



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

PROCUREMENT AND DISPOSAL AUDIT REPORT

KAGADI DISTRICT LOCAL GOVERNMENT

FINANCIAL YEAR 2018/19

FEBRUARY 2020

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ACRONYMS

AO	Accounting Officer
CC	Contracts Committee
FY	Financial Year
HPDU	Head Procurement and Disposal Unit
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
NOBEB	Notice of Best Evaluated Bidder
DLG	District Local Government
UGX	Uganda Shillings
LTD	Limited

EXECUTIVE SUMMARY

Introduction

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Kagadi District Local Government. The audit covered twenty three (23) procurement transactions carried out during the Financial Year 2018/19. The audit involved a review of the 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.

From the findings of the procurement audit exercise, the summary performance of your Entity revealed that the compliance score was 65.8%, the performance score was 76.6% and the overall weighted average performance of **72.3%** which is a **satisfactory** performance as summarized in the table below:

Table 1: Overall Procurement Performance Score

No	Compliance Indicator	Score %	Weight	Weighted Score
1	Average Compliance Indicator Score	65.8	0.4	26.3
2	Average Performance Indicator Score	76.6	0.6	46.0
Entity's Weighted Procurement Performance Score				72.3

Despite the satisfactory performance, the following exceptions were noted:

1. Late initiation of the procurement for hire of road equipment and supply of road construction materials along Kyakahuku-Kasoga Road (5KM) worth UGX 60,000,000 which leads to delayed to service delivery. Whereas the procurement transaction was planned to start on 20th August 2018, the procurement was initiated on 23rd April 2019 i.e. 186 working days late.
2. Issuance of inadequate bidding documents in fifteen (15) procurements worth UGX 1,013,292,411, which makes it difficult for bidders to prepare and submit responsive bids. For example, in the procurement for drilling of 8 boreholes in different parts of Kagadi District worth UGX 174,408,000, GCC 51.3 stated that the performance security shall be 20% of the contract price which was higher than the one required by law of between 5% and 10%.
3. Use of less competitive procurement methods in ten (10) procurements worth UGX 528,228,000. The Entity used selective bidding instead of open bidding which inhibits competition and achievement of value for money.
4. The Authority reviewed the Contracts Committee minutes and found that there was lack of independence of functions and powers in nine (9) procurement transactions worth UGX 501,732,838. The Contracts Committee usurped roles of the evaluation committee since no evaluation process was conducted. Contracts Committee members analyzed the quotations submitted by bidders and awarded contracts contrary to Regulation 13 (1) of the Local Governments (PPDA) Regulations, 2006. This leads to conflict of interest in the procurement process and impedes achievement of value for money.
5. Irregular evaluation of bids in five (5) procurements worth UGX 394,152,298 which could lead to award of contracts to incompetent firms. There was lack of proof of ownership of equipment and irregular seeking of clarifications from bidders.

The Authority recommends that:

1. Heads of User Departments should conduct all procurements in a manner which promotes efficiency in accordance with Section 48 of the PPDA Act, 2003.
2. The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
3. The Head Procurement and Disposal Unit should always use appropriate procurement methods in accordance with Regulation 33 of the Local Governments (PPDA) Regulations, 2006 and the Fourth Schedule of the PPDA Act, 2003.
4. The Accounting Officer should take appropriate disciplinary action against members of the Contracts Committee for usurping the role of the evaluation committee in the nine (9) procurement transactions worth UGX 501,732,838.
5. The Accounting Officer should ensure independence of functions and powers within the Entity in accordance with Regulation 13 (1) of the Local Governments (PPDA) Regulations, 2006.
6. The Head Procurement and Disposal Unit should ensure that evaluation committees adhere to the evaluation criteria in accordance with Regulations 72 to 82 of the Local Governments (PPDA) Regulations, 2006 to avoid irregularities in the evaluation process.

Recommended Action plan

Kagadi District Local Government should implement the recommended action plan on pages 39 - 40.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Kagadi District Local Government. The audit covered a representative sample of twenty three (23) procurement transactions that were carried out during the Financial Year 2018/19. The audit involved a review of the 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.

1.2 Objectives of the Audit

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

The specific objectives were:

1. To establish the level of compliance of the internal procurement system with provisions of the PPDA Act, Regulations and Guidelines and the adequacy for effective procurement and disposal.
2. 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.
3. To assess the level of compliance of the asset disposal contracts with the PPDA Act, Regulations and Guidelines.
4. 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.
5. Based on the key findings on the procurement system, processes, and performance, to offer an opinion on attainment of value for money and recommend measures to improve performance.

1.3 Scope of the Audit

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Kagadi District Local Government from **2nd September 2019** to **12th September 2019**. The Entity had a total procurement budget of UGX 7,508,094,973 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 and (c) contract value.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The audit covered a representative sample of twenty three (23) procurement transactions that had been carried out during the Financial Year 2018/19. The list of sampled transactions is contained in **Annex 1**. The distribution of the transaction population and sample is in Table 2 below:

Table 2: Sample Size

Table 2. Distribution of the transactions population and sample for audit						
Method	Value			Number		
	Population (UGX)	Sample (UGX)	Percent age by value	Population	Sample	Percentage by Number
Open National Bidding	669,016,179	669,016,179	100%	6	6	100%
Selective National Bidding	1,532,364,179	740,799,831	48.3%	138	17	12.3%
Total	2,201,380,358	1,409,816,010	64%	144	23	16%

1.4 Methodology

The audit questions and criteria were derived from the Public Procurement and Disposal of Public Assets Act 2003 and Local Governments (PPDA) Regulations, 2006 as well as PPDA Guidelines. 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.

An entry meeting was held on **2nd September 2019**. At the meeting, 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 (3) Procurement Auditors under the supervision of the Audit Manager carried out the audit. During the audit, the auditors had personal interviews with the staff from the procurement and disposal unit and user departments. The meetings were necessary to obtain qualitative information that was crucial to understand the internal control system and processes. The list of staff in the PDU during the audit is shown in Annex 2.

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.

On completion of data collection and before writing the report, the Audit Manager reviewed the working papers for completeness. The working papers contain a detailed chronology of findings on each of the sampled transactions.

At the end of the field data collection, a debriefing meeting was held with the Entity's Accounting Officer 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 **29th October 2019** with a request to submit management response and attend an exit meeting on **20th November 2019**.

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 and procurement and disposal processes in Kagadi District Local. 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 57%, a rating which is unsatisfactory; however, the following exceptions were noted:

2.1.1. Market price assessment of procurement requirements was not conducted

The Authority noted that in all the twenty three (23) sampled procurements worth UGX 1,409,816,010, the Accounting Officer did not undertake an assessment of the market price of the supplies, services or of the unit costs of the works in respect of which procurement was to be made by the Entity contrary to Section 26 (4) and (5) of the PPDA Act, 2003.

Implication

- This leads to under/over estimation of prices which leads to delays and domestic arrears.
- This result into signing of contracts with bidders whose evaluated bid prices are higher than the market price.

Management Response

Management noted the anomaly and affirmed that the Accounting will always undertake market price assessment in future.

Recommendation

The Accounting Officer should undertake an assessment of the market price prior to commencement of a procurement process in accordance with Section 26 (4) and (5) of the PPDA Act, 2003.and maintain evidence on file.

2.1.2. Under staffing of the Procurement and Disposal Unit

The audit revealed that the Procurement and Disposal Unit was not staffed to an appropriate level contrary to Regulation 14 (b) of the Local Governments (PPDA) Regulations, 2006. The Unit was managed by only one staff i.e. Mr. Mathias Nkalubo; the Procurement Officer.

Implication

This results into inefficiencies and ineffectiveness in the procurement and disposal function.

Management Response

Management stated that an attempt was made to recruit for the above post but there were no suitable applicants for the post but it was still in the recruitment plan for the FY 2019/2020.

Recommendation

The Accounting Officer should staff the Procurement and Disposal Unit to an appropriate level in accordance with Regulation 14 (b) of the Local Governments (PPDA) Regulations, 2006.

2.1.3. Contradiction between the Special Conditions of Contract in the issued bidding document and those in the contract

The Authority noted that the Entity altered the performance security required at contract signing; whereas GCC 52.1 in the bidding document required a performance security of 10%, this was changed to 5% at contract signing thus the best evaluated bidders submitted inadequate performance securities in the following four (4) procurement transactions worth UGX319,600,874:

Table 3: Procurements with inadequate performance security

No	Subject of Procurement	Amount(UGX)	Management Response
1.	Construction of a 2 classroom block with office and a store at Lyanda SDA Primary School in Kyaterekera Sub-County under SFG	74,399,843	<i>Management noted the anomaly and affirmed that it will implement the recommendations</i>
2.	Construction of 2 a classroom block with office and a store at Busungubwa Church of Uganda Primary School in Muhooro Sub County under SFG by Miruda Enterprises Limited	72,972,970	
3.	Construction of a 2 classroom block at Katikengeye P/S-Bwikara S/C with office and store	73,746,766	
4.	Construction of a 2 classroom block, office and a store at Nyakabale Church of Uganda Primary School	73,720,500	
	Total	319,600,874	

Implication

- This exposes the Procuring and Disposing Entity to risks in case of any defects.
- Unfairness as some potential bidders may not have participated due to the terms stated in the bidding documents, which later changed and only the best evaluated bidders were aware of them.

Recommendations

- The Accounting Officer should desist from signing contracts where performance security provided is inadequate.
- Contracts should be signed as specified in the bidding documents in accordance with Regulation 90 (2) of the Local Governments (PPDA) Regulations 2006.

2.1.4. Signing a contract with a person without powers of Attorney

The Authority noted that in the procurement for the supply and delivery of two (2) hullers and motor for production worth UGX 25,310,000, the Entity signed contracts with a provider's representative who had no Powers of Attorney. Whereas it was Mugisa Fred with Powers of Attorney for Sasali Contractors Limited, the contract was signed by Mugisa Edward who never had Powers of Attorney.

The Authority further noted that in the same procurement the firm submitted a bid which was signed by a person without Powers of Attorney. Whereas it was Mugisa Fred with the Powers

of Attorney, the bid was signed by Mugisa Edward who never had Powers of Attorney contrary to Guideline No. 12/2014 on how to submit responsive bids.

Implication

- The bid submitted by Sasali Contractors Limited was invalid.
- This makes the resultant contract voidable.

Management Response

Management noted the anomaly and affirmed that the Entity will implement the recommendations.

Recommendations

- The Accounting Officer should ensure that only persons authorized by the bidder sign contracts with the Entity in accordance with Sections 120, 122 and 123 of the Contracts Act, 2010.
- Evaluation Committees should always eliminate bidders who submit bids signed by people without Powers of Attorney in accordance with Guideline No. 12/2014 on how to submit responsive bids.

2.1.5. Lack of a mechanism to implement PPDA audit recommendations

The Entity did not implement 40% of the recommendations from the previous compliance inspection of financial year 2017/2018 as indicated in **Table 4**. Out of the ten (10) recommendations made, four (4) were not implemented, while six (6) were implemented as indicated below:

Table 4: Status of implementation of PPDA recommendations for FY 2017/2018

No.	Recommended Action	Implementation Status	Management response
1.	The Accounting officer should ensure that the Procurement and Disposal Unit is well facilitated with office space where the unit can perform its functions fully and proper storage of documents.	Not implemented	Management is in the process of lobbying central Government for funding for the Construction of the Administration block.
2.	The Accounting officer should ensure that the Procurement and Disposal Unit is well facilitated with enough staff to ensure effective performance of the Unit.	Not implemented	Management stated an attempt was made to recruit for the above post but there were no suitable applicants for the post but it was still in the recruitment plan for the FY 2019/2020.
3.	The Accounting Officer should	Not Implemented	Management noted

No.	Recommended Action	Implementation Status	Management response
	task Heads of User Departments to always recommend statements of requirements to the Procurement and Disposal Unit during initiation of the procurement processes.		<i>the anomaly and affirmed that it will implement the recommendations.</i>
4.	The Accounting officer should ensure that he gets monthly/regular progress reports copied to the Procurement and Disposal Unit on the on-going procurements during the contract implementation.	Not Implemented	<i>Management noted the anomaly and stated that project Managers will be compelled to produce and submit progress reports to relevant Offices.</i>

Implication

Implementation of audit recommendations aids strengthening of internal controls within the Entity and where recommendations are not implemented, the Entity risks a weakened control environment.

Recommendation

The Accounting Officer with the assistance of the Internal Auditor should closely monitor implementation of audit recommendations so as to strengthen internal controls.

2.2 Procurement and Disposal Unit

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

2.2.1 Issuance of inadequate bidding documents

The Authority observed that solicitation documents in sixteen (16) procurements worth UGX 1,013,292,411 indicated in **table 5** were poorly drafted and the same documents were approved by the Contracts Committee contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006. The procurements were:

Table 5: Procurements with inadequate solicitation documents

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
1.	Construction of a 2 classroom block, office and a store at Nyakabale Church of Uganda Primary School	73,720,500	<ul style="list-style-type: none"> The Entity stated that the supervision fee of the employer of UGX 500, 000 would be included in the contract price. Karukana Enterprises Ltd.'s letter of introduction from Centenary Bank for 	<i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers</i>

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
			<p>credit access was addressed to PDU of Kibale District Local Government on 27th/8/2018</p> <ul style="list-style-type: none"> • No provision for preference schemes in the bidding documents. 	<p><i>shall be asked to request for funds from the Office but not to be paid by Contractors.</i></p> <ul style="list-style-type: none"> • <i>Management further affirmed that preference schemes will be provided for in the subsequent bidding documents to be issued by the Entity.</i>
2.	Construction of a 2 classroom block with office and a store at Lyanda SDA Primary School in Kyaterekera Sub County under SFG	74,399,843	<ul style="list-style-type: none"> • The BOQs irregularly quoted for supervision of the project by the employer (Kagadi DLG) at UGX 500,000. • No provision for preference schemes in the bidding documents. 	<ul style="list-style-type: none"> • <i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i> • <i>Management further affirmed that preference schemes will be provided for in the subsequent bidding documents to be issued by the Entity.</i>
3.	Machine hire and supply of road construction materials to be used on Kamusegu – Kasubi - Kisungu Road (8 km) by Media Extra Plus (U) limited	70,000,000	<ul style="list-style-type: none"> • The BOQs irregularly quoted for supervision of the project by the employer (Kagadi DLG) at UGX 1,500,000. • No provision for preference schemes in the bidding documents. 	<ul style="list-style-type: none"> • <i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i> • <i>Management further</i>

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
				<i>affirmed that preference schemes will be provided for in the subsequent bidding documents to be issued by the Entity.</i>
4.	Construction of 2 a classroom block with office and a store at Busungubwa Church Of Uganda Primary School in Muhooro Sub County under SFG Miruda Enterprises limited	72,972,970	<ul style="list-style-type: none"> • Failure to provide for preference schemes in the bidding documents. • The BOQs irregularly quoted for supervision of the project by the employer (Kagadi DLG) at UGX 500,000. 	<ul style="list-style-type: none"> • <i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i> • <i>Management further affirmed that preference schemes will be provided for in the subsequent bidding documents to be issued by the Entity.</i>
5.	Hire of road equipment and supply of road construction materials along Kyakahuku - Kasoga Road (5KM) by Doto Logistics Limited	60,000,000	The BOQs irregularly quoted for supervision of the project by the employer (Kagadi DLG) at UGX 1,000,000.	<ul style="list-style-type: none"> • <i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i>
6.	Drilling of 8 boreholes in different parts of Kagadi District	174,408,000	GCC 51.3 stated that the performance security shall be 20% of the contract price which was higher than the required one by law of between 5% and	<i>Management noted the anomaly and stated that it was an oversight and affirmed that it will not be repeated in the subsequent bidding documents to be issued</i>

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
			10%.	<i>by the Entity.</i>
7.	Construction of a 2 classroom block at Katikengeye P/S-Bwikara S/C with office and store	73,746,766	<ul style="list-style-type: none"> • The Bill of Quantities required the bidders to include supervision fee by the employer of UGX 500,000 which was irregular since the Entity had to pay the provider and then the provider pays the District Engineer. • No provision for margin of preference. • The BOQs did not provide for window shutters for classrooms and the contractor left it open. 	<ul style="list-style-type: none"> • <i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i> • <i>Management further affirmed that preference schemes will be provided for in the subsequent bidding documents to be issued by the Entity.</i> • <i>The design for SFG Schools did not provide for window shutters and it is what was being followed/ adopted. However, in the bidding documents for the FY 2019/2020, the District Engineer provided for window shutters in the BOQs.</i>
8.	Machine hire for rehabilitation of Burora-Rutuza road	49,880,000	The Bill of Quantities required the bidders to include supervision fee by the employer of UGX 1,000,000 which was irregular since the Entity had to pay the provider and then the provider pays the District Engineer.	<i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i>
9.	Completion of Kabamba H/C III	32,369,494	• The Entity stated that the supervision fee of	• <i>Management stated that the supervision fee</i>

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
	staff houses		<p>the employer of UGX 300,000 would be included in the contract price.</p> <ul style="list-style-type: none"> • Repetition in the BOQs causing a financial loss- The BOQ stated that on item 7.07 cement and plaster to ceiling of 84m2 at UGX 504,000 and item 7.11 plastered ceiling 84m2 at UGX 840,000. • The Entity stated that the contract type to be used would be lump sum contract instead of an admeasurement contract. 	<p><i>cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i></p> <ul style="list-style-type: none"> • <i>Management noted the mistake in the contract type stated and affirmed that it will not be repeated in the subsequent bidding documents to be issued by the Entity.</i>
10.	Machine hire and supply of road construction materials to be used on Nyakasozi – Kibooga Road (5.4km)	50,000,000	The BOQs quoted for supervision of the project by the employer (Kagadi DLG) at UGX 1,000,000.	<i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i>
11.	Machine hire and supply of road construction materials to be used on Kihemba – Kyakataba - Kyarwakya Road (6.6 km) Trurt Supplies and logistics (U) limited	79,740,000	The Bills of Quantities required the bidders to include supervision fee by the employer (Kagadi DLG) at UGX 1,500,000.	<i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i>
12.	Machine hire and	48,980,000	The Bills of Quantities	<i>Management stated that</i>

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
	supply of road construction materials to be used on Kinyarwanda – Kyeya - Buhumuliro Road (3 km)		required the bidders to include supervision fee by the employer (Kagadi DLG) at UGX 700,000.	<i>the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i>
13.	Machine hire and supply of road construction materials to be used on Kasooha – Kenga - Sese - Kabuga Road (12.8 km)	83,820,000	The Bills of Quantities required the bidders to include supervision fee by the employer (Kagadi DLG) at UGX 2,000,000.	<i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i>
14.	Hire of Grader to be used on Kasooha – Kenga - Sese - Kabuga Road (12.8 km)	35,840,000	The Bills of Quantities required the bidders to include supervision fee by the employer (Kagadi DLG) at UGX 2,000,000.	<i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers shall be asked to request for funds from the Office but not to be paid by Contractors.</i>
15.	Completion of classroom block at Rwentare Primary School Kyakabadiima Sub County	33,414,838	<ul style="list-style-type: none"> • The Bills of Quantities required the bidders to include supervision fee by the employer (Kagadi DLG) at UGX 500,000. • There was evidence of copy and paste in the BOQs; under 	<ul style="list-style-type: none"> • <i>Management stated that the supervision fee cost was used to facilitate the technical team during supervision. However, the anomaly of including it in the BOQs was noted and respective officers</i>

No.	Subject of Procurement	Amount (UGX)	Findings	Management response
			environment concerns there was a requirement to prepare and plant pine trees as directed by Kabamba Health Centre III Management Committee which is in Kabamba Sub County yet the procurement was for Rwentare Primary School which is in Kyakabadiima Sub County	<i>shall be asked to request for funds from the Office but not to be paid by Contractors.</i> <ul style="list-style-type: none"> • <i>Management further affirmed that copy and paste will not be repeated in the subsequent bidding documents to be issued by the Entity.</i>
	Total	1,013,292,411		

Implications

- There is a risk of bidders preparing non-responsive bids and this also leads to procurement of items which do not meet the users' requirements.
- Failure to provide for preference schemes hinders Government efforts for Ugandan owned firms to do business with the Government of Uganda.
- Requesting for unreasonable amounts of performance security discourages potential bidders.

Recommendations

- The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity and accuracy before approval.
- The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
- The Head, Procurement and Disposal Unit should provide for application of preference and reservation schemes in respect of goods, works and non-consultancy services where the open domestic or open international bidding methods are used in accordance with Section 59(A) of the PPDA Act, 2003.
- The Contracts Committee should not approve bidding documents where the value of the performance security required is not between 5% and 10% of the expected contract value in accordance with PPDA guideline 4/2008.

2.2.2 Use of less competitive procurement methods

The Authority noted that the Entity used wrong procurement methods in ten (10) procurements worth UGX 528,228,000 indicated in the table below:

Table 6: List of procurements where the Entity used wrong procurement methods

No.	Subject of Procurement	Method Used	Appropriate method	Contract Sum (UGX)	Management Response
1.	Machine hire and supply of road construction materials to be used on Kamusegu – Kasubi - Kisungu Road (8 km) by Media Extra Plus (U) limited	Selective National Bidding	Open National Bidding	70,000,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
2.	Hire of road equipment and supply of road construction materials along Kyakahuku - Kasoga Road (5KM) by Doto Logistics Limited	Selective National Bidding	Open National Bidding	60,000,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
3.	Machine hire for rehabilitation of Burora-Rutuza road	Direct procurement method	Open National Bidding	49,880,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
4.	Supply of fuel for 3 rd inspection of schools 10,030,000	Direct procurement method	Open National Bidding	10,030,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
5.	Machine hire and supply of road construction	Selective National Bidding	Open National Bidding	50,000,000	<i>Management acknowledged the anomaly and</i>

No.	Subject of Procurement	Method Used	Appropriate method	Contract Sum (UGX)	Management Response
	materials to be used on Nyakasozi – Kibooga Road (5.4km)				<i>affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
6.	Machine hire and supply of road construction materials to be used on Kamuyange – Kashagali Road (2.9 km)	Selective National Bidding	Open National Bidding	39,938,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
7.	Hire of grader to be used on Kasooha – Kenga - Sese - Kabuga Road (12.8 km) Mbasa Investments (U) Limited	Selective National Bidding	Open National Bidding	35,840,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
8.	Machine hire and supply of road construction materials to be used on Kinyarwanda – Kyeya - Buhumuliro Road (3 km)	Selective National Bidding	Open National Bidding	48,980,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
9.	Machine hire and supply of road construction materials to be used on Kasooha – Kenga - Sese - Kabuga Road (12.8 km)	Selective National Bidding	Open National Bidding	83,820,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>

No.	Subject of Procurement	Method Used	Appropriate method	Contract Sum (UGX)	Management Response
10.	Machine hire and supply of road construction materials to be used on Kihemba – Kyakataba - Kyarwakya Road (6.6 km)	Selective National Bidding	Open National Bidding	79,740,000	<i>Management acknowledged the anomaly and affirmed that appropriate procurement methods will be used in the subsequent procurements.</i>
	TOTAL			528,228,000	

Implication

This affects competition and may hinder achievement of value for money.

Recommendation

The Head Procurement and Disposal Unit should always use appropriate procurement methods in accordance with Regulation 33 of the Local Governments (PPDA) Regulations, 2006 and the Fourth Schedule of the PPDA Act, 2003.

2.2.3 Low bidder participation

The Authority noted that there was low bidder participation within the Entity in three (3) procurements worth UGX 66,199,494, the Entity had only one (1) or two (2) bidders responding to the invitation despite the fact that over three bidders had been invited to bid.

Table 7: Procurements with low bidder participation

No	Procurement	Amount (UGX)	No. of bids received	Management Response
1.	Completion of Kabamba H/C III staff houses	32,369,494	2	<i>Management stated that bidders were invited using local radio stations and display of Adverts on Notice boards for transparency, fairness and Competitiveness.</i>
2.	Supply and delivery of 2 Hurter and motor to production	25,310,000	1	
3.	Management of Kyaterekera daily market	8,520,000	2	
	Total	66,199,494		

Implications

- The Entity may not obtain competitive bid offers thus failure to achieve value for money.
- This may affect the bidders' confidence in the procurement processes of the Entity.
- There is a risk of bidders colluding at the time of bidding.

Recommendations

- The Accounting Officer should urgently address the issue of low bidder participation since this may affect the level of confidence bidders may have in the procurement processes of the Entity.
- The Entity should conduct all procurements in a fair, transparent and competitive manner in accordance with Sections 45 and 46 of the PPDA Act, 2003.

2.2.4 Storage of procurement records

The audit revealed that the Procurement Disposal Unit lacks a proper storage room for the bids received and the procurement action files. The bids are on the floor in the Procurement and Disposal Unit as illustrated in the pictures below:



Implication

Poor storage of documents leads to damage of documents and an unauthorized personnel accessing confidential information which is against the principle of confidentiality.

Management Response

Management acknowledged the anomaly and affirmed that the Entity will implement the recommendation.

Recommendation

The Accounting Officer should equip the Procurement and Disposal Unit with cabinets and storage space in order to maintain and archive records of the procurement and disposal process in accordance with Section 41 (1) of the PPDA Act, 2003.

2.3 Contracts Committee

The compliance level for the Contracts Committee was assessed to be 64%, a rating which is satisfactory; however, the following exceptions were noted:

2.3.1 Usurping roles of the evaluation committees

The Authority reviewed the Contracts Committee minutes and found that there was lack of independence of functions and powers in the following nine (9) procurement transactions worth UGX 501,732,838. The Contracts Committee usurped roles of the evaluation committee since no evaluation process was conducted. Contracts Committee members analyzed the quotations submitted by bidders and awarded contracts contrary to Regulation

13 (1) of the Local Governments (PPDA) Regulations, 2006. This leads to conflict of interest in the procurement process and impedes achievement of value for money.

In addition, the Authority noted that the Head Procurement and Disposal Unit did not nominate evaluation committees for approval by the Contracts Committee.

Table 8: Procurements where the Contracts Committee usurped roles of the evaluation committees

No.	Procurement	Amount (UGX)	Management Response
1	Machine hire and supply of road construction materials to be used on Kamusegu - Kasubi - Kisungu Road (8 km)	70,000,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
2	Hire of road equipment and supply of road construction materials along Kyakahuku - Kasoga Road (5KM)	60,000,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
3	Machine hire and supply of road construction materials to be used on Nyakasozi - Kibooga Road (5.4km)	50,000,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
4	Machine hire and supply of road construction materials to be used on Kamuyange - Kashagali Road (2.9 km)	39,938,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
5	Machine hire and supply of road construction materials to be used on Kihemba - Kyakataba - Kyarwakya Road (6.6 km)	79,740,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
6	Machine hire and supply of road construction materials to be used on Kinyarwanda - Kyeya - Buhumuliro Road (3 km)	48,980,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
7	Machine hire and supply of road construction materials to be used on Kasooha – Kenga - Sese - Kabuga Road (12.8 km)	83,820,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
8	Machine hire and supply of road construction materials to be used on Kasooha - Kenga - Sese - Kabuga Road (12.8 km)	35,840,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
9	Completion of classroom block at Rwentare Primary School Kyakabadiima Sub County	33,414,838	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
	Total	501,732,838	

Implications

- Lack of transparency and fairness in the procurement process which encumbers achievement of value for money.
- Conflict of interest in the procurement process aimed at supporting some firms against others which impedes achievement of value for money.

Recommendations

- The Accounting Officer should take appropriate disciplinary action against members of the Contracts Committee for usurping the role of the evaluation committee in the above procurement processes.
- The Accounting Officer should ensure independence of functions and powers within the Entity in accordance with Regulation 13 (1) of the Local Governments (PPDA) Regulations, 2006.
- The Head Procurement and Disposal Unit should nominate evaluation committee members for approval by the Contracts Committee for each procurement transaction in accordance with Regulation 27 (1) of the Local Governments (PPDA) Regulations, 2006.

2.4 Evaluation Committees

The compliance level for the Evaluation Committees was assessed to be 71%, a rating which is satisfactory; however, the following exceptions were noted:

2.4.1 Irregularities during evaluation bids

The Authority found irregularities in the evaluation process of five (5) procurements worth UGX 394,152,298 indicated in **table 9**, contrary to Regulation 78 (3) and (4) of the Local Governments (PPDA) Regulations, 2006. The affected procurements and the irregularities noted are indicated in the table below:

Table 9: Procurements with evaluation irregularities

No.	Procurement	Findings	Management response
1.	Completion of a 3 classroom block at Kinaaba P/S in Rugashali S/C by Mbasa Investments (U) Ltd worth UGX 38,414,204	<ul style="list-style-type: none"> • Failure by Mbasa Investments (U) Ltd (BEB) to fill the bid submission sheet- The bid submission sheet submitted by Mbasa Investments (U) Ltd (BEB) was not filled and not signed. • Irregularities at evaluation- Mbasa Investments (U) Ltd (BEB) did not state the bid validity, commencement date and completion date but it was evaluated compliant. • No bank statement by Mbasa Investments (U) Ltd (BEB) • No proposed equipment submitted by Mbasa 	<i>Management acknowledged the anomalies and pledged that the Entity will implement the recommendations.</i>

No.	Procurement	Findings	Management response
		Investments (U) Ltd (BEB)	
2.	Construction of a 2 classroom block, office and a store at Nyakabale Church of Uganda Primary School by Karukana Enterprises Ltd worth UGX 73,720,500	<ul style="list-style-type: none"> • Failure by Karukana Enterprises Ltd (BEB) to state the performance security of 10% in the bid submission sheet. • Authorization by Karukana Enterprises Ltd to obtain necessary information from its bank account was addressed to Chief Administrative Officer of Kibale DLG. • Whereas it was a requirement for the bidders to submit a list of proposed equipment to be used in the construction, Karukana Enterprises Ltd (BEB) stated that it owned a tipper lorry by just mentioning it without providing proof of ownership like car logbooks. Other items like concrete mixer and spades were to be hired without a leasing agreement. 	<i>Management acknowledged the anomalies and pledged that the Entity will implement the recommendations.</i>
3.	Completion of Kabamba H/C III staff houses by Jusconia Enterprises Ltd worth UGX 32,369,494	Whereas it was a requirement for the bidders to submit a list of proposed equipment to be used in the construction, Jusconia Enterprises Ltd (BEB) stated that it owned 3 tipper lorries and one pick up by just mentioning it without providing proof of ownership like car logbooks	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendation.</i>
4.	Machine hire for rehabilitation of Burora-Rutuza road by Chamil International Ltd worth UGX 49,880,000	Chamil International Ltd's bid was not signed, not stamped and was a two paged BOQ with a company name written with ink.	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendation</i>
5.	Construction of Kyaterekera water	• Janko Construction was passed without a tax clearance	<i>Management acknowledged the</i>

No.	Procurement	Findings	Management response
	supply system phase II by Janko Construction worth UGX 199,768,100	certificate •Janko Construction's bid included VAT yet the company is not VAT registered leading to a financial loss of UGX 30,473,000	<i>anomalies and pledged that the Entity will implement the recommendations.</i>

Implication

Failure to evaluate bids in accordance with the requirements in the bidding documents leads to award of contracts to incompetent firms.

Recommendations

- Evaluation Committees should adhere to the evaluation criteria in accordance with Regulation 72 to 82 of the Local Governments (PPDA) Regulations, 2006 to avoid irregularities in the evaluation process.
- The Accounting Officer should recover UGX 30,473,000 from the provider in the procurement for Construction of Kyaterekera water supply system phase II worth UGX 199,768,100.

2.5 User Departments

The compliance level for the User Departments was assessed to be 63%, a rating which is satisfactory and the following exceptions were noted:

2.5.1 Late initiation of a procurement requirement

The audit revealed that the procurement for the Hire of road equipment and supply of road construction materials along Kyakahuku - Kasoga Road (5KM) worth UGX 60,000,000 was not initiated within the planned timelines indicated in the procurement plan contrary to Section 48 of the PPDA Act, 2003. Whereas the procurement transaction was planned to start on 20th August 2018, the procurement transaction was initiated on 23rd April 2019 i.e. 186 working days late.

Implication

Delayed initiation of procurement requirements leads to delayed service delivery.

Management Response

Management acknowledged the anomaly and pledged that the Entity will implement the recommendation.

Recommendation

Head of User Department should conduct all procurements in a manner which promotes efficiency in accordance with Section 48 of the PPDA Act, 2003.

2.5.2 No contract supervisor was appointed

The Authority noted that there was no evidence of appointment of a contract supervisor in the procurement for management of Kyaterekera daily market worth UGX 8,520,000 contrary to Regulation 119 (2) of the Local Governments (PPDA) Regulations, 2006.

Implication

This exposes the Entity to the risk of poor contract management which results into failure to implement contracts in accordance with the agreed terms and conditions of the contract.

Management Response

Management acknowledged the anomaly and pledged that the Entity will implement the recommendation.

Recommendation



The Accounting Officer should prevail over User Departments to nominate contract supervisors in accordance with Regulation 119(2) of the Local Governments (PPDA) Regulations, 2006.

2.5.3 Irregularities in contract implementation and management

The Authority noted some irregularities during contract implementation as indicated in the table below:

Table 10: Procurements with contract implementation irregularities

1.		<p>KAGA613/WRKS/2018/19/00078</p> <p>Construction of a two (2) classroom block with an office and a store at Busungubwa Church of Uganda Primary School in Muhorro Sub County under SFG</p> <p>Miruda Enterprises Limited UGX: 72,972,970</p> <p>Status:</p> <ul style="list-style-type: none">• Premises not well cleared after the construction, excavated pits left exposed, broken bricks, stones which could hurt the pupils,• The contractor was supposed to plant the grass at UGX 400,000 and trees at UGX 450,000, but all this was not done by the contractor but the Entity paid the contractor the full amount which caused a financial loss of UGX 850,000.• The classroom windows did not have shutters.• The verandah had cracks. <p>Management response <i>The shutters were not there because the entity was still implementing the older structure of SFG Plan.</i></p>
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2.		<p>KAGA613/WRKS/2018/19/00081</p> <p>Construction of a 2 classroom block at Katikengeye p/s-Bwikara S/C with office and store</p> <p>Mbasa Investments (U) Limited UGX: 73,746,766</p> <p>Status:</p> <ul style="list-style-type: none"> • The contractor was supposed to plant grass at UGX 480,000 and 30 pine trees at UGX 135,000 but all this was not done by the but the Entity paid the contractor the full amount which caused a financial loss of UGX 615,000. • Classroom windows did not have shutters. <p>Management response <i>The shutters were not there because the entity was still implementing the older structure of SFG Plan.</i></p>
3.		<p>KAGA613/WRKS/2018/19/00079</p> <p>Construction of a 2 classroom block with an office and a store at Lyanda SDA Primary School in Kyaterekera Sub County under SFG</p> <p>Sasali Contractors Limited UGX 74,399,843</p> <p>Status:</p> <ul style="list-style-type: none"> • The classroom windows did not have shutters. <p>Management response <i>The shutters were not there because the entity was still implementing the older structure of SFG Plan.</i></p>

Implication

The Entity did not achieve value for money and the intended beneficiaries were unable to receive the services.

Recommendations

- The Authority recommends that the User departments should ensure effective contract management in accordance with Regulation 119 of the Local Governments (PPDA) Regulations, 2006.
- The Accounting Officer should ensure that contract implementation is in accordance with terms and conditions of contract award in accordance with Regulation 14 (i) of the Local Governments (PPDA) Regulations, 2006.
- The Accounting Officer should recover the financial loss from the contractors and submit evidence to the Authority.

2.6 Internal Controls

The compliance level for the Internal Controls was assessed to be 67%, a rating which is satisfactory and the following exceptions were noted:

2.6.1 Failure by Internal Audit to audit the procurement function

The Authority found that the Entity's Internal Audit function did not audit procurement and disposal procedures in the financial year under review contrary to Regulation 28 of the Local Governments (PPDA) Regulations, 2006. As a result, there were many flaws noted in the Entity's procurement and disposal processes.

Implication

Failure by the Internal Auditor to audit the procurement and disposal procedures may result into fraud going unnoticed at the earliest opportunity furthermore, the Entity is denied a chance to identify early in time areas for improvement.

Management Response

Management acknowledged the anomaly and pledged that the Entity will implement the recommendation.

Recommendation

The Head of the internal audit Department of the Procuring and Disposing Entity should ensure that procurement and disposal procedures and payments of the Entity are audited regularly.

2.7 Procurement Planning

2.7.1 Procurement plan implementation

The Authority assessed the Entity's procurement plan compared to the transactions conducted during Financial Year 2018/19 as indicated in the table below:

Table 11: Analysis of procurement plan implementation

Total procurement plan value inclusive VAT (UGX)	7,508,094,973
Total procurement implementation value inclusive VAT (UGX)	6,982,528,325
Procurement plan implementation rate (%)	93%
Variance (UGX)	525,566,648
Variance (%)	3%

Implication

The Entity did not implement 3% of its procurement plan worth UGX 525,566,648 thus impeding service delivery.

Management response

Management acknowledged the anomaly and affirmed that the Entity will implement all planned procurements in the subsequent Financial Years.

Recommendation

The Accounting Officer should ensure that efficiency is improved in the procurement process to enable full utilization of funds before close of financial year.

2.7.2 Conducting procurements outside the plan

The Authority found that three (3) procurement transactions worth UGX 138,918,000 were conducted outside the plan contrary to Section 58 (7) of the PPDA Act, 2003. These procurements were:

Table 12: Procurements outside the plan

No.	Subject of procurement	Value (UGX)	Management response
1.	Machine hire and supply of road construction materials to be used on Kamuyange – Kashagali Road (2.9 km)	39,938,000	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
2.	Machine hire and supply of road construction materials to be used on Nyakasozi – Kiboga Road (5.4km)	50,000,000	
3.	Machine hire and supply of road construction materials to be used on Kinyarwanda – Kyeya - Buhumuliro Road (3 km)	48,980,000	
Total		138,918,000	

Implication

Conducting unplanned procurement transactions may affect other planned activities or requirements by taking up resources which would have otherwise been used for the planned activities such as time and human resources.

Recommendations

- The Head Procurement and Disposal Unit should conduct procurements which are within the plan in accordance with Section 58 (7) of the Public Procurement and Disposal of Public Assets Act, 2003.
- The Head Procurement and Disposal Unit should ensure that on a quarterly basis and in any other case, wherever necessary, it reviews and updates its procurement plan in accordance with Section 58 (4) of the Public Procurement and Disposal of Public Assets Act, 2003.

2.7.3 Irregularities during procurement planning

The Authority noted the following irregularities under procurement planning:

- i Recommendation of wrong procurement methods in the procurement plan for example recommending the selective national bidding method for procurements leading to

framework contracts instead of open domestic bidding contrary to Guideline No.10/2014 on use of framework contracts for procurement of supplies works and non-consultancy services.

- ii Failure to disclose in the procurement plan which procurements shall be subjected to reservation schemes contrary to Guideline No 1 of 2018 on reservation Schemes to promote Local Content in public procurement.

Implications

- This inhibits competition and achievement of value for money.
- This encumbers Government of Uganda’s efforts to promote local providers and products.

Management response

Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.

Recommendations

- The Head Procurement and Disposal Unit should plan procurements in a way that promotes value for money in accordance with Section 58 of the Public Procurement and Disposal of Public Assets Act, 2003.
- The Head Procurement and Disposal Unit should disclose in the procurement plan which procurements shall be subjected to reservation schemes in accordance with Guideline No 1 of 2018 on reservation schemes to promote local content in public procurement.

2.8 Record keeping and reporting

2.8.1 Missing procurement process records

The Authority noted that there was poor record keeping in nine (9) procurements worth UGX 518,198,000 contrary to Regulation 46 of the Local Governments (PPDA) Regulations, 2006 as indicated below:

Table 13: Procurements with missing records

No.	Subject of Procurement	Contract Value (UGX)	Missing Records	Management Response
1.	Machine hire and supply of road construction materials to be used on Kasooha – Kenga - Sese - Kabuga Road (12.8 km)	83,820,000	<ul style="list-style-type: none"> • No copy of bidding document on file. • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file • No NOBEB on file 	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>

No.	Subject of Procurement	Contract Value (UGX)	Missing Records	Management Response
2.	Machine hire and supply of road construction materials to be used on Nyakasozi – Kibooga Road (5.4km) Doto logistics limited	50,000,000	<ul style="list-style-type: none"> • No copy of bidding document on file. • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file • No NOBEB on file 	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
3.	Machine hire and supply of road construction materials to be used on Kamusegu – Kasubi - Kisungu Road (8 km)	70,000,000	<ul style="list-style-type: none"> • No copy of bidding document on file. • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file • No NOBEB on file 	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
4.	Machine hire and supply of road construction materials to be used on Kamuyange – Kashagali Road (2.9 km) Chamil International limited	39,938,000	<ul style="list-style-type: none"> • No copy of bidding document on file. • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file. • No NOBEB on file 	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
5.	Machine hire	79,740,000	• No copy of	<i>Management acknowledged</i>

No.	Subject of Procurement	Contract Value (UGX)	Missing Records	Management Response
	and supply of road construction materials to be used on Kihemba – Kyakataba - Kyarwakya Road (6.6 km)		bidding document on file. <ul style="list-style-type: none"> • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file. • No NOBEB on file. 	<i>the anomaly and pledged that the Entity will implement the recommendations.</i>
6.	Machine hire and supply of road construction materials to be used on Kinyarwanda – Kyeya - Buhumuliro Road (3 km)	48,980,000	<ul style="list-style-type: none"> • No copy of bidding document on file. • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file. • No NOBEB on file. 	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
7.	Machine hire and supply of road construction materials to be used on Kasooha – Kenga - Sese - Kabuga Road (12.8 km)	35,840,000	<ul style="list-style-type: none"> • No copy of bidding document on file. • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file. • No NOBEB on file. 	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
8.	Hire of road equipment and	60,000,000	<ul style="list-style-type: none"> • No copy of bidding 	<i>Management acknowledged the anomaly and pledged</i>

No.	Subject of Procurement	Contract Value (UGX)	Missing Records	Management Response
	supply of road construction materials along Kyakahuku - Kasoga Road (5KM)		document on file. <ul style="list-style-type: none"> • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file. • No NOBEB on file. 	<i>that the Entity will implement the recommendations.</i>
9.	Machine hire for rehabilitation of Burora-Rutuza road	49,880,000	<ul style="list-style-type: none"> • No copy of bidding document on file. • No record of issue of bidding documents. • No record of receipt of bids. • No record of bid opening. • No evaluation report on file. • No NOBEB on file. 	<i>Management acknowledged the anomaly and pledged that the Entity will implement the recommendations.</i>
	Total	518,198,000		

Implication

- This casts doubt on whether the Entity was monitoring of projects effectively and efficiently.
- Poor records keeping is a red flag for fraud and lack of capacity by Procurement and Disposal Unit and disrupts the audit trail and hinders the Entity's ability to provide clarifications and address any concerns when need arises.
- Lack of records on a procurement process affects the audit trail

Recommendations

- The Head Procurement and Disposal Unit should ensure that all records on a procurement transaction are properly archived in accordance with Section 31 (o) of the PPDA Act, 2003.
- The Accounting Officer should support the Head, Procurement and Disposal Unit to urgently address the poor state of record keeping of records of the Procurement and Disposal Unit.

CHAPTER 3: PROCUREMENT PERFORMANCE INDICATORS

This chapter analyses the compliance indicator score, performance indicator score and overall procurement performance of the Entity.

3.1 Compliance 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 **67%**. Thus the Entity's performance regarding the procurement system was **satisfactory**.

Figure 1: Procurement System Compliance Level

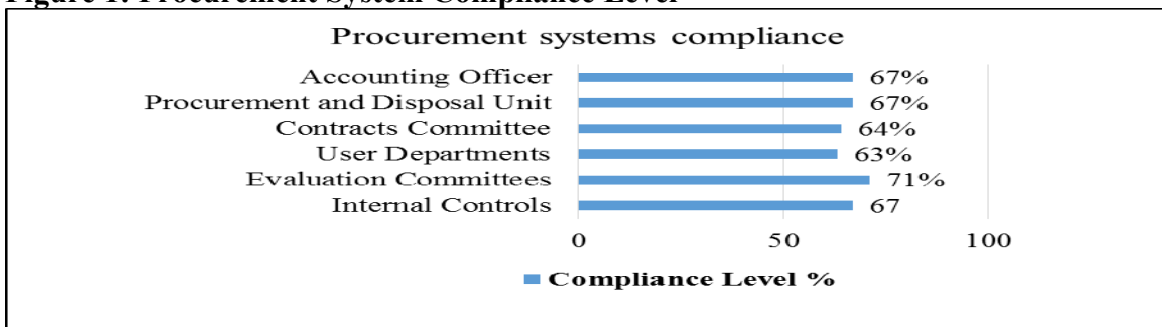


Figure 1 shows that the Entity had a relatively lower compliance levels in the area of User Departments, Contracts Committee, Procurement and Disposal Unit, and Accounting Officer, but high compliance levels in the area of Evaluation Committees.

3.1.2 Procurement Process Compliance Level

The compliance levels for each stage in the procurement process are shown in **Figure 2**. The overall compliance level for procurement processes was **65%**. Thus the Entity's performance was rated **satisfactory** regarding procurement processes.

Figure 2: Procurement Process Compliance Level

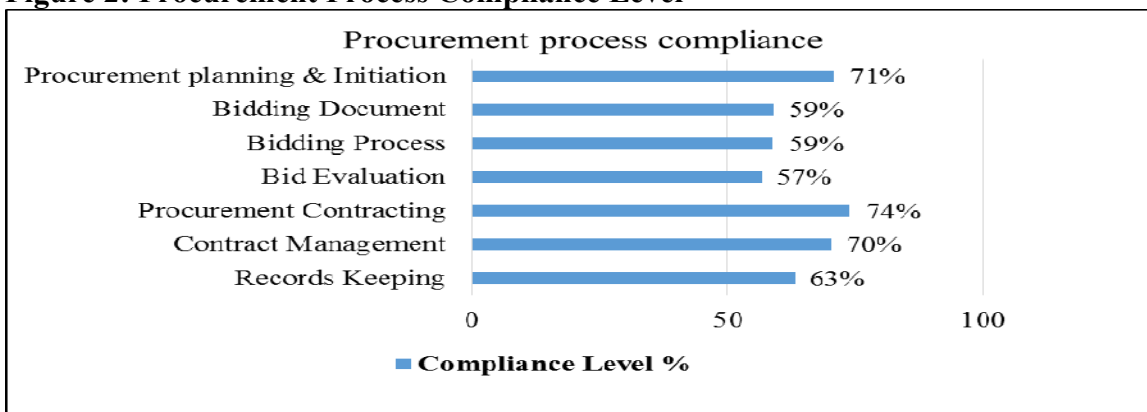


Figure 2 shows that the Entity had lower compliance levels in the area of procurement planning and initiation, bidding process and bid evaluation. However, it had higher compliance levels in the areas of contract management, procurement planning and initiation and procurement contracting.

3.1.3 Disposal process levels of compliance

The overall compliance level for disposal process was **NIL** because there were no items due for disposal during the year under review.

3.1.4 Weighted Compliance Score

The Weighted Compliance Indicator was **83.5%** which is **satisfactory**.

Table 14: Compliance Indicator Scores

	COMPLIANCE INDICATOR	Score (%)	Weights	Weighted Compliance Score
1	Procurement System Compliance Level	67	0.3	20.1
2	Procurement Process Compliance Level	65	0.5	32.5
3	Asset Disposal Process Compliance Level	NIL	0.2	NIL
4	Weighted Compliance Indicator (20.1+32.5)/80*100			65.8

3.2 Performance Score

The dimensions of the Entity's performance of economy, efficiency, efficacy, effectiveness, competition, value for money and equity were analyzed as indicated in Table 15:

Table 15: Performance Indicators

No	PERFORMANCE INDICATOR	SCORE (%)
1.	Procure Ratio: Actual procurement time divided by planned procurement time in days.	51
2.	Completion Ratio: Actual completion time divided by contractual completion time in days.	87
3.	Payment Ratio: Actual payment time divided by contractual payment time in days.	100
4.	Number of Received Bids: [If the number of received bids is 3 or more, the score is 100%; if the number of received bids is less than 3, the score is 0%]	47
5.	Bid Responsive Rate: [The number of bids that pass technical evaluation as a percentage of the number of received bids]	44
6.	Plan Ratio: The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT.	87
7.	Procurement Plan Pmplementation Rate: The actual value of the procurement spend(total procurements	97

No	PERFORMANCE INDICATOR	SCORE (%)
8.	reported to PPDA) as a percentage of the procurement budget/procurement plan] Cost Ratio: The actual final contract amount paid divided by the original contract amount	100
	Average Performance Indicator	76.6

3.2.1 Efficacy (Procure Ratio): This measured the ability to provide goods or services in accordance with the planned timelines. The audit established that only 51% of the audited procurements were conducted within the planned timelines while 49% were conducted outside the planned timelines. This was due to late initiation of procurements, unplanned procurements and missing procurement process records. The Entity should ensure that the timelines set in the procurement plan are set and adhered to.

3.2.2 Efficiency (Completion Ratio): This analyzed the time taken to execute contracts from start date to contract closure. The audit revealed that only 87% of the audited procurements were completed within the contractual completion time. Thus the Entity did not complete 3% of the procurements within the contractual completion time. The Accounting Officer should ensure that contracts are completed in the timeframe agreed.

3.2.3 Effectiveness (Payment Ratio): This assessed the Entity's commitment to pay contractors within the contractual payment period. The Entity paid 100% of the contractors in the audited procurements within the contractual payment period.

3.2.4 Competition (Number of Bids Received)

The Entity received more than three (3) bids in 47% of the sampled procurements and less than three (3) bids in 53% of the sampled sampled procurements. Furthermore, some records of the bidding process were not on file.

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

The audit revealed that 44% of the audited bids received passed technical evaluation while 56% were found non-responsive. There are still cases of incompetent and incapable bidders who are not able to meet the Entity's specifications and requirements. Furthermore, some evaluation reports were not on file.

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 87% of the sampled procurements within the cost estimate in the procurement plan while 13% 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 in some procurements 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 audit revealed that there was a plan implementation rate of 97% with a variance of UGX 525,566,648 lower than the procurement budget of UGX 7,508,094,973. Some of the planned items were not procured which encumbers service delivery.

3.2.8 This measured the final contract cost on completion as opposed to the total contract award price inclusive VAT (Cost Ratio)

The audit revealed that the actual final contract amount paid did not vary from the original contract amount in 100% of the sampled contracts.

3.3 Overall procurement performance

The overall procurement performance score was the sum of the two weighted indicators as summarized in the Table 16 below:

Table 16: Kagadi DLG’s Overall Procurement Performance Score

No	Compliance Indicator	Score %	Weight	Weighted Score
1	Average Compliance Indicator Score	65.8	0.4	26.3
2	Average Performance Indicator Score	76.6	0.6	46.0
Entity’s Weighted Procurement Performance Score				72.3

From the above analysis, the audit team noted that, the Entity had a weighted average performance of **72.3%** in FY 2018/19 which is **satisfactory** performance.

CHAPTER 4: RECOMMENDED ACTION PLAN

Kagadi District Local Government should implement the following recommendations within the timeframe given in order to improve its performance in procurement and disposal:

Table 17: Action Plan

No	Responsible Unit	Recommended Action	Action Date
1.	Accounting Officer	<ul style="list-style-type: none"> • The Accounting Officer should take appropriate disciplinary action against members of the Contracts Committee for usurping the role of the evaluation committee in the nine procurement transactions worth UGX 501,732,838. • The Accounting Officer should ensure independence of functions within the Entity in accordance with Regulation 13 (1) of the Local Governments (PPDA) Regulations, 2006. • The Accounting Officer should staff the Procurement and Disposal Unit to an appropriate level in accordance with Regulation 14 (b) of the Local Government (PPDA) Regulations, 2006. 	Continuous
2.	Procurement and Disposal Unit	<ul style="list-style-type: none"> • The Head of User Department should conduct all procurements in a manner which promotes efficiency in accordance with Section 48 of the PPDA Act, 2003. • The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006. • The Head Procurement and Disposal Unit should always use appropriate procurement methods in accordance with Regulation 33 of the Local Governments (PPDA) Regulations, 2006 and the Fourth Schedule of the PPDA Act, 2003. • The Head Procurement and Disposal Unit should plan procurements in a way that promotes value for money in accordance with Section 58 of the Public Procurement and Disposal of Public Assets Act, 2003. • The Head Procurement and Disposal Unit should disclose in the procurement plan which procurements shall be subjected to reservation schemes in accordance with Guideline No 1 of 2018 on reservation schemes to promote local content in public procurement. 	Continuous
3.	Evaluation Committee	Evaluation Committees should adhere to the evaluation criteria in accordance with Regulation 72 to 82 of the Local Governments (PPDA) Regulations, 2006 to avoid irregularities in the	Immediate

No	Responsible Unit	Recommended Action	Action Date
		evaluation process.	
4.	User Departments	The Head Procurement and Disposal Unit should ensure that all records on a procurement transaction are properly archived in accordance with Section 31 (o) of the PPDA Act, 2003.	Continuous

ANNEXES

Annex 1. Kagadi District Local Government Procurement and Disposal audit Sample List for Financial Year 2018/2019

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract Value (UGX)	Process Compliance Score (%)	Performance Indicator Score (%)	Overall weighted score (%)	Rating
1.	Kaga613/Wrks/FY20 18/2019/00 086	Construction of Kyaterekera piped water supply system in Kyaterekera Sub County Phase II.	Open National Bidding	Janko Construction Ltd	199,768,100	78	86	83.6	Satisfactory
2.	Kaga613/Wrks/FY20 18/2019/00 085	Drilling of 8 boreholes in different parts of Kagadi District	Open National Bidding	KLR Uganda Ltd	174,408,000	80	87	85.3	Satisfactory
3.	Kaga613/Wrks/FY20 18/2019/00 078	Construction of a 2 Classroom block with Office and a Store at Busungubwa COU Primary School in Muhorro Sub County under SFG.	Open National Bidding	MIRUDA Enterprises Ltd	72,972,970	82	87	85.7	Satisfactory
4.	Kaga613/Wrks/FY20 18/2019/00 081	Construction of a 2 Classroom block with Office and a Store at Katikengeyo	Open National Bidding	Mbasa Investments (U) Ltd	73,746,766	79	87	85.1	Satisfactory

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract Value (UGX)	Process Compliance Score (%)	Performance Indicator Score (%)	Overall weighted score (%)	Rating
		Primary School in Bwikara Sub County under SFG							
5.	Kaga613/Wrks/FY20 18/2019/00 079	Construction of a 2 Classroom block with Office and a Store at Lyanda SDA Primary School in Kyaterekera Sub County under SFG	Open National Bidding	Sasali Contractors Ltd	74,399,843	73	87	83.3	Satisfactory
6.	Kaga613/Wrks/FY20 18/2019/00 080	Construction of a 2 Classroom block with Office and a Store at Nyakabale COU Primary School in Pachwa Sub County under SFG	Open National Bidding	Karukana Enterprises Ltd	73,720,500	93	87	88.3	Satisfactory
7.	Kaga613/Wrks/FY20 18/2019/00 240	Machine hire and supply of Road Construction materials on Kasooha –	Selective National Bidding	Mbasa Investments (U) Ltd	83,820,000	43	53	50.4	Unsatisfactory

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract Value (UGX)	Process Compliance Score (%)	Performance Indicator Score (%)	Overall weighted score (%)	Rating
		Kenga - Kabuga Road (12.8 Km)							
8.	Kaga613/Wrks/FY20 18/2019/00 244	Machine hire and supply of Road Construction materials on Kihemba – Kyakataba - Kyarwakya Road (6.6 Km)	Selective National Bidding	Trurt Supplies and Logistics (U) Ltd	79,740,000	43	53	50.5	Unsatisfactory
9.	Kaga613/Wrks/FY20 18/2019/00 240	Hire of a grader to be used on Kasooha – Kenga - Kabuga Road (12.8 Km)	Selective National Bidding	Mbasa Investments (U) Ltd	35,840,000	43	53	50.5	Unsatisfactory
10.	Kaga613/Wrks/FY20 18/2019/00 243	Machine hire and supply of Road Construction materials on Nyakasozi - Kibooga Road (5.4 Km)	Selective National Bidding	Doto Logistics Ltd	50,000,000	34	53	48.1	Unsatisfactory
11.	Kaga613/Wrks/FY20 18/2019/00 241	Machine hire and supply of Road Construction materials on	Selective National Bidding	Doto Logistics Ltd	60,000,000	38	53	49.2	Unsatisfactory

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract Value (UGX)	Process Compliance Score (%)	Performance Indicator Score (%)	Overall weighted score (%)	Rating
		Kyakahuku - Kasoga Road (5 Km)							
12.	Kaga613/Wrks/FY20 18/2019/00 248	Machine hire and supply of Road Construction materials on Kinyarwanda-Kyeya-Buhumuliro Road (3 Km)	Selective National Bidding	Hyjam Investments (U) Ltd	48,980,000	34	53	48.1	Unsatisfactory
13.	Kaga613/Wrks/FY20 18/2019/	Machine hire and supply of Road Construction materials on Kamuyange - Kashagaali Road (2.9 Km)	Selective National Bidding	Chamil International Ltd	39,938,000	31	53	47.2	Unsatisfactory
14.	Kaga613/Wrks/FY20 18/2019/00 105	Completion of Kabamba H/C III Staff house in Kabamba Sub County.	Selective National Bidding	Juscona Enterprises Ltd	32,369,494	74	86	82.8	Satisfactory
15.	Kaga613/Wrks/FY20 18/2019/00 102	Completion of a 3 Classroom block at Kinaaba Primary School in Rugashali Sub	Selective National Bidding	Mbasa Investments (U) Ltd	38,414,204	84	87	86.1	Satisfactory

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract Value (UGX)	Process Compliance Score (%)	Performance Indicator Score (%)	Overall weighted score (%)	Rating
		County under SFG							
16.	Kaga613/S upls/FY201 8/2019/001 25	Supply of fuel for inspection activities for the 3 rd term 2018/2019	Selective National Bidding	Demu Traders (U) Ltd	10,030,000	79	86	84.2	Satisfactory
17.	Kaga613/S upls/FY201 8/2019/000 58	Rehabilitation of 10 boreholes in different parts of Kagadi	Selective National Bidding	Kagadi Pump Mechanics	49,782,500	84	86	85.7	Satisfactory
18.	Kaga613/Sr vcs/FY 2018/2019/ 00217	Management of Kyaterekera Daily Market	Selective National Bidding	Masa Polycarp	8,520,000	89	86	86.4	Satisfactory
19.	Kaga613/ Wrks/FY20 18/2019/00 101	Partial Completion of a 3 Classroom block at Rwentale Primary School in Kyakabadiima Sub County	Selective National Bidding	Giofix Investments (U) Ltd	33,414,838	84	86	85.7	Satisfactory
20.	Kaga613/ Wrks/FY20 18/2019/00 242	Machine hire and supply of Road Construction materials on Burora –Rutuuza Road (5.6 km)	Selective National Bidding	Chamil International Ltd	49,880,000	34	53	48.1	Unsatisfactory

No.	Reference number	Subject of procurement	Procurement method	Provider	Contract Value (UGX)	Process Compliance Score (%)	Performance Indicator Score (%)	Overall weighted score (%)	Rating
21.	Kaga613/Wrks/FY2018/2019/00245	Machine hire and supply of Road Construction materials on Kamusegu – Kasubi - Kisungu Road (8 Km)	Selective National Bidding	Media Extra Plus (U) Ltd	70,000,000	33	53	47.8	Unsatisfactory
22.	Kaga613/Supls/FY2018/2019/00041	Supply and delivery of 1 hullers (for cob) and a motor and 1 blowers and moisturemeter to Production Department	Selective National Bidding	Sasali Contractors Ltd	25,310,000	88	88	87.5	Satisfactory
23.	Kaga613/Wrks/FY2018/2019/00056	Fencing of Mabaale Town Council Headquarters	Selective National Bidding	Trurt Supplies and Logistics Ltd	24,760,795	88	87	87.1	Satisfactory
		Total			1,409,816,010				

Key Performance rating

No	Performance Score (%)	Performance Rating	Abbreviation	Compliance rating by number	Compliance rating by amount (UGX)
1.	90-100	Highly Satisfactory	HS		
2.	60-89	Satisfactory	S	14	891,618,010
3.	30-59	Unsatisfactory	U	9	518,198,000
4.	0-29	Highly Unsatisfactory	HU		
	Total			23	1,409,816,010

Annex 2. List of staff in the Procurement and Disposal Unit

No	Name	Qualification	Position in PDU	Date of Appointment
1.	Mr. Nkalubo Mathias	BPLM, PG Diploma in procurement	HPDU	2/6/2017

Annex 3. List of the Contracts Committee members

S/N	Name	Position in the District	Committee position	Date of appointment	Expiry date
1.	Dr. Amanya Moses	Chairperson	District Production officer	11/15/2019	11/15/2022
2.	Mr. Sunday Eric	Member	Senior Assistant Town Clerk	11/15/2019	11/15/2022
3.	Ms. Natukunda Mary	Member	Senior Community Development Officer	11/15/2019	11/15/2022
4.	Mr. Ngondwe Pontius Kiiza	Member	District community Development officer	11/15/2019	11/15/2022
5.	Dr. Olowo James	Member	District Health officer	11/15/2019	11/15/2022

Annex 4. List of all Heads of User Departments

No.	Title of User Department	Job Title of Head of Department	Name of Head of Department
1.	Administration	Chief Administrative Officer	Ndifuna Mathias
2.	Finance	Chief Finance Officer	Natugonza Vincent
3.	Statutory Bodies	Clerk to Council	Sunday Eric
4.	Community Services	District Community Development Officer	Ngondwe Pontius Kiiza
5.	Production	District Production Officer	Dr. Amanya Moses
6.	Health	District Health Officer	Dr. Olowo James
7.	Planning Unit	District Planner	Tibenda Deogratus
8.	Natural Resources	District Natural Officer	Bukenya Bartholomew
9.	Trade and Commercial	District Commercial Officer	Byoona Gerald
10.	Internal Audit	Principal Internal Auditor	Bamwine Nathan
11.	Engineering	District Engineer	Bukenya Robert