



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

*"Procurement That Delivers"*

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR THE  
FINANCIAL YEAR 2022/23**

**KISORO MUNICIPAL COUNCIL**

**APRIL 2024**

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## ACRONYMS

ESHS	Environmental, Social, Health and Safety
FY	Financial Year
Ltd	Limited
PDU	Procurement and Disposal Unit
PS/ST	Permanent Secretary and Secretary to the Treasury
PPDA	Public Procurement and Disposal of Public Assets Authority
SUPLS	Supplies
SVRCS	Services
UGX	Uganda Shillings
VAT	Value Added Tax
WRKS	Works

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a procurement and disposal audit of Kisoro Municipal Council that covered a representative sample of 20 procurement transactions under the Financial Year 2022/23.

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

From the findings of the procurement audit exercise, the performance of Kisoro Municipal Council for the Financial Year 2022/23 was **satisfactory** with an overall weighted average risk rating of **26.9%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

Despite this satisfactory performance, the following key exceptions were noted:

1. The Entity failed to fully implement 57% of the previous recommendations for the Financial Year 2020/2021, implying that there was no mechanism in place to implement PPDA recommendations;
2. The Entity did not implement 46% equivalent to UGX 421,521,666 of the planned procurements for the financial year 2022/2023. This was attributed to the poor local revenue collection within the Municipal Council where 71% of the projected revenue for the financial year was not realized. Failure to realize planned revenue denies the Entity an opportunity to implement certain activities which may lead to poor service delivery;
3. The Entity did not dispose of various obsolete assets recommended in the Board of Survey Report for Financial Year 2021/2022 contrary to Regulation 122 (10) of the Local Governments (PPDA) Regulations, 2006;
4. The Entity submitted its quarterly procurement and disposal reports for the first three quarters of the financial year to the Authority beyond the regulated period, with an average delay of 35 working days, contrary to Guideline No. 6 of the Local Governments (PPDA) Guidelines 2008. These delays were attributed to understaffing within the Procurement and Disposal Unit where only one person at the level of Senior Procurement Officer manned the Unit; and
5. There was low bidder participation in 45% of the sampled procurements, where on average, 1.3 bids were received in every invitation to bid.

In light of the above, Kisoro Municipal Council should implement the following recommendation:

1. The Accounting Officer should:
  - i. Ensure that all recommendations by the Authority are shared with all Departments of the Entity for action and also institute a mechanism of implementing 100% of the action plan in accordance with Section 9 (4) of the PPDA Act, 2003;
  - ii. Dispose all the obsolete items identified by the Board of Survey reports in accordance with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023;
  - iii. Submit Monthly Procurement and Disposal Reports to the Authority in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
  - iv. Organize a bidder's conference to build capacity of bidders and also address issues of low bidder participation in order to make procurement attractive, fair, transparent and competitive manner;

2. The Internal Audit Department should track and monitor the implementation of all PPDA audit recommendations within the specified time frame in accordance with Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
3. The Procurement and Disposal Unit should always update the plan whenever the need arises in accordance with Section 58 of the PPDA Act, 2003.
4. Contract Managers should ensure that all construction staff members wear protective gear to avoid unnecessary accidents and protect the image of the Entity in accordance with Section 61 (A) of the PPDA Act, 2003.

Kisoro Municipal Council should implement the recommended action plan on **page 20**.

## CHAPTER 1: INTRODUCTION

### 1.1 Structure of the Entity

Section 26 (1) of the PPDA Act, 2003 gives the Accounting Officer the overall responsibility for the successful execution of the procurement and disposal process in the Procuring and Disposing Entity. Section 26 (1) (a) and (c) specifically gives the responsibility to the Accounting Officer to cause the establishment of a Procurement and Disposal Unit and Contracts Committee staffed at an appropriate level.

The Entity had a substantive Accounting Officer, a Procurement and Disposal Unit, and a Contracts Committee. Adhoc Evaluation Committees were appointed for each procurement transaction.

### 1.2 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out the procurement and disposal audit of Kisoro Municipal Council that covered a representative sample of 20 procurement transactions under the Financial Year 2022/23. The audit involved a review of the procurement structures, procurement, and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act 2003 and Local Governments (PPDA) Regulations, 2006.

### 1.3 Main Audit Objectives

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

The specific objectives were to:

- i. Establish the level of compliance by the Entity with the provisions of the PPDA Act, 2003 and Local Governments (PPDA) Regulations 2006 with regard to the performance of the procurement structures and conduct of procurement processes;
- ii. Assess the degree of compliance of the Entity's disposal process with the provisions of the PPDA Act, 2003 and Local Governments (PPDA) Regulations, 2006;
- iii. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

### 1.4 Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues, and contract implementation on a sample basis. The audit covered a representative sample of 20 procurement transactions under the Financial Year 2022/23. The list of sampled transactions is contained in **Annex A**. The distribution of the transaction population and sample are in Table 1 below:

**Table 1: Analysis of Population and Sample Selected for Audit of FY 2022/23**

No	POPULATION			SAMPLE		PERCENTAGE	
	Procurement method	Value (UGX)	No	Value (UGX)	No.	Value	No
1.	Open bidding	460,672,510	22	93,100,000	2	20%	9%
2.	Direct procurement	21,261,908	06	-	-	0%	0%
3.	Framework	252,698,661	40	119,180,400	11	47%	28%
4.	Micro procurement	10,151,890	30	-	-	0%	0%
5.	Selective bidding	300,437,117	17	151,782,043	7	51%	41%
<b>TOTAL</b>		<b>1,045,222,086</b>	<b>115</b>	<b>364,062,443</b>	<b>20</b>	<b>35%</b>	<b>17%</b>

### 1.5 Audit Methodology

The auditors examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive audit 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 fit for purpose.

A debrief meeting was held on **2<sup>nd</sup> August 2023** to clear all pending issues that arose during the audit with the Entity management and staff before the auditors embarked on the preparation of the management letter. The management letter was sent to the Entity on **18<sup>th</sup> August 2023** with a request to submit a management response by **30<sup>th</sup> August 2023**. The exit meeting was held on **19<sup>th</sup> December, 2023**.

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. The audit report presents the key findings and conclusions arising from the audit.

## CHAPTER 2: AUDIT FINDINGS, IMPLICATIONS, AND RECOMMENDATIONS

### 2.1 TO ESTABLISH THE LEVEL OF COMPLIANCE BY THE ENTITY WITH THE PROVISIONS OF THE PPDA ACT, 2003 AND LOCAL GOVERNMENTS (PPDA) REGULATIONS, 2006 WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT PROCESSES

The following areas of non-conformity were observed:

#### 2.1.1. Implementation of previous audit recommendations

Section 9 (1) of the PPDA Act, 2003 states that the Authority may direct the concerned Procuring and Disposing Entity to take necessary corrective to rectify the breach action in the circumstances where there is a persistent breach of the Act, Regulations, or Guidelines.

Kisoro Municipal Council failed to implement 57% of the Authority's previous audit recommendations contained in the audit report for the Financial Year 2020/21 as detailed in Table 2 below:

**Table 2: Status of implementation of previous audit recommendations**

No.	Recommendation	PPDA Finding	Status	Management Response
1.	The Contracts Committee should ensure consistency between the Special Conditions of the contract contained in the issued solicitation document and the signed contract.	No inconsistencies were found during the current audit.	Implemented	Noted
2.	The Accounting Officer should recover UGX 6,444,000 from Kisoro Ntibainn Contractors and Suppliers (U) Limited irregularly paid as VAT to a non-registered provider.	No evidence provided	Not Implemented	The Entity shall make a follow-up to ensure recovery of the funds.
3.	The Evaluation Committee should strictly adhere to all the set criteria in the bidding document.	Evaluation reports were detailed and covered all parameters that were to be assessed.	Implemented	Noted
4.	The Entity should procure from providers on framework contracts offering lower unit rates to attain value for money.	Laptops and other computer accessories were purchased from other providers during the Financial Year under review. Despite, the Entity having a	Not Implemented	The Entity shall enforce the acquisition of all procurable items from the shortlisted bidders.

No.	Recommendation	PPDA Finding	Status	Management Response
		signed framework contract with Global Royal World Limited for the same.		
5.	User Departments should report all micro procurements undertaken to the Procurement and Disposal Unit	Micro procurements undertaken were reported to the Procurement and Disposal Unit and subsequently to the Authority.	Implemented	Noted
6.	The Accounting Officer should ensure that contract supervisors enforce the requirement of performance securities as specified in the contract.	Contracts for all the sampled procurement transactions indicated the requirement for performance securities as not applicable.	Not Implemented	The Entity thought it was not a requirement since the projects were of low value, however for the high-value projects, this recommendation shall always be adhered to.
7.	All contract supervisors should ensure that every provider meets their performance obligations as per the terms and conditions of the signed contract	There was delayed completion of works and delivery of goods in two procurement transactions during the Financial Year under review.	Not Implemented	The Entity shall ensure that all the contract supervisors monitor and make reports on the performance of their respective contracts assigned to them.

#### **Implications**

- The Accounting Officer failed to put in place a system that monitors and tracks the implementation of audit recommendations.
- Several queries raised in the procurement and disposal audit report were still occurring in the Entity despite the Authority making recommendations to rectify them.

#### **Management Response**

Management noted the query and has included procurement process auditing in the work plan of the Internal Audit effective during the Financial Year 2023/2024.

#### **Recommendation**

The Internal Audit Department should track and monitor the implementation of all PPDA audit recommendations within the specified time frame in accordance with Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

### 2.1.2. Inadequate staffing of the Procurement and Disposal Unit

Section 26 (1) (c) of the PPDA Act, 2003, empowers the Accounting Officer to establish a Procurement and Disposal Unit staffed at an appropriate level.

The Accounting Officer failed to staff the Procurement and Disposal Unit adequately. Kisoro Municipal Council's Procurement and Disposal Unit was understaffed and managed by the Senior Procurement Officer, Ms. Getrude Ahimbisibwe without someone to deputise her.

#### Implication

The Procurement and Disposal Unit may fail to deliver on its mandate due to overload in the section.

#### Management response

The Entity was limited by wage to recruit a Procurement Officer to replace the vacant position after the current officer had been promoted to Senior Procurement Officer. There is also a ban on new recruitments as per the circular dated 25<sup>th</sup> April 2023 from the Permanent Secretary of Public Service.

#### Recommendations

The Accounting Officer should:

1. As a temporary measure assign Interns and Graduate Trainees to the Procurement and Disposal Unit to assist the Senior Procurement Officer with the workload.
2. Staff the Procurement and Disposal Unit to an adequate level in accordance with Section 26 (1) (c) of the PPDA Act, 2003.

### 2.1.3. Failure to fully constitute the Contracts Committee

Regulation 15 (1) of the Local Governments (PPDA) Regulations 2006, states that the Contracts Committee shall consist of five members nominated by the Town Clerk and approved by the PS/ST.

The Accounting Officer failed to fully constitute the Contracts Committee. The Kisoro Municipal Council Contracts Committee was comprised of only four members instead of five members recommended. On 10<sup>th</sup> February 2023, the PS/ST approved the members of the Contracts Committee listed in Table 3 below;

**Table 3: Contracts Committee membership**

No.	Name	Designation	Title
1.	Mr. Birungi Font	Principal Community Development Officer	Chairperson
2.	Ms. Mukankusi Assumpta	Ag. Senior Inspector of Schools	Member
3.	Mr. Sebahire Christopher	Senior Assistant Engineering Officer	Member
4.	Dr. Nkomejimana Benon	Principal Medical Officer	Member

Furthermore, the Contracts Committee has never been inducted by the Authority to fully play their role since their appointment on 10<sup>th</sup> February 2023.

#### Implication

This results in unnecessary delays and impacts on the quality of oversight provided by the Contracts Committee within the procurement process.

**Management Response**

- The Senior Assistant Town Clerk Mr. Angello Mfitundinda was submitted to PS/ST for approval to fill the vacant position.
- The induction of the Contracts Committee members was limited by budget constraints. However, there is a plan to engage the Authority in the induction of all the stakeholders in the procurement process before the end of the Financial Year 2023/2024.

**Recommendations**

1. The Accounting Officer should follow up on the approval of Senior Assistant Town Clerk Mr. Angello Mfitundinda to fill the vacant position on the Contracts Committee with the PS/ST in accordance with Section 26 (a) of the PPDA Act, 2003.
2. The Accounting Officer should prioritize the induction of the Contracts Committee members before the end of the Financial Year 2023/2024.

**2.1.4. Procurement plan management**

Section 58 (2) of the PPDA Act, 2003 requires Procuring and Disposing Entities to plan their procurement and disposal activities rationally. Section 58 (4) of the PPDA Act, 2003 empowers Procuring and Disposing Entities to review and update their procurement plans quarterly and in any other case, wherever necessary.

A review of the quarterly reports submitted revealed that the Entity failed to implement 46% of its procurement plan for the financial year 2022/2023 as of 30<sup>th</sup> June 2023 as detailed in Table 4 below:

**Table 4: Analysis of Procurement Plan Performance**

Total procurement plan value inclusive VAT (UGX)	936,392,983
Total procurement spend value inclusive VAT (UGX)	514,865,317
Procurement Plan Implementation Rate	54%
Procurement Plan Implementation Variance (UGX)	421,521,666

The Auditors attributed the procurement plan implementation rate to poor local revenue collection within the Municipal Council. Out of the UGX 1,212,236,000 revenue projected from all revenue centers for twelve months, only UGX 477,417,811 (39%) was realized. Local Revenue worth UGX 734,818,189 was not collected during the financial year under review leaving several planned procurements unexecuted.

**Implication**

The Entity denied service delivery to its intended planned beneficiaries.

**Management Response**

- Management noted the query and pledged to always update the procurement plan updates whenever the need arises.
- The economic breakdown affected the revenue assessment results as a result of the war in Congo, diseases in goats, and the closure of the Rwandan border.

### **Recommendations**

1. The Procurement and Disposal Unit should always update the plan whenever the need arises in accordance with Section 58 of the PPDA Act, 2003.
2. The Accounting Officer should conduct a thorough assessment of all revenue sources within the Municipal Council to ascertain the realistic amount of revenue that can be collected from the various revenue sources.

#### **2.1.5. Late submission of quarterly procurement and disposal reports to the Authority**

Guideline No. 6 of the Local Governments (PPDA) Guidelines 2008, requires all Procuring and Disposing Entities to submit quarterly procurement and disposal reports to the Authority by the 15<sup>th</sup> of the month that immediately follows the quarter to be reported on.

The Accounting Officer delayed submitting quarterly procurement and disposal reports to the Authority contrary to the above guidelines as detailed in Table 5 below:

**Table 5: Submission of quarterly procurement and disposal reports to PPDA**

<b>No</b>	<b>Quarters of the Financial Year</b>	<b>Deadline for submission</b>	<b>Actual submission date</b>	<b>Delay period</b>
1.	1 <sup>st</sup> Quarter (July, August, September)	15 <sup>th</sup> October 2022	17 <sup>th</sup> November 2022	22 working days
2.	2 <sup>nd</sup> Quarter (October, November, December)	15 <sup>th</sup> January 2023	9 <sup>th</sup> February 2023	18 workings days
3.	3 <sup>rd</sup> Quarter (January, February, March)	15 <sup>th</sup> April 2023	14 <sup>th</sup> July 2023	65 working days

These delays were attributed to understaffing within the Procurement and Disposal Unit. The Senior Procurement Officer, Ms. Getrude Ahimbisibwe went away on a three-month maternity leave in January 2023. Work in the unit went on a standstill until her return, thus a delay in the reports being submitted.

### **Implication**

Delayed submission of quarterly procurement and disposal reports affects the Authority's execution of its oversight mandate and also denies the Entity timely procurement and disposal advice from the Authority.

### **Management Response**

- Management noted the query. Kisoro Municipal Council shall endeavor to send soft copies of quarterly reports to the Authority email address to ensure timely submission since the hard copy submissions are sometimes also hindered by financial constraints.
- Kisoro Municipal Council shall also recruit a Procurement Officer to assist the Senior Procurement officer when the ban on new recruitments is lifted.

### **Recommendation**

The Accounting Officer should ensure that procurement and disposal reports are submitted to the Authority in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

#### **2.1.6. Delays by the Accounting Officer to confirm the availability of funds**

Section 48 of the PPDA Act, 2003, requires all procurement and disposal processes to be conducted in a manner that promotes economy, efficiency and value for money.

The audit revealed that in two procurement transactions worth UGX 53,375,463, the Accounting Officer confirmed the availability of funds more than twenty (20) working days after the User Department had initiated the procurement as shown in Table 6 below:

**Table 6: Procurements with delayed confirmation of funding by the Accounting Officer**

No	Subject of Procurement	Amount (UGX)	Date of initiation	Date of confirming availability of funds	Duration taken
1.	Extension/Renovation of Council Hall	33,395,463	13 <sup>th</sup> December 2022	16 <sup>th</sup> January 2023	23 working days
2.	Supply of fuel (works)	19,980,000	19 <sup>th</sup> August 2022	15 <sup>th</sup> November 2022	61 working days
<b>Total</b>		<b>53,375,463</b>			

### **Implication**

Unnecessary delays in the procurement process affect service delivery and are a sign of inefficiency of the procurement function.

### **Management response**

Management noted the query. Record books for incoming and outgoing documents shall be introduced in the PDU and the office of the Accounting Officer to track the stages of the procurement process to curb the delays detected.

### **Recommendation**

The Accounting Officer should put in place measures that eliminate unnecessary delays and ensure that the procurement processes within the Entity promote efficiency in accordance with Section 46 of the PPDA, Act 2003.

#### **2.1.7. Low bidder Participation**

Section 46 of the PPDA Act, 2003, requires all procurement and disposal to be conducted in a manner that maximizes competition and achieves value for money.

The Authority observed that there was low bidder participation within the sampled procurement transactions conducted by the Entity. Forty-five percent (45%) of the sampled procurements either had sole or two bidders responding to bid invitations which were too low. These cases are detailed in Table 7 below;

**Table 7: Low Bidder Participation**

No.	Subject	Amount	Number of bidders invited	Number of bids received
1.	Supply of cutting blades for the grader (UG 2013W)	2,800,000	Open to all	1
2.	Supply of a laptop for planning unit	2,500,000	Open to all	1
3.	Classroom renovation of 1 classroom at Kisoro Hill Primary School	14,770,721	5	1
4.	Supply and installation of plastic water tanks	9,135,000	5	1
5.	Extension/Renovation of Council Hall	33,395,463	5	1
6.	Phased construction of a two- Unit staff house at Gisoro Primary School	39,517,610	5	2
7.	Construction of one classroom at Seseme Primary School	29,864,709	5	2
8.	Hire of land below the Municipal Council block for 2 years	1,200,000	3	1
9.	Procurement of land for garbage disposal	75,000,000	3	2

The Authority attributed this to collusion among shortlisted firms. A compliant bidder in one procurement process deliberately submits a poorly prepared bid in another.

#### **Implication**

There is a potential risk that bidders are colluding at the time of bidding and/or loss of confidence by bidders in the procurement processes of the Entity.

#### **Management response**

Management noted the query and shall implement the auditor's recommendation of organizing a bidder's conference.

#### **Recommendation**

The Accounting Officer should organize a bidder conference to attract new bidders to the Council and provide reassurance to existing bidders that procurement processes are fair, transparent and competitive.

## **2.2 LEVEL OF COMPLIANCE OF KISORO MUNICIPAL COUNCIL'S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, 2003 AND LOCAL GOVERNMENTS (PPDA) REGULATIONS 2006**

The audit revealed the following exceptions:

### **2.2.1 Disposal of Kisoro Municipal Council's obsolete assets**

Regulation 122 (10) of the Local Governments (PPDA) Regulations, 2006 empowers User Departments to initiate the disposal process for obsolete assets under its management following the recommendation of a Board of Survey.

The Board of Survey Report for the Financial Year 2021/2022, highlighted various obsolete assets recommended for boarding off in the previous year's Board of Survey Report that were being kept in the stores. However, User Departments failed to initiate disposal proceedings for the obsolete assets under their management contrary to the above PPDA Regulation. These obsolete assets are detailed in Table 8 below:

**Table 8: Obsolete assets recommended for disposal**

S/N	Asset Description	Quantity
1.	Pick Up Truck Registration No. UAF 492G	1
2.	Concrete Pavers	600
3.	Assortment of doors with frames	12
4.	Iron sheets (Supper – Eco)	28
5.	Iron Sheets (Ordinary)	53
6.	Ridges (Supper-Eco)	3
7.	Ridges (Ordinary)	4
8.	Timber (100mm*50mm), (150mm*50mm)	50
9.	Plastic water tanks	2
10.	Wash hand basin	2
11.	Metallic doors	2
12.	Assortment of vehicle parts	Several
13.	Demolished fence/old angle line	20
14.	Old vehicle engine	1
15.	Old twin desks	3

Some of the obsolete assets are pictured below;

**Figure 1: Obsolete assets due for disposal**



Figure 1: Pictures showing the obsolete items at the Kisoro Council Municipal Council headquarters. The picture was taken on 27<sup>th</sup> July 2023.

#### **Implication**

Government funds are held up in assets and/or lost through depreciation due to prolonged hoarding of such goods.

#### **Management response**

The disposal process was interrupted by political interference. However, the recommendation shall be taken back to the Council for re-consideration so that disposal is implemented to avoid further depreciation of the items.

### **Recommendation**

The Accounting Officer should conduct disposal of all the obsolete items identified by the Board of Survey in accordance with the PPDA (Disposal of Public Assets) Regulations, 2023.

#### **2.2.2 Failure to title land**

Regulation 122 (6) of the Local Government (PPDA) Regulations, 2006 empowers the Accounting Officer to review all assets of the Council annually to identify obsolete assets.

According to the Board of Survey Report for the Financial Year 2021/2022, Kisoro Municipal Council owned various untitled plots of land as detailed in Table 9 below:

**Table 9: Untitled land**

<b>S/N</b>	<b>Land Location</b>	<b>Current activity</b>	<b>Issue observed</b>
1.	Housing Estate and COPE Centre along Rukeribuga Road	Vacant	Untitled land
2.	Community house along Mutanda Road	Library	Untitled land
3.	Public open space on Gasasira Road	Farming	Untitled land
4.	Public Cemetery plot 173 Bunagana Road	Burial grounds	Untitled land
5.	Northern Division Offices along Mutolere Road Kamonyi Village	Office	Untitled land
6.	Land at the sewage treatment plant-Seseme	Vacant	Untitled land
7.	Market with Lock ups along Muhabura Road	Trade	Untitled land
8.	Slaughterhouse at Kisoro Main Market	Abattoir	Untitled land
9.	Public toilet at Rusiza Market – Muhabura Road	Public toilet	Untitled land

Furthermore, the Board of Survey report lacked details on the date of acquisition of these plots and their making identification of the land difficult contrary to the above PPDA Regulation.

### **Implication**

This implies that the Council's land is susceptible to grabbing and theft by squatters if it remains un-surveyed.

### **Management Response**

The Entity has included some funds in the budget for the Financial Year 2023/24 to legalize land ownership through phased titling.

### **Recommendation**

The Accounting Officer should ensure that land titles are processed for all untitled Council land to ease identification and protection.

#### **2.2.3 Engraving of Kisoro Municipal Council's assets**

Regulation 122 (6) of the Local Government (PPDA) Regulations, 2006 states that the Accounting Officer should review all assets of the Council annually to identify obsolete assets.

The Board of Survey report for the Financial Year 2021/2022 revealed that various movable assets belonging to Kisoro Municipal Council such as furniture, office, and ICT equipment were neither engraved nor labeled with a unique identification mark as detailed in Table 10 below:

**Table 10: Assets that require engraving**

S/N	Location	Asset Description	Quantity
1.	Town Clerk's Office	Chairs	5
		Tables	2
		Computers	1
		Printers	1
		Cupboards	1
		Visitor's seat	2
		Cabinets	1
2.	Deputy Town Clerk's Office	Chairs	
		Johnson's set of chairs	1
		Office Desk	1
3.	Internal Audit	Chairs	3
		Office Desk	3
		Computer with accessories	2
		Printer	1
		Cupboard	1
4.	Health and Environment	All assets in this office were not engraved	
5.	Production and Marketing		
6.	Education Department		
7.	Mayor's Office		
8.	Southern Division		
9.	Northern Division		

Furthermore, the Board of Survey report noted that the Council lacked an asset movement register to track the movement of assets across departments/sectors. Medical equipment was moved from Zindiro Health Centre III to Shaka Health Centre III and furniture moved from the Headquarters to the Divisions without tracking.

### **Implications**

Assets of the Council are prone to theft and pilferage since they cannot be identified and the tracking and tracing of unlabeled assets can be problematic.

### **Management Response**

Management noted the query and shall implement the recommendation provided.

### **Recommendation**

The Accounting Officer should ensure that all assets of the Council are labeled to ease identification of obsolete ones and plan for disposal in accordance with the PPDA (Disposal of Public Assets) Regulations, 2023.

## **2.3 LEVEL OF EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION INCLUDING THE APPLICATION OF ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY (ESHS) REQUIREMENTS IN THE PROCUREMENT PROCESS**

The audit revealed the following exceptions;

### **2.3.1 Delayed procurement processes**

Regulation 62 (3) of the Local Governments (PPDA) Regulations, 2006 states that the Procurement and Disposal Unit shall use the combined work plan to plan, organize, forecast

and schedule the procurement activities of the procuring and disposing entity for the financial year.

The Procurement and Disposal Unit ignored the combined procurement and disposal work plan prepared during the actual implementation of procurement processes and as a result, the estimated timelines in the procurement plan were exceeded as shown in Table 11 below:

**Table 11: Procurements whose planned timelines were exceeded during implementation**

No	Subject of procurement	Amount (UGX)	Planned procurement duration	Actual Procurement Duration	Procurement time overrun
1.	Classroom renovation of 1 classroom at Kisoro Hill Primary School	14,770,721	30 days	131 days	101 days
2.	Extension/Renovation of Council Hall	33,395,463	30 days	68 days	38 days
3.	Phased construction of a two-unit staff house at Gisoro Primary School	39,517,610	30 days	69 days	39 days
4.	Construction of one classroom at Seseme Primary School	29,864,709	30 days	69 days	39 days

#### **Implication**

The User Departments did not implement the timelines in the Entity's procurement plan subsequently leading to delayed initiation of requirements which affects budget absorption.

#### **Management response**

The Entity is planning to hold an induction training to enlighten all the stakeholders in the procurement process on their respective roles to effectively and efficiently improve service delivery.

#### **Recommendation**

The Procurement and Disposal Unit in liaison with the User Departments should efficiently implement all procurement processes in accordance with Section 48 of the PPDA Act, 2003.

#### **2.3.2 Delayed completion of contracts**

Regulation 104 (b) of the Local Governments (PPDA) Regulations, 2006, states that the User Departments shall be responsible for performance control of the providers to ensure that the general and special conditions of time and place of delivery, payments, accountability, reporting, and others are being strictly followed.

The Production Department failed to ensure that Shorero United Contractors Limited strictly followed the general and special conditions of the time of delivery contrary to the above regulation. There was delayed delivery and installation of plastic water tanks worth UGX 9,135,000 as detailed in Table 12 below:

**Table 12: Delayed completion of contracts**

No	Subject of Procurement	Amount (UGX)	Findings
1.	Supply and installation of plastic water tanks	9,135,000	The certificate of practical completion was issued on 18 <sup>th</sup> May 2023. The four-week contract signed on 16 <sup>th</sup> March 2023 had expired on 13 <sup>th</sup> April 2023. Contract duration was exceeded by 25 working days.
<b>Total</b>		<b>9,135,000</b>	

**Implication**

This results in the commitment of more resources in terms of staff and time by the Entity to projects that ought to have been completed.

**Management Response**

The Entity shall endeavor to implement the Auditor's recommendation for future projects.

**Recommendation**

User Departments should ensure that the providers perform contracts following the terms and conditions specified in the contract in accordance with Regulation 52 (1) (b) of the PPDA (Contracts) Regulations, 2023.

**2.3.3 Uncollected revenue**

Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006 states that a contract supervisor shall ensure that the provider performs the contract in accordance with the terms and conditions specified in the contract and a Procuring and Disposing Entity's requirements.

The Authority found that out of the UGX 1,212,236,000 projected revenue from various sources contracted out for twelve months, only UGX 477,417,811 (39%) was collected. Local Revenue worth UGX 734,818,189 was not realized during the financial year under review as detailed in Table 13 below:

**Table 13: Actual revenue collected vs projected revenue per quarter**

Quarters	Total revenue collected	Budgeted amount per Quarter
1st	92,105,239	303,059,000
2nd	107,617,348	303,059,000
3rd	131,881,027	303,059,000
4th	145,814,197	303,059,000
<b>Total</b>	<b>477,417,811</b>	<b>1,212,236,000</b>

The Auditors attributed this low revenue collection to laxity in contract supervision of revenue collectors, failure to enact penalty clauses in case of breaches and lack of innovation to create more revenue sources.

**Implications**

- Failure to fully collect revenue as planned leads to financial loss to the Government of Uganda.
- There is a possibility that contract managers of revenue centers are under-declaring revenues collected.

### **Management Response**

- Kisoro Municipal Council shall encourage women and youth to form Associations and help the Entity in revenue collection.
- Kisoro Municipal Council shall sensitize the locals through the local radios on how to advertise using the street light poles with boards.

### **Recommendations**

1. The Accounting Officer should conduct a thorough assessment of all revenue sources to ascertain the realistic amount of revenue that can be collected from the various revenue sources.
2. Kisoro Municipal Council should help youth and women groups to form SACCOs that can run these facilities where they work to ensure constant remission of revenue.
3. The Municipal Council should include advert stands and the street lights it is installing as a way to increase its revenue sources.

### **2.3.4 Implementation of Environmental, Social, Health and Safety requirements**

Section 61 (A) of the PPDA Act, 2003, requires every Procuring and Disposing Entity to consider environmental protection, social inclusion and stimulating innovation for each procurement to achieve sustainable procurement. The audit revealed the following exceptions:

#### **a) Poor waste disposal management at Kisoro Municipal Council Headquarters**

Waste disposal at the Kisoro Municipal Council headquarters was poor. The Entity carried out open burning of waste paper and did not sort the plastics as shown in Figures 2 & 3 below;

**Figure 2: Open burning of waste paper at the Kisoro Municipal Council headquarters**



The above pictures show the open burning of waste paper and plastic bottles at the Kisoro Municipal Council headquarters.

**Figure 3: Unsorted waste dumped in the same dust bin**



The above picture shows the unsorted waste dumped together in the same improvised dust bin. Plastic bottles and papers are dumped together with organic waste.

### **Implications**

- This portrays a poor image of the Government as an enforcer of proper waste management and environmental protection within the Council.
- Firms with green procurement policies will not want to associate with the Municipal Council leading to low bidder participation.

### **Management Response**

- The User Department has included double-sided garbage bins in the budget to promote the sorting of garbage at the source.
- The Entity shall partner with local recyclers to help in recycling plastic bottles for proper garbage disposal instead of practicing open burning.

### **Recommendation**

The Entity's response is noted. However, Kisoro Municipal Council should adopt proper waste management techniques to act as a benchmark for the surrounding community and bidders to promote sustainable procurement in accordance with Section 61A of the PPDA, Act 2003.

### **b) Safety of workers and visitors on project sites**

According to the progress reports of various construction projects reviewed, construction workers were not wearing any protective gear such as reflectors, helmets, gumboots and gloves. Furthermore, the sites were not hoarded off during construction and lacked safety warning signage as shown in the pictures extracted from various reports below:

**Figure 4: Locals constructing a Municipal project without any personal protective gear**



The above pictures showing construction workers on site working without any personal protective gear were extracted from the completion report for the extension of the council hall dated 15<sup>th</sup> May 2023.

### **Implication**

This increases the risk of accidents on the construction site.

### **Management Response**

The Entity shall provide health and safety education to contractors and their staff before the commencement of the projects/works and also include the requirement of protective wear in the special conditions of the contract agreement.

### **Recommendation**

The Entity's response is noted. Going forward, the contract supervisors should ensure that all construction staff members wear protective gear to avoid unnecessary accidents and protect the image of the Entity.

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

This section graphically presents the scores per area assessed under the different audit questions

#### 3.1 Overall audit conclusion

The performance of Kisoro Municipal Council for the Financial Year 2022/23 was **satisfactory** with an overall weighted average risk rating of **26.9%**. The risk rating is as follows;

**Table 14: Risk Rating**

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

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

**Table 15: Summary of performance of Kisoro Municipal Council**

Risk category	No.	No. %	Value	Value %	Weights	Total weighted Average	
						By No.	By Value
High	-	-	-	-	0.6	-	-
Medium	6	30	113,310,463	31	0.3	9.0	9.3
Low	14	70	250,751,980	69	0.1	7.0	6.9
Satisfactory	-	-	-	-	0	-	-
<b>Total</b>	<b>20</b>	<b>100</b>	<b>364,062,443</b>	<b>100</b>	<b>1</b>	<b>16</b>	<b>16.2</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{16}{60} \times 100 = 26.7\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{16.2}{60} \times 100 = 27\%$$

$$\text{Combined Weighted Average} = \frac{26.7 + 27}{2} = 26.9\%$$

Figure 5: Risk Rating by Number

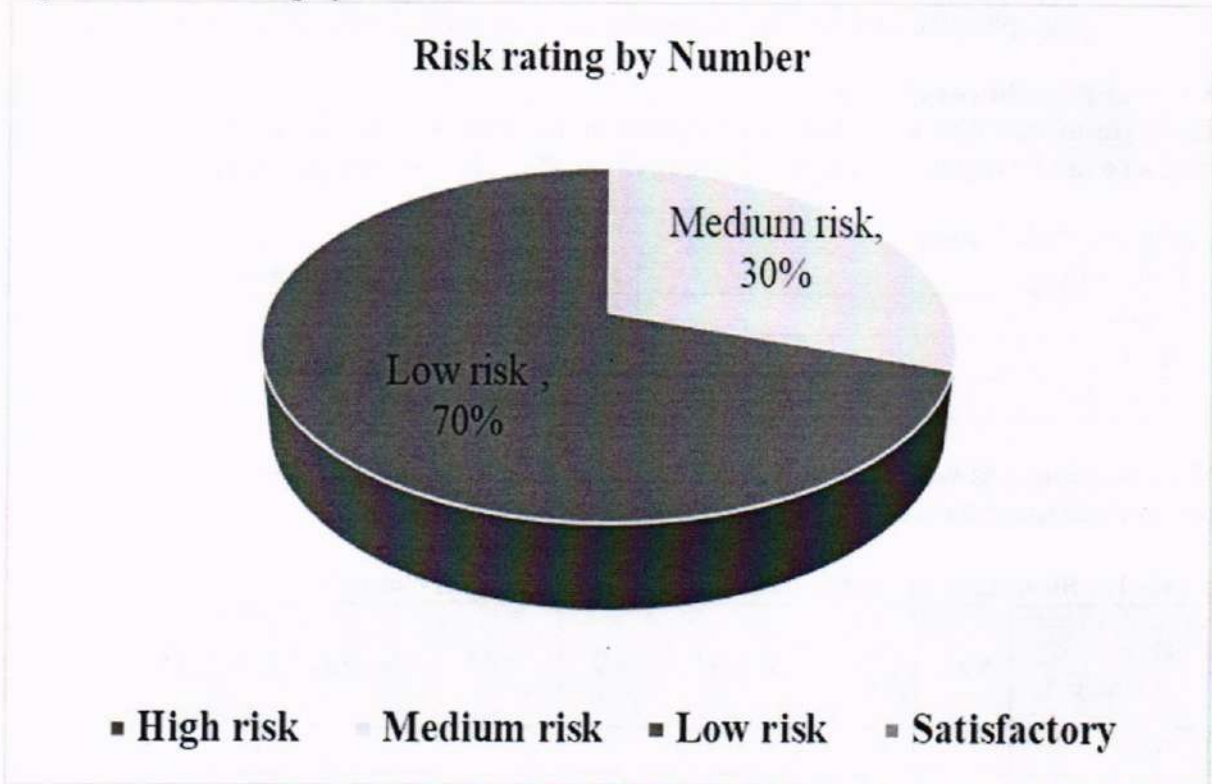
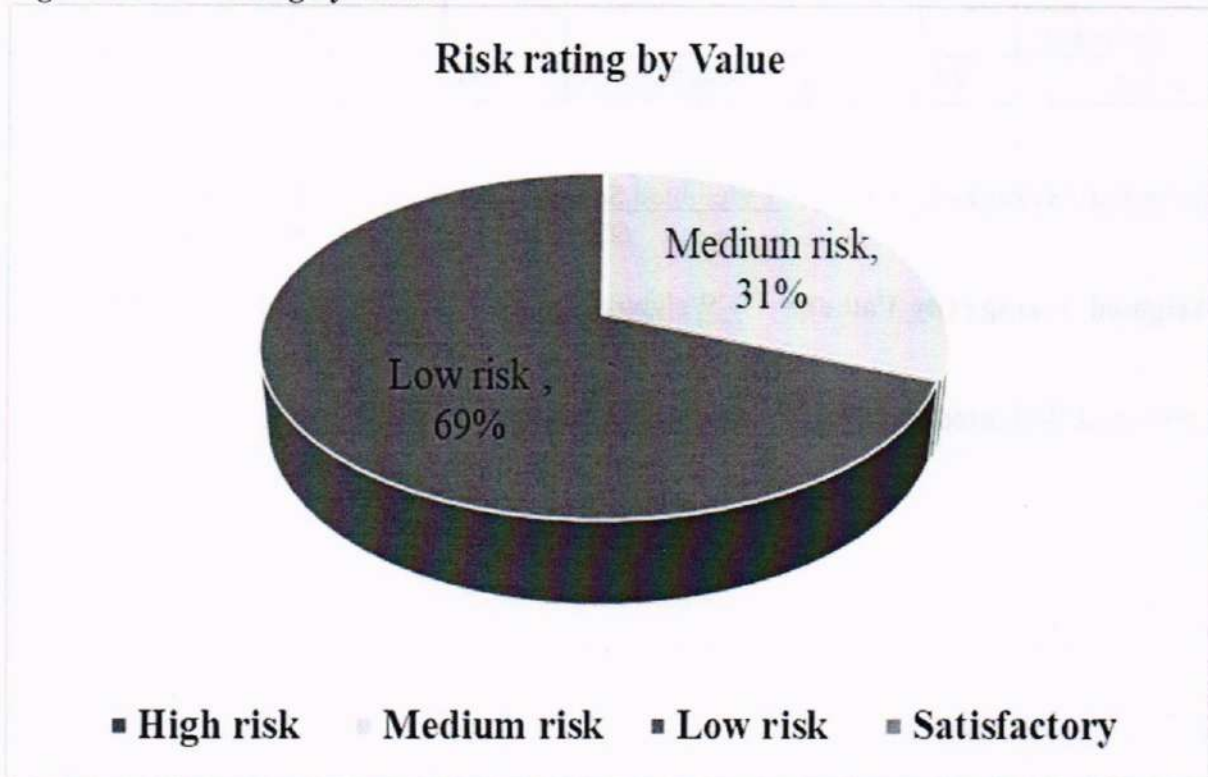


Figure 6: Risk Rating by Value



### 3.2 Recommended action plan

Kisoro Municipal Council should implement the following recommendations within the timeframe given to improve its performance in Procurement and Disposal.

**Table 16: Recommended action plan**


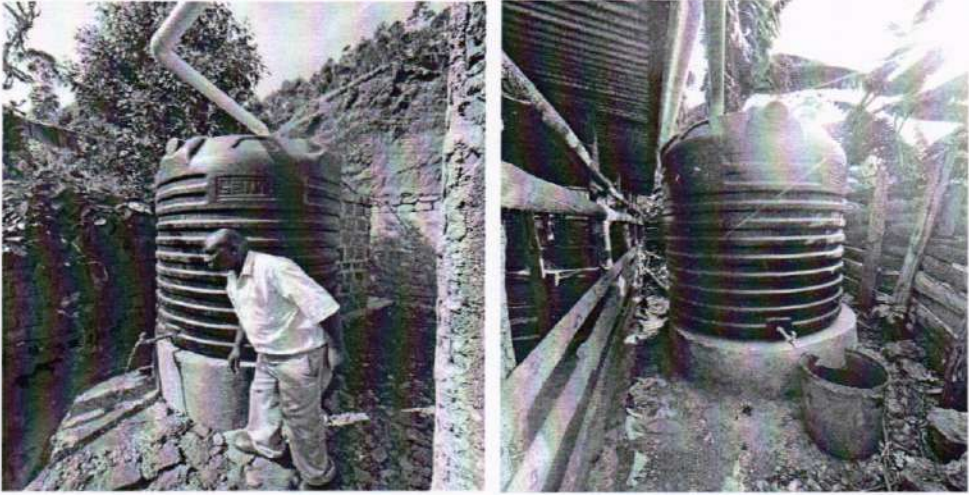
No.	Recommendation	Action Party	Action Date
1.	The Accounting Officer should organize a bidder conference to attract new bidders to the Council and provide reassurance to existing bidders that procurement processes are fair, transparent, and in a competitive manner.	Accounting Officer	July 2024
2.	The Accounting Officer should ensure that quarterly procurement and disposal reports are submitted to the Authority by the 15 <sup>th</sup> of the month that immediately follows the quarter to be reported on.	Accounting Officer	July 2024
3.	The Accounting Officer should staff the Procurement and Disposal Unit to an adequate level in accordance with Section 26 (1) (c) of the PPDA Act, 2003.	Accounting Officer	July 2024
4.	The Procurement and Disposal Unit should regularly review the implementation of the procurement plan and update it whenever necessary.	Procurement and Disposal Unit	July 2024
5.	The Internal Auditor should track and monitor the implementation of all PPDA audit recommendations within the specified time frame to improve the Entity's performance in accordance with Regulation 27 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	Internal Auditor	July 2024
6.	User Departments should initiate disposal proceedings for all the obsolete items identified by the Board of Survey in accordance with Regulation 3 (2) of the PPDA (Disposal of Public Assets) Regulations, 2023.	User departments	July 2024
7.	Kisoro Municipal Council should ensure compliance with Environmental, Social, and Health safety requirements for all its construction projects.	User departments	July 2024
8.	User Departments should conduct a thorough assessment of all revenue sources to ascertain the realistic amount of revenue that can be collected from the various revenue sources.	User departments	July 2024

**Annex A: Audit Sample List for the audit of Kisoro Municipal Council for FY 2022/23**

No.	Subject of Procurement	Procurement Method	Provider	Amount (UGX)	Risk Rating
1.	Fuel and Lubricants-Diesel for Health Office Operations	Framework	Kindly Service Station	2,800,000	Medium risk
2.	Land for garbage disposal	Open domestic bidding	Expedito Byensi	25,500,000	Low risk
3.	Supply of road materials for pothole patching	Framework	Shorero United Contractors Limited	12,840,000	Low risk
4.	Fuel and Lubricants-Diesel for road routine mechanized maintenance of roads	Framework	Kindly Service Station	19,980,000	Medium risk
5.	Supply of materials for pothole patching	Framework	Preenpost Company Limited	8,350,000	Low risk
6.	Fuel and Lubricants-Diesel	Framework	Kindly Service Station	20,000,000	Medium risk
7.	Supply of materials for leveling New park	Framework	Shorero United Contractors Limited	3,960,000	Low risk
8.	Renovation of one classroom and minor repairs on the resource room at Kisoro Demo Primary School	Selective bidding	Preenpost Company Limited	23,898,540	Low risk
9.	Phased construction of a two-unit staff house at Gisoro Primary School	Selective bidding	Shorero United Contractors Limited	39,517,610	Low risk
10.	Construction of one Classroom at Seseme Primary School	Selective bidding	Preenpost Company Limited	29,864,709	Low risk
11.	Motor Vehicle Repairs and Servicing	Framework	Bankutec Construction Co Ltd	15,450,400	Low risk
12.	Classroom renovation of 1 classroom at Kisoro Hill Primary School	Selective bidding	Ndagajose Builders & Contractors Limited	14,770,721	Low risk
13.	Supply and installation of plastic water tanks	Selective bidding	Shorero United Contractors Limited	9,135,000	Medium risk
14.	Extension/Renovation of Council Hall	Selective Bidding	Preenpost Company Limited	33,395,463	Medium risk

No.	Subject of Procurement	Procurement Method	Provider	Amount (UGX)	Risk Rating
15.	Supply of Murram to Chucho Road	Framework	Preenpost Company Limited	28,000,000	Medium risk
16.	Supply and installation of Solar streetlights	Open Bidding Method	Reliefline Uganda	67,600,000	Low risk
17.	Supply of cutting blades for the grader (UG 2013W)	Framework	Utafu Engineering Service	2,800,000	Low risk
18.	Hire of land below Municipal Old Office Block	Selective Bidding	Halerimana Joshua	1,200,000	Low Risk
19.	Supply of a laptop for the Planning Unit	Framework	Stagyon Business Enterprises	2,500,000	Low risk
20.	Supply of a laptop for the Council	Framework	Global Royal World Limited	2,500,000	Low risk
<b>TOTAL</b>				<b>364,062,443</b>	

**Annex B: Physical verification pictures as of 27<sup>th</sup> July, 2023**

<b>Case 16</b>	<b>Contract value (UGX): 67,600,000</b>
<b>Contract:</b> Supply and installation of Solar Street lights	
<b>Provider:</b> Relief Line Uganda	Relief line Uganda
<b>Status of Works:</b> The lights were delivered, installed and are working	
	
<b>Case 13</b>	<b>Contract value (UGX): 9,135,000</b>
<b>Contract:</b> Supply and installation of plastic water tanks	
<b>Provider:</b> Shorero United Contractors	
<b>Status of Works:</b> The water tanks were delivered and installed	
	
<b>Case 9</b>	<b>UGX: 39,517,610</b>
<b>Contract:</b> Phased construction of a two-unit staff house at Gisoro Primary School	
<b>Provider:</b> Shorero United Contractors Limited	

**Status of Works:** The works were completed.



**Case 8**

**UGX:** 23,898,540

**Contract:** Renovation of one Classroom and minor repairs on the resource room at Kisoro Demo Primary School

**Provider:** Preenpost Company Limited

**Status of Works:** The works were completed.



**Case 12**

**UGX:** 14,770,721

**Contract:** Classroom renovation of 1 classroom at Kisoro Hill Primary School

**Provider:** Ndagajose Builders & Contractors Limited

**Status of Works:** The works were completed.



Above: The front view of the completed renovated block



The interior view of the renovated block

<b>Case 7</b>	<b>UGX: 3,960,000</b>
<b>Contract:</b> Supply of materials for leveling New park	
<b>Provider:</b> Shorero United Contractors Limited	
<b>Status of Works:</b> The items were delivered and the park was leveled.	



<b>Case 10</b>	<b>UGX: 29,864,709</b>
<b>Contract:</b> Construction of one classroom at Seseme Primary School	
<b>Provider:</b> Preenpost Company Limited	

Status of Works: The items were delivered.



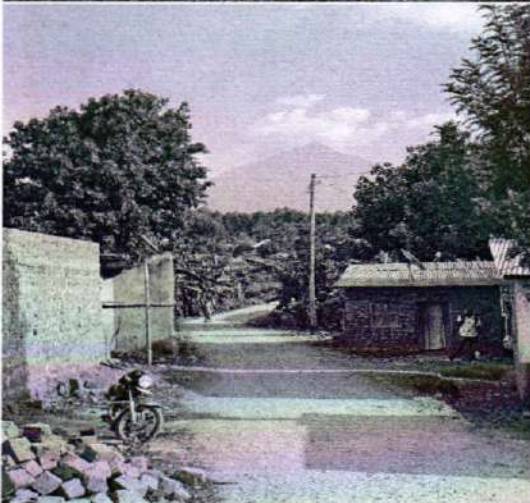
Case 3

UGX: 12,840,000

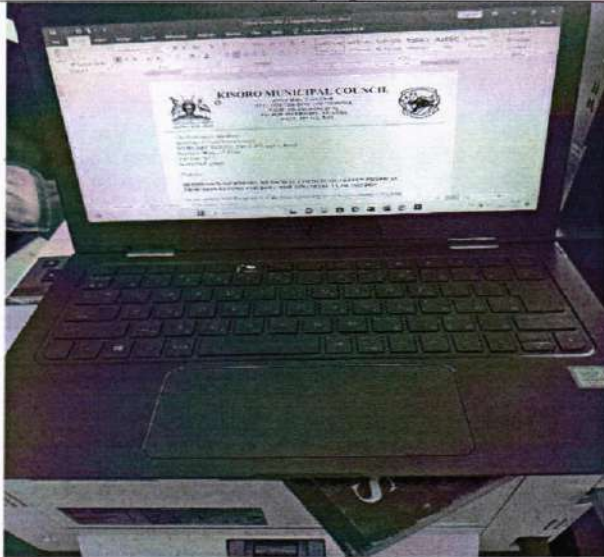
Contract: Supply of road materials for pothole patching

Provider: Shorero United Contractors Limited

Status of Works: The works were completed.



<b>Case 19</b>	<b>UGX: 2,500,000</b>
<b>Contract:</b> Supply of a laptop for planning unit	
<b>Provider:</b> Stagyon Business Enterprises	
<b>Status of Works:</b> The laptop was delivered.	



<b>Case 14</b>	<b>UGX: 33,395,463</b>
<b>Contract:</b> Extension/Renovation of Council Hall	
<b>Provider:</b> Preenpost Company Limited	
<b>Status of Works:</b> The works were executed.	



**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 a risk to 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 the 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 the 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 the evaluation.</p>	<p>This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend an award to a responsive bidder.</p>
		<p><b>Record Keeping:</b> Missing procurement files and missing key records on the files namely; solicitation documents, submitted bids, evaluation reports, and contracts.</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 a 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, although less likely to lead to</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>

RISK	DESCRIPTION	AREA	IMPLICATION
	<p>material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands-on management control and oversight" at an appropriate level of seniority.</p>	<p><b>Bidding Process:</b>            Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms, and splitting procurement requirements.</p>	<p>This implies a lack of efficiency, standardization, and avoiding competition.</p>
		<p><b>Procurement Structures:</b> Lack of procurement structures</p>	<p>This implies a lack of independence of functions and powers and interference in the procurement process.</p>
		<p><b>Record Keeping:</b>            Missing Contracts Committee records and incomplete contract management records.</p>	<p>This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.</p>
		<p><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.</p>	<p>This leads to unjustified contract amendments and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.</p>
		<p>Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health, and safety.</p>	

RISK	DESCRIPTION	AREA	IMPLICATION
		Aspects of gender, social inclusion, environment, health, and safety are 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 the business matches current market best practices. 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.	<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 a conflict of interest and a lack of transparency.

**SATISFACTORY**

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