities during Evaluation process. There was no record of signing of Ethical Code of Conduct by Evaluation Committee prior to commencement of evaluation process.</li> </ul> <p>Missing records</p> <ul style="list-style-type: none"> <li>• Contract implementation plan</li> <li>• Progress monthly reports</li> <li>• Payment records</li> <li>• Handover certificates and completion records</li> </ul> <p>NB: Physical verification was done on 25<sup>th</sup> January 2023 and the facility was found operational and in use with no major issues.</p> |

|    |   |   |
|----|---|---|
| 4. | Rehabilitation of Children's ward at Kaberamaido Hospital<br>Procurement method: Selective Bidding<br>Provider: Kony Dano Services Ltd<br>Contract Value: UGX. 30,000,000   | <ul style="list-style-type: none"> <li>• Confirmation of funds was done by Mr. Joseph Esiru (Senior Hospital Admin) without delegated authority from the Accounting Officer.</li> <li>• Low Bidder participation as only 2 bids were received</li> <li>• Signing of ethical code of conduct by the Evaluation Committee.</li> </ul> <p>Missing records</p> <ul style="list-style-type: none"> <li>• contract implementation plan</li> <li>• contract progress reports</li> <li>• completion report</li> <li>• Interim and completion/handover certificate</li> <li>• payment records</li> </ul> <p>NB: The Children's ward had been completed by the Contractor and no major issues were noted during physical verification carried out on 25<sup>th</sup> January 2023</p> |
| 5. | Rehabilitation of 7 deep boreholes in Kaberamaido District (Ominai, olio Bh- Alwa; Enayu Bh – Kaberamaido; Ogwalowoo Bh- Kobulubulu; Ajidak Bh Abirabira-Aperkira; Alam A Bh & Kodekere Bh- Ocheru)<br>Procurement method: Restricted Bidding<br>Provider: Wajap Holdings Ltd<br>Contract Value: 31,057,600 | <ul style="list-style-type: none"> <li>• Low bidder participation as only Solicitation document was issued to only two providers (Wajap Holdings Ltd and Julio General Contractors Ltd) and subsequently only received two (2) bids.</li> <li>• NoBEB was displayed for only 5 working days contrary to the required 10 working days. (December 2021)</li> </ul> <p><b>Missing records</b><br/>Bid for Julio Enterprises Ltd</p>  |

**Annex B: Sample list and rating per case**

| No | Reference Number              | Subject of Procurement  | Method of Procurement | Provider                            | Contract Amount (UGX) | Risk Rating |
|----|-------------------------------|---|-----------------------|-------------------------------------|-----------------------|-------------|
| 1. | Kabe514/Wrks/2021/2022/00052  | Construction of a Low-cost sealing volume road of 0.6 Km of Kaberamaido - Kalaki (Opiro) road.  | Open Bidding          | M/s Bestway General Contractors Ltd | 219,130,427           | High risk   |
| 2. | Kabe514/Wrks/2020-2021/00042  | Construction of 2 classroom block, Rehabilitation of 2 blocks of 2 Classrooms, construction one 5 stance drainable latrine for girls and supply of assorted furniture at Achilo corner primary school in Kaberamaido sub county.                          | Open Bidding          | Whimpsy (U) Ltd                     | 216,603,160           | High risk   |
| 3. | Kabe514/Wrks/2021/2022/00065  | Rehabilitation of Children's ward at Kaberamaido Hospital   | Selective Bidding     | Kony Dano Services Ltd              | 30,000,000            | Medium risk |
| 4. | Kabe514/Wrks/2021/2022/00063  | Construction of 5 stance lined latrine for Boys at Okile-Obulubulu primary school in Kaberamaido district   | Selective bidding     | Robert Emadu construction Ltd       | 26,000,000            | Medium risk |
| 5. | Kabe514/Supls/2021/2022/00067 | Procurement of One (1) GPS Machine to Water department; One (1) Laptop computer with its accessories and a bag to Natural Resource department; One (1) Laptop computer, One (1) Desk top computers with its accessories and two (2) filing cabinets to HR | Selective bidding     | M/s Kelpy Investment Ltd            | 13,950,000            | Medium risk |

| No  | Reference Number              | Subject of Procurement  | Method of Procurement | Provider                         | Contract Amount (UGX) | Risk Rating |
|-----|-------------------------------|---|-----------------------|----------------------------------|-----------------------|-------------|
|     |                               | Administration department in Kaberamaido district   |                       |                                  |                       |             |
| 6.  | Kabe514/Wrks/2021-2022/00024  | Renovation of Alwa HCIII maternity ward in Kaberamaido district   | Selective Bidding     | Wajap holdings Ltd               | 37,999,998            | Medium risk |
| 7.  | Kabe514/Wrks/2021/2022/00032  | Rehabilitation of 7 deepboreholes in Kaberamaido District (Ominai, olio Bh- Alwa; Enayu Bh – Kaberamaido; Ogwalowoo Bh- Kobulubulu; Ajidak Bh Abirabira-Aperkira; Alam A Bh & Kodekere Bh- Ochero). | Selective Bidding     | Wajap Holdings Ltd               | 31,057,600            | Medium risk |
| 8.  | Kabe514/Wrks/2021/2022/00050  | Renovation of a 4 in one staff house at Aperkira Health centre in Aperkira sub county, Kaberamaido district   | Selective Bidding     | Geoflix Engineering Services Ltd | 25,605,000            | High risk   |
| 9.  | Kabe514/Splrs/2021/2022/00047 | Supply of 73 3-seater desks to selected schools (Bugoi, Kodekere and Apele) Primary school  | Selective             | Bashamu Associates Ltd           | 12,420,039            | High risk   |
| 10. |                               | Construction of 4 Classroom block with an office and 5 stance pit latrine at Alwa Seed Secondary Schools in Alwa sub county, Kaberamaido District   | Open Bidding          | Can Pwonyi Construction Ltd      | 300,000,000           | Medium risk |
| 11. |                               | Construction of 2 classroom block, Rehabilitation of 8 Classrooms,  | Open Bidding          | Whimpsy (U) Ltd                  | 283,251,920           | High risk   |

| No | Reference Number | Subject of Procurement  | Method of Procurement | Provider | Contract Amount (UGX) | Risk Rating |
|----|------------------|---|-----------------------|----------|-----------------------|-------------|
|    |                  | construction one 5 stance drainable latrine for boys and supply of assorted furniture at Okapel primary school in Aperkira sub county, Kaberamaido District |                       |          |                       |             |
|    |                  | Total   |                       |          | 979,887,717           |             |

Annex C: Risk Rating Criteria

| RISK  | DESCRIPTION  | AREA  | IMPLICATION  |
|---|--|---|--|
| <p><b>HIGH</b></p>  | <p>Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management.</p> <p>Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".</p> | <p><b>Planning:</b> Lack of or failure to procure within the approved plan</p>  | <p>This implies emergencies and use of the direct procurement method which affects competition and value for money.</p>                                      |
|   |  | <p><b>Bidding Process:</b> Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.</p>            | <p>This implies use of less competitive methods which affects transparency, accountability and value for money.</p>  |
|   |  | <p><b>Evaluation:</b> Use of inappropriate evaluation methodologies or failure to conduct evaluation.</p>   | <p>This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.</p> |
|   |  | <p><b>Record Keeping:</b> Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.</p> | <p>This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.</p>                 |
|   |  | <p><b>Fraud/forgery:</b> Falsification of Documents</p>   | <p>This implies lack of transparency and value for money.</p>  |
| <p><b>Contract Management:</b> Payment for shoddy work or work not delivered.</p> | <p>This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries</p>   |   |  |
| <p><b>MEDIUM</b></p>  | <p>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</p>  | <p><b>Planning:</b> Lack of initiation of procurements and confirmation of funds.</p>   | <p>This implies committing the Entity without funds thereby causing domestic arrears.</p>  |
|   |  | <p><b>Bidding Process:</b> Deviations from standard procedures namely bidding periods, standard formats, use of</p>   | <p>This implies lack of efficiency, standardisation and avoiding competition.</p>  |

| RISK       | DESCRIPTION   | AREA  | IMPLICATION   |
|------------|---|---|---|
|            | using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority. | PP Forms and records of issue and receipts of bids, usage of non-qualified firms and splitting procurement requirements.  |   |
|            |   | <b>Procurement Structures:</b> Lack of procurement structures   | This implies lack of independence of functions and powers and interference in the procurement process.  |
|            |   | <b>Record Keeping:</b> Missing Contracts Committee records and incomplete contract management records.  | This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.  |
|            |   | <b>Contract and Contract Management:</b> Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.  | This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal. |
|            |   | Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.<br><br>Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation. |   |
| <b>LOW</b> | Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that  | <b>Planning:</b> Lack of procurement reference numbers.   | This leads to failure to track the procurements which leads to poor record keeping.   |
|            |   | <b>Bidding Process:</b> Not signing the Ethical Code of Conduct   | This leads to failure to declare conflict of interest and lack of transparency.   |

| RISK | DESCRIPTION   | AREA | IMPLICATION |
|------|---|------|-------------|
|      | <p>the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.</p> |      |             |