



**PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY**
"Procurement That Delivers!"

THE PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY

PROCUREMENT AND DISPOSAL AUDIT REPORT

FINANCIAL YEAR 2021-2022

KITGUM MUNICIPAL COUNCIL

MAY 2023

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ACRONYMS

BEB	Best Evaluated Bidder
BOQ	Bills of Quantities
FY	Financial Year
GCC	General Condition of the Contract
Ltd	Limited
LG	Local Government
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
Popn	Population
PP	Public Procurement
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act
(U)	Uganda
UGX	Uganda Shillings
VAT	Value Added Tax

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a procurement and disposal audit of Kitgum Municipal Council that covered a sample of 18 procurement transactions for the Financial Year 2021-2022. The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Kitgum Municipal Council procurement and disposal system and process with the provisions of the PPDA Act, 2003 as amended 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 Kitgum Municipal Council for the Financial Year 2021/2022 was **moderately satisfactory** with an overall weighted average risk rating of **42.5%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

The following key exceptions were noted:

1. Slow progress of works for upgrade to class II standard paved road with an Asphaltic Concrete wearing course surface worth UGX 18,981,985,836. As at 31st July 2022, the works had only reached a physical progress of 12% against a planned progress of 19% yet 60% of the project time had elapsed.
2. Failure to provide records for verification to the Authority in seven procurements worth UGX 319,630,949 contrary to Section 41(2) of the PPDA Act, 2003. This is a sign of a weak accountability system and controls within the Entity.
3. The Entity did not set suitable evaluation criteria in five procurements worth UGX 173,414,322 that exposed the Entity to the risk of contracting unsuitable providers.
4. Unjustified use of direct procurement method in four procurements worth UGX 126,394,272. This is a red flag for potential favoring of particular bidders to the disadvantage of other would be better providers.
5. Evaluation irregularities in six procurements worth UGX 316,570,606 that exposed the Entity to the risk of award of contracts to undeserving bidders.
6. Irregular payments in two procurements worth UGX 118,396,206; this included incomplete payments and recommending payment for work not done.
7. Project defects were found in three procurements worth UGX 102,794,272. These included shoddy work, incomplete works, delay to hand over projects, and non-clearance of debris from sites.

The underlying causes for the above anomalies include; poor planning and coordination for the execution of USMID projects between the secretariat and the Entity, poor record keeping, failure to conduct regular capacity building for the evaluation committees, and Contracts Committee, and inadequate contract supervision.

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

1. The Accounting Officer should prevail over the contractor for the upgrade of selected roads to Class II asphalt standard worth UGX 18,981,985,836 to accelerate the progress of works and ensure that the works are executed to the contracted specification standards.
2. The Procurement and Disposal Unit and the User Departments should maintain all records relating to a procurement transaction for inspection of the Authority in accordance with

- Regulation 46 of the Local Governments (PPDA) Regulations, 2006.
3. The Procurement and Disposal Unit should set evaluation criteria that sufficiently assess the ability of the bidders to perform the contract to meet the objectives of the procurement in accordance with Regulation 48(4) of the Local Governments (PPDA) Regulations, 2006.
 4. The Head Procurement and Disposal Unit should consider use of more competitive methods in hierarchy with modifications and achieve competition to the extent possible before embarking on use of direct procurement method under emergency.
 5. The Evaluation Committees should determine the compliance and responsiveness of the bids based on the instructions, requirements, terms and conditions of the bidding documents in accordance with Regulation 73(2) of the Local Governments (PPDA) Regulations, 2006.
 6. The Accounting Officer should prioritize the payment of arrears worth UGX 14,446,000 for the completed contracted works for construction of one block of 4 classrooms at Kitgum boys Primary School, and desist from paying for work not done.
 7. The Accounting Officer should prevail over the contractors for the identified defects in the report to rectify the defects and hand over the projects to the beneficiaries.

Kitgum Municipal Council should implement the recommended action plan on pages **43** and **44** of the report.

CHAPTER 1: INTRODUCTION

1.1. Structure of the Entity

According to Section 26 of the PPDA Act, 2003 as amended, the Accounting Officer has overall responsibility for the execution of procurement, disposal and contract management in Kitgum Municipal Council. The Accounting Officer of Kitgum Municipal Council during the Financial Year under review was Mr. Alikwan Ayub Kisubi, the Chief Administrative Officer. The composition of the Contracts Committee and Procurement and Disposal Unit are detailed in Appendix IV.

1.2. Background

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal audit of Kitgum Municipal Council that covered a representative sample of eighteen procurement transactions under the Financial Year 2021/2022. The audit involved a review of procurement structures, asset procurement and disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 as amended 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 Kitgum Municipal Council's procurement system and processes with the provisions of the PPDA Act, 2003 and the Local Governments (PPDA) Regulations, 2006 and assess the level of procurement performance over the audit period.

The specific objectives were to:

1. Establish the level of compliance by the PDE with the general provisions of the PPDA Act, 2003 and Local Governments (PPDA) Regulations, 2006;
2. Establish the level of compliance of the Entity's procurement and disposal processes with the PPDA Act, 2003 and Regulations, 2006; and
3. Assess the level of efficiency and effectiveness in contract implementation.

1.4. Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The audit covered a representative sample of eighteen procurement transactions conducted in the Financial Year 2021/2022. The list of sampled transactions is contained in **Appendix II**. The distribution of the transaction population and sample was as shown in Table 1 below:

Table 1: Distribution of the transactions population and sample for audit

Procurement method	Popn Value (UGX)	Sample value (UGX)	% by Value	Popn no	Sample no	% no.
Open National Bidding	21,201,213,037	21,201,213,037	100%	6	6	100%
Direct Procurement	170,724,075	126,394,272	74%	7	4	57%
Selective National Bidding	191,176,814	191,176,814	100%	8	8	100%
Micro Procurements	42,990,000		0%	172	0	0%
Total	21,606,103,926	21,518,784,123	99.6%	193	18	9%

1.5. Audit Methodology

The auditors examined records and documents for each sampled procurement transaction and obtained relevant and sufficient evidence to derive audit conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and management. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fitness for purpose.

During the audit, the auditors met with the staff from the Procurement and Disposal Unit (PDU), Contracts Committee, Internal Audit, and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

A debrief meeting to discuss preliminary findings that arose during the audit was held with the Entity management and staff on **11th October 2022** before the auditors could embark on preparation of the management letter. The management letter was sent to the Entity on **13th December 2022** with a requirement to submit a management response by **2nd January 2023**, which was submitted on **11th January 2023**. The exit meeting was held on **1st February 2023** at PPDA Northern Regional Office in Gulu District.

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

CHAPTER 2: AUDIT FINDINGS AND RECOMMENDATIONS

2.1. Compliance with the General Provisions of the PPDA Act and Regulations

2.1.1. Procurement plan implementation rate

The Entity procured items worth UGX 21,606,103,926 during the Financial Year 2021-2022 amounting to 97% of the planned procurement value. There was a variance of UGX 667,406,742 out of which UGX 129,000,000 related to procurements in Table 2 that had been planned by the Entity but not implemented because of inadequate funding, the balance related to differences between contract and planned amounts for various procurements. The details are given Tables 2 & 3 below:

Table 2: Procurement plan implementation rate

Total procurement plan value inclusive VAT (UGX)	22,273,510,668
Total procurement spend value inclusive VAT (UGX)	21,606,103,926
Procurement plan implementation rate (%)	97%
Budget Variance (UGX)	667,406,742

Table 3: Planned procurements not implemented by the Entity

No.	Procurement Subject	Amount (UGX)
1.	Construction of drug store	60,000,000
2.	Rehabilitation of midwife block at Padwong HC III	29,000,000
3.	Supply and installation of solar street lights (4)	40,000,000
	TOTAL	129,000,000

The Authority also noted that the Entity conducted three procurements worth UGX 44,329,803 but these were not reported to the Authority in the quarterly reports. The procurements are indicated in Table 4 below:

Table 4: Procurements not reported to the Authority

No.	Procurement Subject	Amount (UGX)
1.	Operation maintenance of drainable latrine at Kitgum Public School.	17,481,056
2.	Operation maintenance of 3 stances drainable latrine at Kitgum Boys Primary School.	11,662,013
3.	Operation maintenance of Head Teachers office and 3 stances drainable latrine at Ojuma Primary School.	15,186,734
	TOTAL	44,329,803

Implications

- Failure to execute planned mandate deprived timely service from the intended beneficiaries.
- Failure to report procurements undertaken by the Entity to the Authority is a red flag for a lack of transparency in the Entity's procurement processes.

Recommendations

1. Management should regularly review the implementation of the procurement plan and have it

- updated whenever necessary in accordance with Section 58 (4) of the PPDA Act 2003.
2. Management should prioritize effective management of revenue collection contracts to ensure that all planned revenues are realized in order to finance the budget priorities.
 3. The Accounting Officer should on a quarterly basis submit reports to the Authority that contain all procurements and disposals conducted in a given quarter in accordance with Regulation 7 of the Local Governments (PPDA) Regulations, 2006.

Management Response

These items in table 3 were not implemented during the financial year 2021/2022 because of limited budget as a result of low local revenue collection; however, they have been planned under FY 2022/2023.

Items in table 4, we acknowledge the audit findings as true. It was an oversight not to include the items in the quarterly reports.

2.1.2. Performance of procurements funded by the Uganda Support for Municipality Infrastructure Development Programme

The Entity undertook two procurements worth UGX 20,782,735,836 with funding from the USMID Additional Funding Program during the FY 2021-2022. The procurements are in Table 5 below:

Table 5: USMID project procurements contract data

Subject of Procurement	Upgrading to Class II standard paved road with an Asphaltic Concrete wearing Course surface	Consultancy Supervision of construction of selected roads in Kitgum Municipality
Amount (UGX)	18,981,985,836	1,800,750,000
Contractor	China Railway Seventh Group Company Limited	Segamu 14 Consults Limited in Sub Consultancy with Hersun Consults Limited
Contract start date	5 th January 2021	5 th January 2021
Contract Duration	15 months until 4 th April 2023	Total Duration 31 months including 2 weeks mobilization period, 18 months supervision including mobilization, 12 months defects liability period, and 2 weeks final account.

The Authority found the following irregularities in the procurement process and contract implementation:

i. Use of an inappropriate contract type for the supervising consultant

The Consultant’s contract was not tagged to the outputs of the construction contract even though their main objective was to ensure that the works are completed on time, within budget and meeting the required engineering specifications. This was contrary to Regulation 14 (1) of the PPDA (Contracts) Regulations, 2014.

The consultant payment was time based regardless of the progress of the construction works. As at 30th June 2022, a physical works progress of 4.45% had been achieved while the consultant had

already been paid 48% of their contract price. There was also no penalty or remedy stipulated in the contract in case the consultant failed on its obligations.

Implication

The consultant is not motivated to commit to the performance of the construction contract since they get paid regardless of the construction contract outcomes.

Recommendations

1. The Accounting Officer should continue engaging the USMID Secretariat to change the contract type for consultants to a lump sum contract including interim or stage payments and also consider including penalty clauses for under performance or non-performance for subsequent procurements.
2. The Entity should consider entering an output based contract with the consultant for the additional supervising services after the expiry of the existing supervising contract.

Management response

It is true the entity has registered challenges with the time based contract as opposed to the output based contracts of consultancy services during implementation of the USMID AF projects in Kitgum. However, these challenges have been brought to the attention of the USMID Secretariat (PST) in different fora and levels for future contract management in line with Regulation 14 (1) of the PPDA (Contracts) Regulations, 2014.

ii. Accelerated payments ahead of time for a time based contract

As at 5th July 2022, 19% of the supervising consultant's time had elapsed. But payments worth 55% of the phase I contracts had been approved by the Municipal Engineer and paid to the consultant even when the progress of works was just at 4.45%.

Implication

There is a potential risk of front loading. The Entity risks having contractual obligations that will be more than the payment balances and would suffer extra costs in case the consultant abandons or fails to perform their contract.

Recommendation

The Project Manager should before approving the time sheets for the consultant, carefully scrutinize them to ascertain whether the claimed time was indeed worked and had a direct impact on the activities of the contractor.

Management response

The civil works and the consultant's contracts commenced officially on the 4th January 2022 and by the 5th July 2022, the time progress was 46.67% contrary to the 19% of the elapsed supervising consultant's time reported. The consultancy payment is always based on approved time sheet prepared and submitted monthly. Any discrepancy in financial progress for the supervising consultant is attributed to the nature of the time based contract.

Authority comment on response

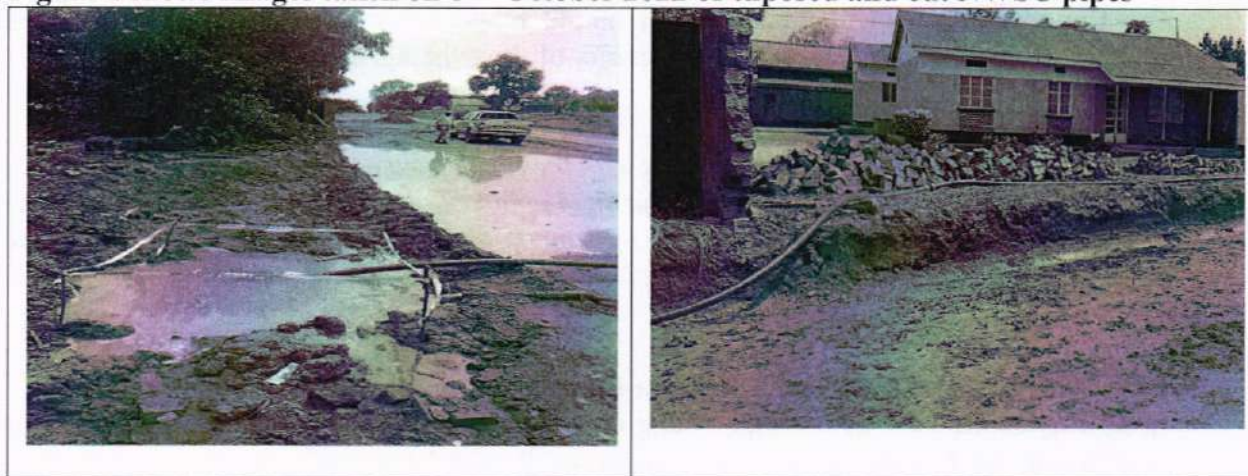
The 19%-time progress for the consultant as at 5th July 2022 is a result of 6 months' actual time elapsed divided by the consultant contract period of 31 months shown in Table 5 above expressed

as a percentage.

iii. Poor planning or relocation of utilities

The Authority found that the strategy of relocation of utilities after contracting delayed the progress of the contract. The contract delayed for a period of 6 months from January 2022 to July 2022 to enable relocation of utilities by utility companies. It was also found that the survey and design consultant did not come up with the mapping and bills of quantities for the utilities but rather included a provisional sum worth UGX 686,032,500 without founded data and this was later found to be inadequate. Figure I below shows images of exposed water pipes during the preparation of the sub base for Lagoro road taken on 6th October 2022.

Figure I shows images taken on 6th October 2022 of exposed and cut NWSC pipes



Implication

Failure to relocate utilities in an organized manner has delayed the works, and has led to an additional work load on the design review consultant to conduct mapping and development of BoQs for the utility lines.

Recommendation

The Accounting Officer should engage the USMID Secretariat to adequately plan and relocate utilities before contracts are signed or before sites are handed over to contractors.

Management response

It is noted that there was limited engagement with the utility service providers by the design consultant which resulted into inadequate detailing of the scope and cost of relocation of utilities leading to making it as a provision sum as opposed to costed Bills. It is also noted that utility companies lack up to date maps of service networks, further explaining limitation of engagement with the design consultant.

It is true an in-depth inventory and assessment, in collaboration with the service providers, was only done at the design review stage that established the real cost of the location of utilities as part of the design consultant's obligation. It could then be implemented as a separate contract before the signing the civil works contract and handing over site to the contractor.

However, these challenges were also brought out to the USMID secretariat (PST) for future project planning.

iv. Absence of rules on utilization of provisional sums in the contract

The rules on how the contractor would procure and seek for reimbursement of provisional sums in line with the PPDA Act, 2003 and Public Finance Management Act, 2015 were not stated in the contract. This would later bring in conflict on determining the costs, how to procure, and payment of balances in case the costs shot above the estimates. The contractor would not be required to provide proof of invoices and purchase documents and whether he abided by value for money procedures before reimbursing the provisional sums. The contract provisional sums are mentioned in Table 6 below:

Table 6: Contract provisional sums

No.	Description	Amount (UGX)
1.	Relocation of utilities	686,032,500
2.	Furnishing office of the Engineer	80,000,000
3.	Rent for the Engineer for 12 months	96,000,000
4.	A 4 wheel double cabin for the engineer	176,867,500
5.	Operate and maintain the motor vehicle for an average of 3000kms	36,000,000
6.	Provide four 4 125cc motorcycles	40,000,000
7.	Labor for survey equipment for the Engineer	38,400,000
8.	Provide pay for services of 2 lab technician and 5 laboratory assistants	43,200,000
9.	Maintain specified lab equipment for 12 months	42,448,200
10.	Landline and internet for 12 months for the Engineer	12,000,000
11.	Environmental audits	12,000,000
	Total	1,262,948,200

Implication

There is a risk that the Entity shall not obtain value for money in utilization of the provisional sums.

Recommendation

The USMID Secretariat should provide a guideline for reimbursement and utilization of provisional sums within the contracts that protects the rights of both parties and also enables maximization of value for money.

Management response

The Audit observation is noted however by the nature of the contract design the entity could not go down to discrete procurement within the designed contract. However, we shall bring to the attention of the Procurement Specialist at the USMID Secretariat for adjustments in future projects.

v. Loss of control and compromised independence brought about by inclusion of investment servicing costs in the contractor's contract.

The contract required the contractor to meet the investment servicing costs of the Supervising Engineer. Consequently, as at 5th October 2022, 9 months into the 15 months' contract (60% project time), the contractor had not met any of these requirements even though they had been given advance payment and the items were preliminary essential requirements before the contract could commence. This was also contrary to Section 2.6.3 of the Project Operational Manual that

gave the discretion to the concerned municipalities to hire consultants or providers for these items to a limit of 10% of the development grant after approval by the Ministry of Lands, Housing and Urban Development. These are given in Table 7 below:

Table 7: Consultant's service costs met by the contractor

Contracted project manager's costs not met by the contractor	Amount (UGX)
Furnishing office of the supervising Engineer	80,000,000
Rent for the Engineer for 12 months	96,000,000
4 wheel double cabin for the Supervising engineer	176,867,500
Operate and maintain the motor vehicle for an average of 3000kms	36,000,000
Provide four 125cc motorcycles	40,000,000
Labor for survey equipment for the Engineer	38,400,000
Provide pay for services of 2 lab technician and 5 laboratory assistants	43,200,000
Maintain specified lab equipment for 12 months	42,448,200
Landline and internet for 12 months for the Engineer	12,000,000
Total	564,915,700

Implication

An arrangement where the contractor meets the service costs of the supervising engineer potentially compromises the independence of the supervising engineer and the contractor can manipulate the arrangement to their advantage.

Recommendation

The Authority recommends that the Accounting Officer and the Secretariat should consider the possibility of acquiring the investment services directly by the Entities or include them in the consultant's contract to avoid cases where the contractor manipulates the arrangement to their advantage.

Management response

The Provisional sums provided for in table 7 was meant to facilitate the Supervising consultant's operation for effective implementation during the project implementation. The 10% service cost, as provided for in the POM, does not arise at this stage since it was already implemented at the initial planning and design stage by the design consultant under management of the USMID secretariat. However, the entity shall engage the USMID secretariat to ensure this is ideally incorporated earlier in the Terms of Reference (ToR) of the Supervising consultants prior to bidding.

vi. No proof of subcontracting 30% of the works to a local provider

The Authority did not find evidence of the contractor subcontracting 30% of the contract value to a local provider both on record and on ground during the site visit conducted on 6th October 2022 contrary to Clause 7.2 of the Special Conditions of the Contract.

Implication

This contravenes Government's policy of building the capacity of the local providers.

Recommendation

The Project Manager should task the contractor to submit the subcontractors for approval by the

Project Manager. The approval should include verification of the eligibility and capacity of the proposed subcontractors to establish whether they are competent local contractors in accordance with GCC 7.2 of the contract.

Management response

Below is a list of all the local subcontractors and the works they have been executing.

No.	Sub-contractor Name	Works done/to be done	Amount(UGX)	Percentage of Total Cost
1.	Dikayonsone Engineering Services	Earthworks (Clearing & grubbing, Road bed preparation, improved sub-grade G15) and Drainage works (excavation for line drainage, casting of blinding, base & walls of lined drainage) along Omony Ogaba Lamola and Omony Ogaba A & Lagor roads	2,500,000,000	18.4
2.	Tetra Technical Services (U) Ltd.	Relocation of UMEME facilities along Omony Ogaba B, Lamola and Omony Ogaba A & Lagoro roads	570,936,690	4.2
3.	Ebowa Investment Limited	Relocation of NWSC utility services along Omony Ogaba B, Lamola and Omony Ogaba A & Lagoro roads	252,105,315	1.9
4.	Yet to be identified (tbc)	Road marking, Installation of road signs and Installation of Trash cans	209,201,928	1.5
5.	Yet to be identified (tbc)	Street lighting	889,003,709	6.5
	Total		4,421,247,642	32.5

Authority Comment

The Project Manager did not verify the eligibility and capacity of the sub-contractors to establish that the sub contracts had been assigned to competent local providers to build local capacity in accordance with GCC 7.2 of the contract. The Authority also found that Dikayonsone Engineering Services who had been sub contracted works worth UGX 2,500,000,000 was not on the register of Uganda Registration Services Bureau and the PPDA Register of Providers and thus their eligibility for the subcontract was questionable.

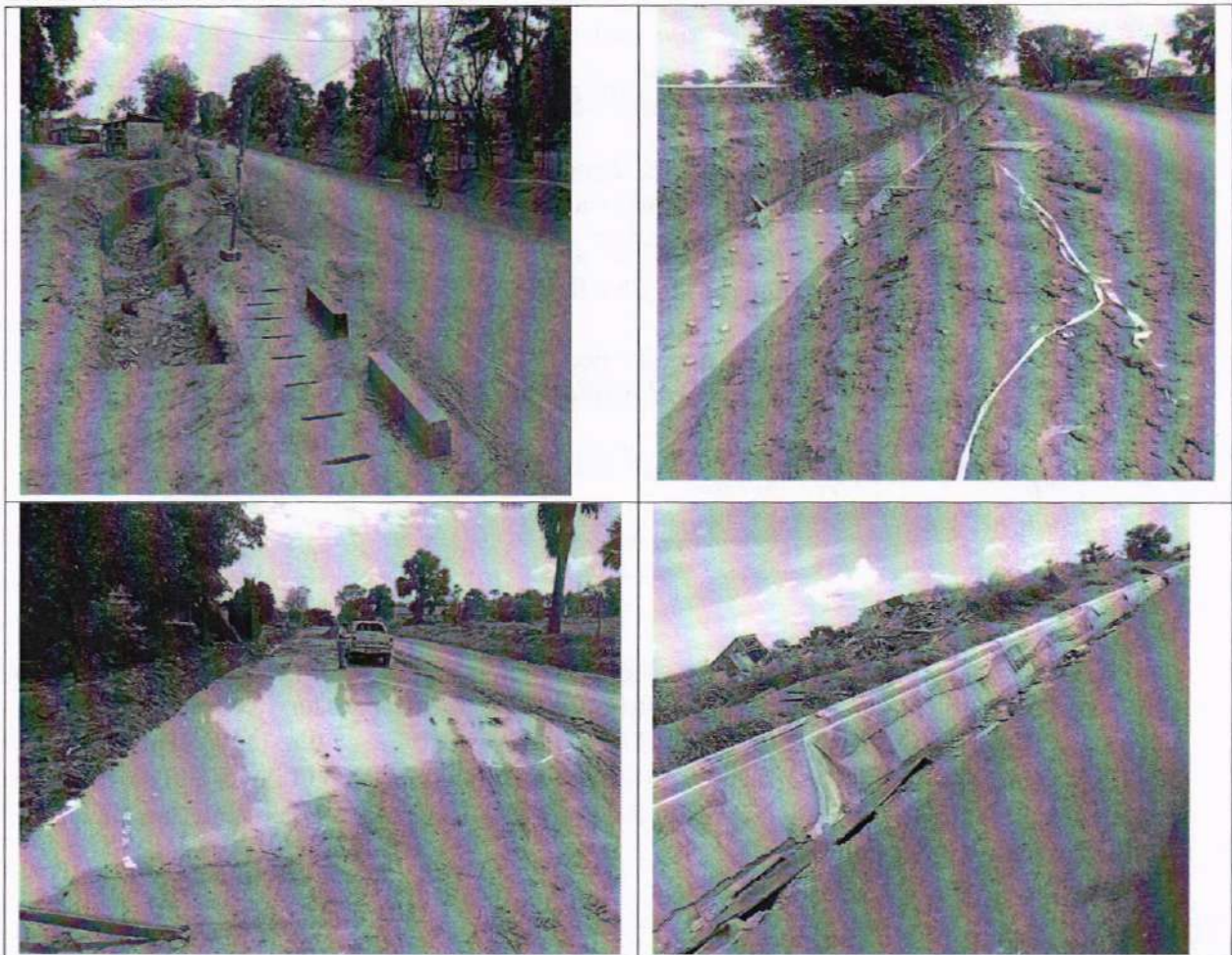
vii. Slow progress of works

As per the consultant's monthly progress report for the month ended 30th July 2022 submitted to the Entity on 5th October 2022. The Contractor had planned to achieve a physical progress of 19% but had only achieved a progress of 12%. 60% of the project time had elapsed and payments worth 20% had been advanced to the contractor. The contractor had planned to complete the physical works by 20th December 2022 as per their work programme but by the time of the site visit on 6th October 2022, they were still doing drainages and earth works.

The following works were pending as seen in the pictures on 6th September 2022 in Table 8:

- a) Installation of prefabricated culverts
- b) Concrete kerbing, concrete channelling and concrete linings for open drains
- c) Pitching, stone work and protection against erosion
- d) Filling of natural gravel for sub base
- e) Cement stabilized crushed aggregate for road sub base
- f) Crushed aggregate for road base
- g) Asphalt pavements and seals
- h) Installation of road markings including humps, white lines, and road studs
- i) Grassing and planting of trees
- j) Road lighting
- k) Trash cans
- l) Bus stop shelters

Table 8: Status of works as 5th October 2022



Implication

Slow progress of works is an early sign that the contract might not be completed on time.

Recommendation

The Accounting Officer should address issues affecting the progress of works to enable accelerated

execution of the contract to meet the contract deadlines.

Management response

The slow progress, attributed to a number of factors including delays in relocation of utilities, clearance of encumbrances on the road corridors, etc, have been noted and discussed in a number of monthly stakeholder's progress meetings. Several strategies to compensate for the lost time have also been discussed and agreed by the stakeholders to meet the project deadlines.

Authority comment

The Authority notes that as per the progress report for the month of December 2022 submitted as part of the management response, the physical progress was at 46.4%, financial progress at 35.4% and a time progress of 80%. There are early indicators that the contract might not be completed with the stipulated completion date of 4th April 2023.

viii. Failure to take action against contractor's breaches of contract obligations

The Contractor had not acquired the following as at 5th October 2022:

- (a) An approved work program which made realist time control and monitoring difficult.
- (b) Environmental permit for murrum borrow pits for sub base filling.
- (c) Establishment and approval of the quarry site for stone aggregates for stone base filling.
- (d) Campsite establishment was at 90%.
- (e) Fully staffing the laboratory with a laboratory manager and materials technician which were slowing down material testing.

Implication

The breaches expose the contract to risks of time delays, environmental hazards, and undertaking works without proper quality tests.

Recommendation

The Project Manager should prevail over the contractor to prioritize the submission of an acceptable work program, acquisition of an approved borrow pit and a quarry site, and the handover of a fully functional laboratory under the batch one contract.

Management response

For breaches that have enforceable provisions in the contract, the contract clauses are applied whereas those that do not have enforceable provisions in the contract we have been closely following it by the Project Manager to ensure they are put in place to address the breaches.

Authority comment

The progress report for the month of December 2022 submitted with the management response indicated that the contractor had still not yet complied with the requirements.

2.1.3. Collection and management of revenue sources

The Authority reviewed one revenue source that is the revenue collection and Management at Abattoir worth UGX 1,710,000 per Month for a period of 12 months amounting to a total of UGX 20,520,000 and found the following exceptions:

i. Discriminative requirements

The Procurement and Disposal Unit (PDU) included discriminative requirements in the bidding

document. Individuals and new firms were exempted from the requirements of submitting an Income Tax Clearance, and audited accounts while other bidders had to submit the same. It should be noted that both documents apply to all businesses to ascertain proof of payment of taxes and to establish the financial capacity of the businesses.

Implication

This creates room for award of contracts to individuals that do not fulfil their tax obligations and also lack the financial capacity.

Recommendation

The Procurement and Disposal Unit should set appropriate evaluation criteria that is fair to all bidders and non-discriminative as much as possible.

Management response

The Procurement and Disposal Unit through the Authority's advice has set appropriate evaluation criteria that is fair to all bidders and non-discriminative.

ii. Setting criteria and terms that could not safeguard the Entity against the risk of non-performance

The Procurement and Disposal Unit issued a bidding document with inadequate evaluation criteria which did not require past experience and performance of the contractors to eliminate non-performers. The contract terms did not also provide for penalties and remedies for non-performance.

Implication

This exposes the Entity to the risk of awarding contracts to providers who fail to remit the contracted revenue

Recommendation

The Procurement and Disposal Unit should set evaluation criteria that safeguards the Entity against the risk of contracting providers that do not have the capacity to perform the contracts and maximizes the realization of value for money.

Management response

Going forward the Procurement and Disposal Unit for financials; sets good evaluation criteria that safeguards the Entity against the risk of contracting providers that do not have the capacity to perform the contracts and maximizes the realization of value for money.

iii. Failure to provide evidence of collection & remittance of revenue

Whereas the contract required that the provider pays for two months in advance at commencement, and thereafter a monthly fee before the 15th day of the month. There was no evidence of collection & remittance of revenue for worth UGX 20,520,000 for the period of November 2021 to October 2022.

Implication

Failure to collect contracted revenue worth UGX 20,520,000 without justifiable reasons exposes the Government of Uganda to a risk of financial loss.

Recommendation

The Authority noted the response however the Entity only submitted proof of collection of revenue worth UGX 8,320,000 out of the UGX 20,520,000 and thus recommends that the Accounting Officer should prevail over the revenue collection managers to submit monthly reports of revenue collections to the Contracts Committee through the Procurement and Disposal Unit to enable timely intervention for the nonperforming contracts.

Management response

The proof of revenue collection for Abattoir of November 2021 to October 2022 has been provided.

2.1.4. Implementation of previous recommendations

Out of the 16 recommendations issued in the audit report for Financial Year 2020-2021, six (38%) were not fully implemented as shown in Table 9 below:

Table 9: Recommendations not fully implemented

No.	Recommendation	Status	Management response
1.	The Accounting Officer should request the Authority to conduct capacity building on public procurement for the various User Departments.	Not Implemented	<i>A copy of the request letter is also hereby submitted with this report.</i> Authority Comment: The letter wasn't provided
2.	The Accounting Officer should provide to the Authority the status of the contract for upgrading to class II of standard paved roads with an asphaltic concrete wearing course surface worth UGX 16,144,772,898 by China Railway 18 th Bureau Group Company Limited and the related consultancy for design review and supervision worth UGX 939,400,000 by TCL / Consulting Engineers and Planners / Trio Consultants Limited, the action to be taken by the Entity on the issues raised above and a commitment on when the contract will be executed to completion.	Not Implemented	<i>The status of the contract for upgrading to class II of standard paved roads with an asphaltic concrete wearing course surface worth UGX 16,144,772,898 by China Railway 18th Bureau Group is hereby submitted with this response.</i> Authority comment: The status wasn't provided.

No.	Recommendation	Status	Management response
3.	The PDU should set evaluation criteria that sufficiently assess the ability of bidders to perform contracts	Not Implemented	<i>The PDU has set evaluation criteria that is sufficiently to assess the ability of bidders to perform contracts</i> Authority comment: The issue re-occurred in the year under audit.
4.	The Evaluation Committees should conduct evaluation on the eligibility and administrative requirements of the bids.	Not Implemented	<i>Eligibility and administrative requirements are now being evaluated and implemented</i>
5.	User Departments to provide copies of contract management records and reports to the PDU for purposes of creating a central repository and enabling monitoring of contracts by the Contracts Committee	Not Implemented	<i>The contract Management records are now shared with the PDU</i> Authority Comment: The records were not shared as seen from the section of missing records.
6.	The Heads of User Departments should nominate contract managers for appointment by the Accounting Officer for all contracts	Partially Implemented	<i>Contract managers are now being appointed by Accounting Officers.</i> Authority Comment: The Accounting Officer appointed but the User Departments had not nominated the contract supervisors

Implication

Failure to implement the Authority's recommendations exposes the Entity to the risk of a weak procurement system which may limit achievement of value for money.

Recommendation

The Accounting Officer should prevail over the responsible stakeholders in the implementation the Authority recommendations to improve the procurement performance.

2.1.5. Missing records

In seven action files reviewed, there were missing records relating to the procurements contrary to Section 41 of the PPDA Act, 2003 as indicated in Table 10 below:

Table 10: Procurements with missing records

No.	Subject of Procurement	Details
1.	Supply of laptop computers worth UGX 15,970,000	<ul style="list-style-type: none"> • Delivery notes • Invoice • Payment records
2.	Supply of double cabins pickup worth UGX 149,959,425	<ul style="list-style-type: none"> • Initiation Form 1 • Contract management documents • Delivery notes • Invoice

No.	Subject of Procurement	Details
		<ul style="list-style-type: none"> • Payment records
3.	Fencing of OPD at Padwong HC III worth UGX 45,724,764	<ul style="list-style-type: none"> • Initiation Form 1 • Contract management documents • Invoice • Payment records
4.	Construction of MAK III incinerator worth UGX 57,626,760	<ul style="list-style-type: none"> • No Evaluation report • No Contracts Committee approval of variation
5.	Supply of 4 desktop computers and 4 printers worth UGX 18,500,000	<ul style="list-style-type: none"> • Contract management documents • Delivery notes • Invoice • Payment records
6.	Supply of feed mill for production of fish fillets worth UGX 12,000,000	<ul style="list-style-type: none"> • Initiation Form 1 • Payment records
7.	Supply of conference chairs and leather sofa sets worth UGX 19,850,000	<ul style="list-style-type: none"> • Payment records • Delivery note

Implication

Missing records are a sign of an ineffective accountability system within the Entity.

Recommendation

The Authority reviewed the Entity's submission of missing records and the ones in the table above were not provided for verification, therefore the Authority recommends that the Procurement and Disposal Unit and the User Departments should maintain all records relating to a procurement transaction for inspection of the Authority in accordance with Regulation 46 of the Local Governments (PPDA) Regulations, 2006.

Management Response

All the missing records are now filed for a review.

2.2. Compliance of the Procurement Processes with the PPDA Act, 2003 and Regulations

2.2.1. Anomalies in issued bidding documents

The following anomalies were found in the bidding documents issued to the bidders:

i. Inappropriate evaluation criteria in the bidding document

The Entity set inappropriate evaluation criteria in five procurements worth UGX 173,414,322 as shown below:

- a) A criterion of “a bank statement with a minimum credit of UGX 2,000,000” aimed at assessing whether a bidder had adequate cash flows to run the contract was not an adequate measure for a contract with a minimum value of UGX 20,000,000.
- b) The requirement for general experience excluded new firms. This implied that the technical capacity of new firms could not be assessed.

The procurements are detailed in Table 11 below:

Table 11: Procurements with inappropriate evaluation criteria

No.	Subject of Procurement	Amount (UGX)
1.	Upgrading of OPD Laboratory Section Pandwong HCIII.	19,950,000
2.	Renovation of Grey Dormitory at Y.Y Okot Memorial College.	43,657,180
3.	Roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School.	39,187,092
4.	Painting of Classrooms at primary Schools. Lot I	23,600,000
5.	Construction of MAK III Incinerator at Pandwong Health Centre III.	47,020,050
	Total	173,414,322

Authority’s comment

The Entity did not provide a response.

ii. Other inadequate bidding documents

In two procurements worth UGX 35,920,000, the Procurement and Disposal Unit issued inadequate bidding documents as detailed in Table 12 below:

Table 12: Procurements with inadequate bidding document

No.	Subject of Procurement	Details	Management Response
1.	Upgrading of OPD Laboratory Section Pandwong HCIII worth UGX 19,950,000	Inadequate specifications Specifications for the shelves, sinks, tiles were not given in terms of sizes and materials and the contractor . Consequently, the installed shelves and sinks were not those desired by the users as per the	<i>The specifications containing the sizes of materials are contained in the BOQ of the project. The shelves already existed prior to the rehabilitation and were done according to</i>

No.	Subject of Procurement	Details	Management Response
		feedback obtained during audit physical verification.	<p><i>the advice of the experts (Laboratory Technicians). The feedback received during the exercise was from newly recruited staff who didn't know the history of the project.</i></p> <p>Authority Comment: The Bills of Quantities included scope for reconstruction of shelves at UGX 1, 293,000. So it was not true that it wasn't part of the scope as stated in the management response.</p>
2.	Supply of laptop computers UGX 15,970,000	<p>Non-inclusion of a critical requirement in the evaluation criteria</p> <p>The evaluation criteria did not include provision of NITA (U) IT certification by which NITA (U) assesses, verifies and attests that a company/person providing information technology products or services meets minimum requirements and standards.</p>	<p><i>It's noted that the evaluation criteria did not include provision of NITA (U) IT certification.</i></p>

Implications

- Inappropriate evaluation criteria expose the Entity to the risk of acquiring providers without the necessary competences to perform the contracts and may also limit competition.
- Inadequate specifications increase the risk of mis-procurement.

Recommendations

1. The Procurement and Disposal Unit should set evaluation criteria that sufficiently assess the ability of the bidders to perform the contract to meet the objectives of the procurement in accordance with Regulation 48(4) of the Local Governments (PPDA) Regulations, 2006.
2. The User Departments should recommend statements of requirements that are precise and leave no room for assumption in accordance with Regulation 48(2) of the Local Governments (PPDA) Regulations, 2006.
3. The Entity should seek guidance and clearance from the National Information Technology Authority Uganda (NITA-U) while procuring ICT equipment.

2.2.2. Low bidder participation

The Entity failed to receive at least three bids in six procurements worth UGX 128,794,764 under selective bidding method. The procurements are indicated in Table 13 below:

Table 13: Procurements with low bidder participation

No.	Subject of Procurement	Contract Amount (UGX)	Number of bids received
1.	Supply of laptop computers	15,970,000	2
2.	Supply of filing cabinets, executive tables and chairs	16,750,000	2
3.	Fencing of OPD at Padwong HC III	45,724,764	2
4.	Supply of conference chairs and sofa sets	19,850,000	2
5.	Supply of feed mill for production of fish fillets	12,000,000	1
6.	Supply of 4 desktop computers and 4 printers	18,500,000	1
Total		128,794,764	

Implication

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

Recommendations

1. The Accounting Officer should address the issue of long procurement processes, stringent but unnecessary terms in the bidding document, and delayed payments to attract more bidders.
2. The Contracts Committee should approve shortlists of providers after considering that they provide real competition and comply with the requirements of the Entity in accordance with Regulation 38(5) of the Local Governments (PPDA) Regulations, 2006.

Management Response

The reasons for low bidder participation are the long procurement processes, sometimes payment are done in quarterly and more terms and conditions in the bidding documents.

2.2.3. Unjustified use of direct procurement method

Contrary to the exceptional circumstance under Regulation 40 (3), of the Local Governments (PPDA) Regulations, 2006, the Authority found that in four sampled procurements worth UGX 126,394,272, the Entity unjustifiably used the direct procurement method to procure planned items and did not apply the appropriate competitive procurement methods. The Entity did not document the reason for use of direct method neither was there evidence that the Contracts Committee approved the use of direct procurement method in any of these procurements. The details are in Table 14 below:

Table 14: Procurements with unjustified procurement method

No.	Subject of Procurement	Findings
1.	Renovation of Grey Dormitory at Y.Y Okot Memorial College worth UGX 43,657,180	The planned period of 22 nd April 2022 to 16 th May 2022 was adequate to use selective bidding method with modifications to reduce on the bidding period and period of display of the BEB notice. Much as the Entity had other 9 prequalified providers under

No.	Subject of Procurement	Findings
		construction, the Entity invited One Home Shopping Limited directly who did not even meet the requirements of submitting a valid Tax Clearance Certificate, audited accounts, and specific experience.
2.	Upgrading of OPD Laboratory Section Pandwong HCIII worth UGX 19,950,000	The planned period of 2 nd August 2021 to 8 th September 2021 was adequate to use selective bidding.
3.	Roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School worth UGX 39,187,092	The planned period of 22 nd April 2022 to 16 th May 2022 was adequate to use selective bidding method with modifications to reduce on the bidding period and period of display of the BEB notice. The Entity had a list of nine prequalified providers.
4.	Painting of Classrooms at primary Schools worth UGX 23,600,000	The planned period of 11 th April 2022 to 16 th May 2022 was adequate to use selective bidding method with modifications to reduce on the bidding period and exclude the display of the notice of Best Evaluated Bidder in accordance with Regulation 85(7) of the Local Governments (PPDA) Regulations, 2006. The Entity had over nine prequalified providers under the construction category

Implication

This is a red flag for potential collusion to create an emergency as a justification for use of direct procurement aimed at favoring particular bidders.

Recommendations

1. The Head Procurement and Disposal Unit should consider use of more competitive methods in hierarchy with modifications and achieve competition to the extent possible before embarking on use of direct procurement method under emergency.
2. The User Departments and the Procurement and Disposal Unit should plan and commence the procurement processes in time to provide adequate time for the procurement process and contract implementation.

Management response

Following the recommendation from the Authority:

- i. *The Head Procurement and Disposal Unit is now trying to consider use of more competitive methods in hierarchy with modifications and achieve competition.*
- ii. *The User Departments and the Procurement and Disposal had plan ready to commence the procurement processes in time.*

2.2.4. Failure to appoint Evaluation Committees for each procurement process

There were no specific evaluation committee nominated by the Procurement and Disposal Unit and approved by the Contracts Committee for each procurement requirement contrary to Regulation 27 (1) of the Local Governments (PPDA) Regulations, 2006. The Authority found that

evaluation committees were nominated for groups of procurements i.e. works, services and supplies without considering the skills required.

Implication

This increases the risk of absence of technical capacity among evaluators during evaluation which increases the risk of award of contracts to incompetent firms.

Recommendation

The Procurement and Disposal Unit (PDU) should recommend an Evaluation Committee consisting of technical officers for each procurement process in accordance with Regulation 27 (1) of the Local Government (PPDA) Regulations, 2006.

Management response

This was an oversight, however this financial year 2022/2023 the PDU recommended an Evaluation Committee consisting of technical officers for each procurement process.

2.2.5. Failure to evaluate the technical specifications

The Evaluation Committee did not evaluate the technical criteria or technical specifications for three procurements worth UGX 182,679,425 contrary to Regulation 78 (1) (b) of the Local Government (PPDA) Regulations, 2006. The details of these procurements are in Table 15 below:

Table 15: Procurements without technical evaluation

No.	Subject of Procurement	Amount (UGX)
1.	Supply of laptop computers	15,970,000
2.	Supply of filing cabinets, executive tables and chairs	16,750,000
3.	Supply of double cabins pickup worth UGX	149,959,425

Implication

This exposes the Entity to the risk of procuring items that do not meet the required specifications.

Recommendation

The Authority recommends that the Evaluation Committees should conduct detailed technical evaluation to assess the technical responsiveness of a bid to the statement of requirements in accordance with Regulation 78(1) (b) of the Local Governments (PPDA) Regulations, 2006.

Management response

The Evaluation Committees conducted detailed technical evaluation to assess the technical responsiveness of a bid to the statement of requirements.

Authority's comment

The evaluation reports were verified with the Procurement and Disposal Unit and there was no technical evaluation done.

2.2.6. Evaluation Irregularities

The Authority found the anomalies under evaluation as detailed in Table 16 below:

Table 16: Procurements with evaluation anomalies

No	Subject of Procurement	Findings	Management Response																																							
1.	Supply of 4 desktop computers and 4 printers worth UGX 18,500,000 Best Evaluated Bidder: Papan (U) Limited	<p>Irregular change of bidder's price There was no justification for change of the bidder's price from UGX 24,770,560 to UGX 18,500,000.</p> <p>Implication This exposes the Entity to the risk of the supplier compromising quality to cover up the adjusted price.</p>	<p><i>The change of price was based on the idea of lower price but same quality of the product i.e. value for money and the changes was done with the approvals of the Contract Committee.</i></p> <p>Authority's comment There was no evidence availed of the negotiation minutes or Contracts Committee approval of the negotiation.</p>																																							
2.	Fencing of OPD at Padwong HC III worth UGX 45,724,764 Best Evaluated Bidder: TechnoBuild Construction Company Limited	<p>Change of evaluation criteria There was a difference between the evaluation criteria in the bidding document and what was actually evaluated. According to the bidding documents the following were the required key personnel</p> <table border="1" data-bbox="531 1048 1086 1424"> <thead> <tr> <th>No</th> <th>Position</th> <th>Minimum Qualification</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Contract Manager</td> <td>Ordinary D</td> </tr> <tr> <td>2.</td> <td>Site foreman</td> <td>civil Engineer</td> </tr> <tr> <td>3.</td> <td>Manson</td> <td>Craft one ce Bricks lay concrete pra</td> </tr> <tr> <td>4.</td> <td>Carpentry and joinery</td> <td>Advanced in carpen joinery</td> </tr> </tbody> </table> <p>The required equipment according to the bidding document:</p> <table border="1" data-bbox="531 1536 1086 1843"> <thead> <tr> <th>No.</th> <th>Equipment Type</th> <th>Minimum</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tipper Lorry</td> <td>1</td> </tr> <tr> <td>2.</td> <td>Wheelbarrows</td> <td>2</td> </tr> <tr> <td>3.</td> <td>Spade</td> <td>2</td> </tr> <tr> <td>4.</td> <td>Hand hoes</td> <td>3</td> </tr> <tr> <td>5.</td> <td>Slashers</td> <td>2</td> </tr> <tr> <td>6.</td> <td>Drums</td> <td>3</td> </tr> <tr> <td>7.</td> <td>Pick axe</td> <td>2</td> </tr> </tbody> </table> <p>However, the Evaluation Committee evaluated the following:</p>	No	Position	Minimum Qualification	1.	Contract Manager	Ordinary D	2.	Site foreman	civil Engineer	3.	Manson	Craft one ce Bricks lay concrete pra	4.	Carpentry and joinery	Advanced in carpen joinery	No.	Equipment Type	Minimum	1.	Tipper Lorry	1	2.	Wheelbarrows	2	3.	Spade	2	4.	Hand hoes	3	5.	Slashers	2	6.	Drums	3	7.	Pick axe	2	<p><i>This was an oversight and the Procurement and Disposal Unit has agreed to be very keen in crosschecking the bidding documents and evaluation criteria to ensure that there is no change in the evaluation criteria.</i></p>
No	Position	Minimum Qualification																																								
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No	Subject of Procurement	Findings	Management Response
		<p>There was no evidence of communication and acceptance of the arithmetic corrections.</p> <p>Implication Change of criteria is a red flag for unfair advantage to the Best Evaluated Bidder.</p>	
3.	<p>Construction of staff house at Padwong HC III worth UGX 149,551,570 Best Evaluated Bidder: Blair Foundation Limited</p>	<p>Unfair evaluation The Evaluation Committee wrongfully eliminated Zion Multipurpose International for providing a bank statement without a stamp as this meant that the statement was unauthentic, this was unfair since the requirement in the bidding document was that the bidder should provide recent bank statement not stamped bank statement. The Evaluation Committee could have verified authenticity of the bank statement from the bank.</p> <p>Implication Unfair evaluation discourages bidders from participating in future bidding processes.</p>	<p><i>The evaluation was free and fair; Zion Multipurpose International was eliminated at preliminary stage because there was no recent Bank statement for the last three months but not for providing a bank statement without a stamp as stated in the evaluation report.</i></p> <p>Authority's comment Zion Multipurpose International's bid was not provided for verification</p>
4.	<p>Upgrading of OPD Laboratory Section Pandwong HCIII worth UGX 19,950,000 Best Evaluated Bidder: Calawac Lonik (U) Limited</p>	<p>Award to a bidder that was non-compliant to the requirements. There was no evaluation report. However, the BEB did not meet the following requirements</p> <ul style="list-style-type: none"> i. The bidder did not submit a Tax Clearance Certificate but rather submitted an application for Tax Clearance Certificate dated 9th August 2021 against a bid closing deadline of 27th August 2021. This was adequate time for rejection or approval of a Tax Clearance Certificate. ii. The provider did not submit a work method statement and a work program. <p>Implication This exposed the Entity to the risk of engaging a provider who did not fulfil</p>	<p><i>This was an oversight and going forward the Evaluation Committees shall cross check all documents to ensure that they are valid.</i></p>

No	Subject of Procurement	Findings	Management Response
		their tax obligations and understand the assignment.	
5.	Renovation of Grey Dormitory at Y.Y Okot Memorial College worth UGX 43,657,180 Best Evaluated Bidder: A-One Shopping Limited	<p>Award to a bidder that was non-compliant to the requirements. There was no evaluation report. However, the best evaluated bidder did not meet the following requirements</p> <ul style="list-style-type: none"> i. The Powers of Attorney had been granted to Mr. Sant Suroop Singh but Mr. Jaswant Singh signed the bid submission sheet to commit the company. ii. The bidder submitted a compilation report with limited assurance instead of audited accounts with the auditor's report as required. The compilation report did not also include the statement of comprehensive income and the statement of financial position was not signed by the directors iii. One Home Shopping Limited submitted an altered Tax Clearance Certificate Ref Number KI03200040679 whose period had been altered from 01/07/2019-30/06/2020 to 01/07/2020 to 30/06/2021 when verified on the URA data base. iv. The bidder did not meet the criteria of specific experience in at least one contract in the past one year which was 2021. Their submitted experience was 4 blocks of pit latrines at Opoki Primary School in 2011, and construction of 4 classroom blocks in Lamwo in 2011. v. The bidder did not provide evidence of ownership or hire of the following equipment: Tipper Lorry, wheel barrows vi. There was no work method and programme. 	<i>This is noted that and the Evaluation Committees will ensure that they are keen in detecting the forgery and details of the bidding documents going forward from this financial year 2022-2023.</i>
		Implication	

No	Subject of Procurement	Findings	Management Response
		The Entity awarded a contract to a non-compliant and potentially fraudulent provider.	
6.	Roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School worth UGX 39,187,092 Best Evaluated Bidder: TechnoBuild Construction Company Limited	The Best Evaluated Bidder did not submit a work method and a work program	<i>The Best Evaluated Bidder submitted a work method and a work program 7 days after the site handover.</i> Authority's comment This was after the evaluation was completed yet the requirement was for part of the evaluation criteria.

Recommendations

1. The Evaluation Committees should determine the compliance and responsiveness of the bids based on the instructions, requirements, terms, and conditions of the bidding documents in accordance with Regulation 73(2) of the Local Governments (PPDA) Regulations, 2006.
2. The Contracts Committee should task the Evaluation Committees to verify the accuracy, validity and authenticity of the eligibility documents submitted by bidders at preliminary evaluation in accordance with Regulations 45 (4&5) of the Local Governments (PPDA) Regulations, 2006.

2.2.7.No evidence that the Notice of Best Evaluated Bidder (NoBEB) was communicated to all participating bidders

In all sampled procurement transactions (excluding the USMID and Force Account procurements) worth UGX 668,536,237, the entity did not communicate the results of the evaluation exercise to the bidders that participated in the tenders in form of sending of a Best Evaluated Bidder Notice particularly to those that were unsuccessful in line with Regulation 85 (5) of the Local Governments (PPDA) Regulations, 2006.

Implications

- This denies the bidders chance to make improvements in future bids hence deterring building the capacity of providers.
- Failure to notify all bidders denies them the right to appeal the decision of award in case they are aggrieved. It also contravenes the principle of transparency.

Recommendations

1. The Procurement and Disposal Unit should require bidders to include their official email addresses in their bids to enable electronic communication of the Notice of Best Evaluated Bidder.
2. The Notice of Best Evaluated Bidder should be sent to all bidders who participated in the

procurement in accordance with Regulation 85(5) of the Local Governments (PPDA) Regulations, 2006.

Management response

This is noted and going forward communication of the NOBEB will be made to all participating bidders.

2.3. Achievement of Effectiveness and Efficiency in Contract Implementation

The following are the findings and recommendations under this section.

2.3.1 Irregular payment of VAT amounts to a bidder who wasn't VAT registered

Techno Build Construction Company Limited was paid VAT worth UGX 6,974,964 under the contract for fencing of the OPD at Padwong HC III worth UGX 45,724,764 despite the fact that their Certificate of Tax Registration indicated they were not VAT registered.

The Contractor also charged VAT worth UGX 5,977,692 for the roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School contracted at UGX 39,187,092.

Implication

The Entity abetted the contractor to commit VAT fraud worth UGX 12,952,656.

Recommendation

The Accounting Officer should only make payments to VAT registered providers against an EFRIS invoice from URA in accordance with Section 73A and 73B of the Tax Procedures Code Act, 2014.

Management response

Payment of VAT to Techno Build Construction Company Limited was an oversight. Following PPDA recommendations, a communication was made to URA on 30th December 2022 to transfer the VAT payments to URA and the contractor copied.

2.3.2 No evidence approval of contract variations

The Authority did not find evidence of approval of contract variations worth UGX 10,000,000 in the construction of MAK III incinerator worth UGX 57,626,760 contrary to Regulation 120 (2) of the Local Governments (PPDA) Regulations, 2006.

Implication

This leaves room for irregularities and potential fraud to pass without back stopping.

Recommendation

The Contracts Committee should approve contract variations in accordance with Regulation 120 (2) of the Local Governments (PPDA) Regulations, 2006.

Management Response

The minutes of the Contract Committee sittings for the approval have been attached.

Authority's comment

The Contracts Committee minutes for approval of this variation were not submitted for verification.

2.3.3 Failure to nominate contract supervisors by user departments

The Authority did not find evidence of nomination of contract supervisors by the User Departments in 15 procurements worth UGX 534,346,667 contrary to Regulation 119 (2) of the

Local Governments (PPDA) Regulations, 2006 and their subsequent appointment by the Accounting Officer, and handover of the contract management tools like the contracts to the supervisors in a timely manner in all contracts.

Implication

The Entity is exposed to a risk of failure to fully realize the objectives of the contracts due to insufficient monitoring and further increases the risk of disagreements during contract execution.

Recommendation

The Accounting Officer should appoint contract supervisors after formal nomination by the Heads of User Departments in accordance with Regulation 119 (2) of the Local Governments (PPDA) Regulations, 2006.

Management response

The appointment of contract supervisors after formal nomination by the Heads of User Departments is done by the Accounting Officer in accordance with Regulation 119 (2) of the Local Governments (PPDA) Regulations, 2006.

Authority’s comment

The Entity did not provide evidence of nomination of contract supervisors by the User Departments.

2.3.4 Failure to prepare and submit contract management/progress reports to the Procurement and Disposal Unit

There were no reports submitted in two procurements worth UGX 82,844,272 on the progress or completion of the contract to the Procurement and Disposal Unit contrary to Regulation 120(9) of the Local Governments (PPDA) Regulations, 2006. The procurements are indicated in Table 17:

Table 17: Procurements without evidence contract management report

No	Subject of procurement	Findings	Management Response
1.	Renovation of Grey Dormitory at Y.Y Okot Memorial College worth UGX 43,657,180	No reports on the implementation of the following preliminary requirements <ul style="list-style-type: none"> • Monthly stakeholder meetings UGX 50,000 • As built drawings UGX 50,000 • PPE UGX 300,000 • Planting grass UGX 600,000 • Sensitization on HIV and AIDs UGX 100,000 • Site hoarding UGX 1,500,000 	<i>Monthly stakeholder meetings and reports on the implementation of the requirements in the preliminary requirements were undertaken</i>

2.	Roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School worth UGX 39,187,092	No reports on the implementation of the requirements in the preliminary requirements <ul style="list-style-type: none"> • Monthly stakeholder meetings UGX 200,000 • Clearing construction waste and disposal UGX 120,000 	Authority Comment The Entity did not submit proof of undertaking the above mentioned activities.
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Implications

1. The Contracts Committee and Procurement and Disposal Unit could not monitor the status of implementation of the contracts.
2. Amounts paid without accountability expose public resources to a risk of fraudulent payments.

Recommendation

The Contract Supervisors should keep accountability for implementation of activities under preliminaries like site meetings, site hoarding, Environmental, Social, Health and Safety Safeguards, among others and document them in their progress reports.

2.3.5 Delays during contract implementation

The Authority found delays in contract implementation for the upgrading of OPD laboratory section at Pandwong HCIII worth UGX 19,950,000 as detailed below:

i. Delayed completion

The contract completion period was 17th October 2021 but works were incomplete by 15th March 2022 causing a delay of 106 working days.

ii. Delayed payments

The contractor requested for payment for works worth UGX 18,272,206 on 27th April 2022 and payment worth UGX 16,444,985 excluding retention was made on 16th June 2022.

Implications

- Delayed execution of contracts delays service delivery, frustrates government development goals, and leads to commitment of more scarce resources in terms of supervision and time.
- Delayed payments increase the cost of public projects and discourage potential bidders.

Recommendation

The contract supervisors should issue notices to the contractors to correct identified defects including incomplete works with in a specified period. Failure of which should lead to correction of the defects at the cost of the contractor.

Management response


Thorough joint technical inspection / assessment was done prior to payment after receipt of requisition for payments. It was however established that substantial amount of work was not completed to the satisfaction of the client. Subsequently notification was given to the contractor on the pending and uncompleted work. However, the contractor took long to complete the work hence the delay in payment.

2.3.6 Irregular payments

The Entity committed irregularities while making payments in two procurements worth UGX 118,396,206. The details are in the table below:

Table 18: Irregular payments

No.	Subject of procurement	Findings	Management Response
1.	Construction of one block of 4 classrooms at Kitgum boys PS worth UGX 98,446,206	<p>Incomplete payment</p> <p>The Authority found that the Entity was unable to complete payments for this procurement; the Entity paid UGX 84,000,000, leaving a balance worth UGX 14,446,000. This may have been because the Entity signed a contract above the planned price without confirmation of extra funds. Whereas the Accounting Officer signed a contract of UGX 98,446,206, the planned amount only catered for UGX 90,076,048, there is no evidence showing that the Accounting Officer approved the additional funding of UGX 8,370,158. This subsequently affected completion of payments of the contractor.</p>	<p><i>Construction of one block of 4 classrooms at Kitgum Boys Primary School worth UGX 98,446,206 had some challenges. However, these challenges were handled using PPDA accepted guidelines and regulation</i></p> <p><u>Authority Comment:</u> The Entity did not provide evidence for payment of the balance. The works had been completed as per the payment certificates and audit site visit.</p>
2.	Upgrading of OPD Laboratory Section Pandwong	<p>Payment for work not done</p> <p>The Municipal Engineer measured and recommended for payment of an item of</p>	<p><i>Any payment in excess of the work shall done shall be recovered</i></p>

No.	Subject of procurement	Findings	Management Response
	HCIH worth UGX 19,950,000	burglar proof worth UGX 225,000 in the procedure room but this was not found during the audit field visit conducted on 6 th October 2022 as shown below: The payment certificate was not also verified by the Internal Auditor. 	<i>when reconciling the final account at the end of the defect liability period.</i>

Implications

- Failure to honour the payments creates a bad reputational risk for the Entity and discourages potential bidders
- Making payments for works not done is a red flag for potential fraudulent practices with in the Entity

Recommendations




1. The Accounting Officer should prioritize the payment of arrears worth UGX 14,446,000 for the construction of one block of 4 classrooms at Kitgum boys Primary School.
2. The Accounting Officer should issue a notice to the contractor for renovation works for OPD at Pandwong Health Centre II to install the burglar proof within a specified period or install it at the contractor's cost before release of the retention.


2.3.7 Project defects

The Authority found project defects in three procurements worth UGX 102,794,272 during audit field visit to the projects conducted on **6th October 2022** together with the Entity representative Eng. Abonga Alexis. The details are in Table 19 below:

Table 19: Projects with defects

No.	Subject of Procurement	Findings
1.	Upgrading of OPD Laboratory Section Pandwong HCIH worth UGX 19,950,000 by Calawac Lonik (U) Limited	Inadequate specifications Specifications for the shelves, tiles were not given in terms of sizes and materials. The storage shelves installed did not meet the expectations of the users. The stored documents could touch the floor base and were exposed to running water when mopping the floor.

No.	Subject of Procurement	Findings
		 <p data-bbox="580 645 1437 712"><i>The image shows the storage shelves without a base on the floor that exposes the documents to running water from the floor.</i></p>
2.	Renovation of Grey Dormitory at Y.Y Okot Memorial College worth UGX 43,657,180 by A - One Home Shopping Limited	<p data-bbox="580 723 1437 864">The facility was not in use as at 7th October 2022 despite the fact that the works had been completed on 13th June 2022 yet it had been an emergency procurement. This was attributed to delayed hand over.</p> 
3.	Roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School worth UGX 39,187,092 by Techno Build Construction Company Limited.	<p data-bbox="580 1198 1437 1305">The contractor did not clear the site of construction waste and debris that been contracted at UGX 120,000 at approved sites as shown below:</p>  <p data-bbox="580 1780 1437 1848">Figure 2: Debris left in the school compound could harbour reptiles and be an environmental hazard</p>
4.	Construction of Staff House	Incomplete works

No.	Subject of Procurement	Findings
	<p>Pandwong Health Centre III worth UGX 149,551,570 by Blair Foundation Limited.</p>	<p>The Authority found that the Contractor abandoned site before completion of plumbing and fittings works. Fitting of water pipes, a water tank, and accessories was pending as at 6th October 2022. The Authority did not find any sign of mobilization when It visited the site on 6th October 2022. Payments worth UGX 121,563,434 had been made to the contractor and had a balance worth UGX 27,988,136 on the contract. The status of the pending works is shown in the images below:</p> 

Implications

- This implies that the objectives of the procurement were not realized therefore there was no value for money achieved.
- Facilities which are constructed and left abandoned a prone to faster depreciation due to non-usage.

Recommendations

1. Contract Supervisors should always organize for handover and sensitization on use of the completed facilities in a timely manner to enable efficient service delivery.
2. The Accounting Officer should consider provision of funds for installation of appropriate storage cabinets for the laboratory at the OPD at Pandwong Health Center III to make it functional.
3. The Accounting Officer should task Techno Build Construction Company Limited to clear debris left on site after the roofing of 1 Block of Classrooms at Kitgum Demonstration Primary

- School.
4. The Accounting Officer should instruct Blair Foundation Limited to complete works for the staff house at Pandwong Health Center III, failure of which should lead to completion of works by the Entity at the cost of the contractor in accordance with GCC 60.1 of the contract.

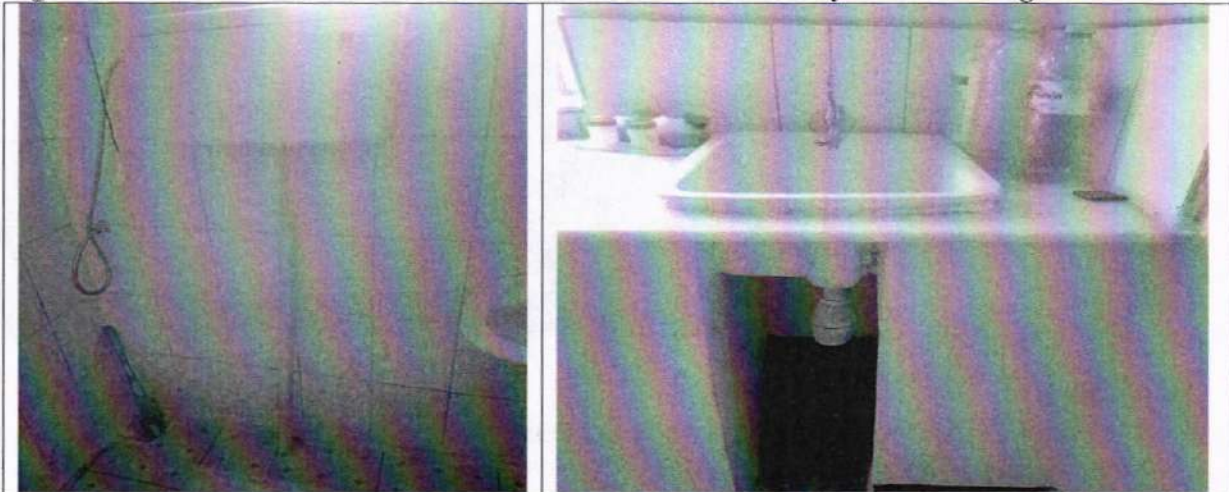
Management Response

- i. A letter was written to Blair Foundation Limited to complete works for the staff house at Pandwong Health Center III.
- ii. Contract Supervisors were organizing official handover and sensitization on use of the completed facilities in a timely manner to enable efficient service delivery.
- iii. Site meetings were organized by the Accounting Officer and he prevailed over the contractor for the renovation works for laboratory at the OPD at Pandwong Health Center III to correct defects.
- iv. The Accounting Officer tasked Techno Build Construction Company Limited to clear debris left on site after the roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School and all debris were collected from the site

Authority Comment:

The Entity did not provide an update on rectification of the defects raised above. The only update provided was for rectification of defects for the leaking cistern and inappropriate hand wash basin for renovation works at Pandwong Health Centre III as shown in Figure 3 below:

Figure 3: Rectified defects for the sink and WC at Laboratory at Pandwong Health Centre III



CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present the overall audit conclusion and the recommended action plan.

3.1. Overall Audit Conclusion

The performance of Kitgum Municipal Council for the Financial Year 2021/2022 was **moderately satisfactory** with overall weighted average risk rating of **42.5%**.

The risk rating is as follows:

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

Entity's Performance

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

Table 20: Weighted score of Kitgum Municipal Council

Risk category	No.	No. %	Value (UGX)	Value %	Weights	Total Average weighted	
						By No	By Value
High	0	-	0	-	0.6	-	-
Medium	10	56	21,223,372,648	99	0.3	17	30
Low	8	44	295,411,475	1	0.1	4	0
Satisfactory	0	-	0	-	0	-	-
Total	18	100	21,518,784,123	100	1	21	30

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{21}{60} \times 100 = 35\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{30}{60} \times 100 = 50\%$$

$$\text{Combined Weighted Average} = \frac{35+50}{2} = 42.5\%$$

Figure 4: Percentage Risk Rating by Number

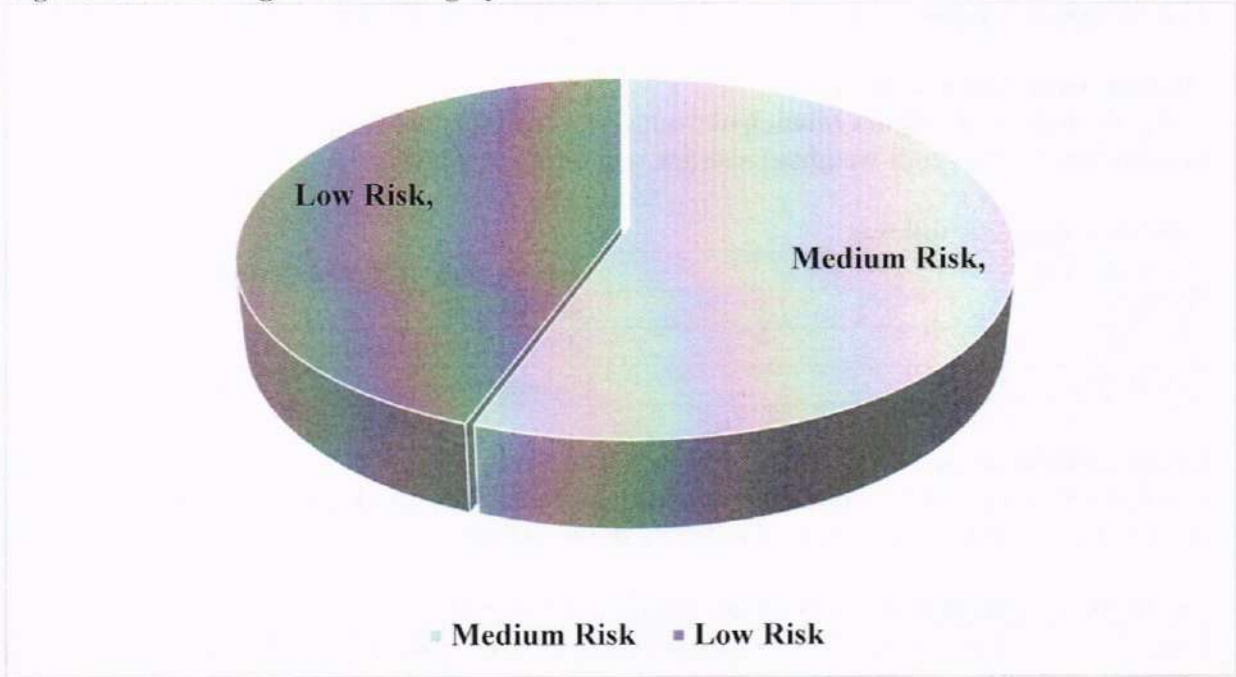
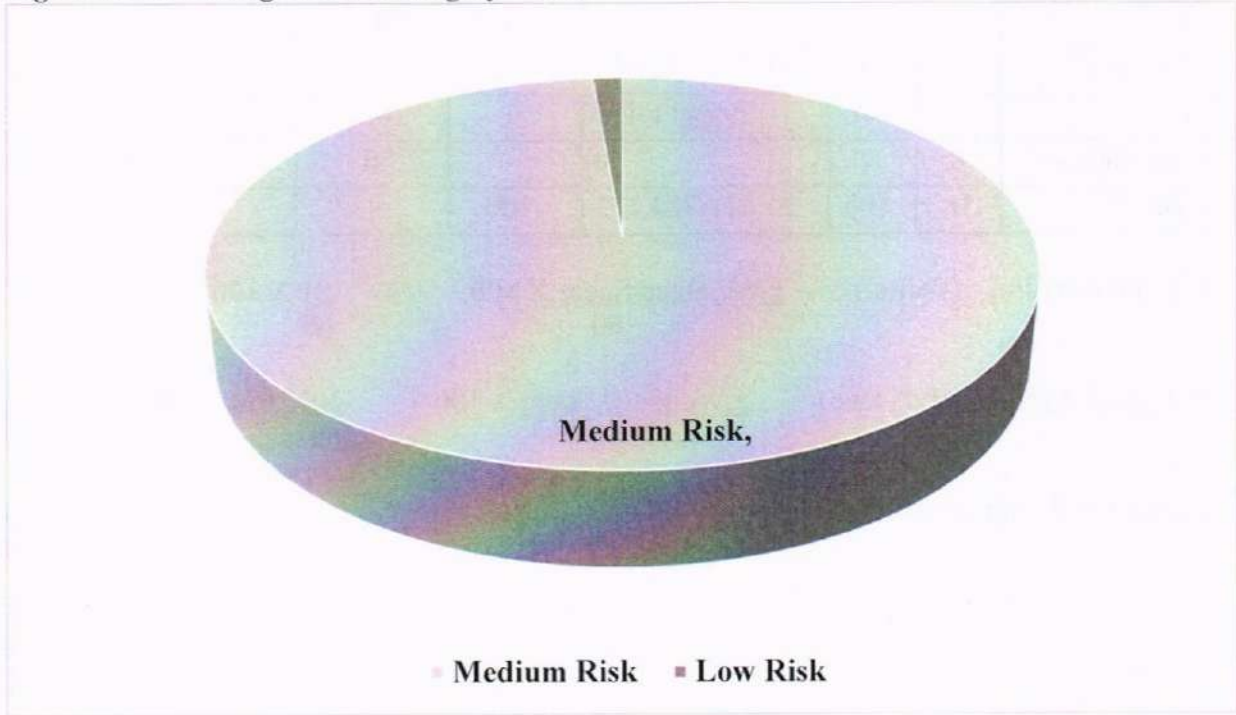


Figure 5: Percentage Risk Rating by Value



3.2. Recommended Action Plan

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

Table 21: Action Plan

	Recommended Action	Target
1.	The Accounting Officer should ensure that on a quarterly basis and in any other case, wherever necessary, review and update its procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 as amended.	Immediate
2.	The Accounting Officer should consider entering an output based contract with the consultant for the additional supervising services for USMID roads Batch II after the expiry of the existing supervising contract.	April 2023
3.	The Accounting Officer should engage the USMID Secretariat to adequately plan and relocate utilities before contracts are signed or before sites are handed over to contractors.	Immediate
4.	The Accounting Officer and the Secretariat should consider the possibility of acquiring the investment services directly by the Entities or include them in the consultant's contract to avoid cases where the contractor manipulates the arrangement to their advantage.	July 2023
5.	The Project Manager should task the China Railway 17 th Group to submit the subcontractors for approval by the Project Manager. The approval should include verification of the eligibility and capacity of the proposed subcontractors to establish whether they are competent local contractors in accordance with GCC 7.2 of the contract.	Immediate
6.	The Accounting Officer should address issues affecting the progress of USMID works for Batch II to enable accelerated execution of the contract to meet the contract deadlines.	Immediate
7.	The Procurement and Disposal Unit should set appropriate evaluation criteria that is fair to all bidders and non-discriminative as much as possible.	July 2023
8.	The Procurement and Disposal Unit and the User Departments should maintain all records relating to a procurement transaction for inspection of the Authority in accordance with Regulation 46 of the Local Governments (PPDA) Regulations, 2006.	Immediate
9.	The User Departments should recommend statements of requirements that are precise and leave no room for assumption in accordance with Regulation 48(2) of the Local Governments (PPDA) Regulations, 2006.	July 2023
10.	The Accounting Officer should address the issue of long procurement processes, stringent but unnecessary terms in the bidding document, and delayed payments to attract more bidders.	Immediate
11.	The Head Procurement and Disposal Unit should consider use of more competitive methods in hierarchy with modifications and achieve competition to the extent possible before embarking on use of direct procurement method under emergency.	Immediate

12.	The Evaluation Committees should determine the compliance and responsiveness of the bids based on the instructions, requirements, terms, and conditions of the bidding documents in accordance with Regulation 73(2) of the Local Governments (PPDA) Regulations, 2006.	Immediate
13.	The Contracts Committee should task the Evaluation Committees to verify the accuracy, validity and authenticity of the eligibility documents submitted by bidders at preliminary evaluation in accordance with Regulations 45 (4&5) of the Local Governments (PPDA) Regulations, 2006.	Immediate
14.	The Procurement and Disposal Unit should require bidders to include their official email addresses in their bids to enable electronic communication of the Notice of Best Evaluated Bidder.	Immediate
15.	The Accounting Officer should only make payments to purported VAT registered providers against an EFRIS invoice from URA in accordance with Section 73A and 73B of the Tax Procedures Code Act, 2014.	Immediate
16.	The Contracts Committee should approve contract variations in accordance with Regulation 120 (2) of the Local Governments (PPDA) Regulations, 2006.	Immediate
17.	The Accounting Officer should appoint contract supervisors after formal nomination by the Heads of User Departments in accordance with Regulation 119 (2) of the Local Governments (PPDA) Regulations, 2006.	Immediate
18.	The Contract Supervisors should keep accountability for implementation of activities under preliminaries like site meetings, site hoarding, Environmental, Social, Health and Safety Safeguards, among others and document them in their progress reports.	Immediate

APPENDICES

Appendix I: Findings and rating on the individual contracts reviewed

No	HIGH/MEDIUM RISK CONTRACTS	REASONS FOR HIGH/MEDIUM RISK
1.	Construction of Staff House Pandwong Health Centre III	<ul style="list-style-type: none"> • Unfair elimination of a responsive bidder • Incomplete works
2.	Construction of one Block of four Classrooms at Kitgum Boys Primary School.	<ul style="list-style-type: none"> • Unapproved contract variations worth UGX 10,305,135 and subsequent failure to pay provider for the same.
3.	Revenue collection and Management at Abattoir	No proof of collection of revenue worth UGX 12,200,000
4.	Upgrading of OPD Laboratory Section Pandwong HCIII	<ul style="list-style-type: none"> • Inadequate specifications • Award of contract to a non-compliant bidder • Payment for work not done
5.	Upgrading to Class II standard paved road with an Asphaltic Concrete wearing Course surface	<ul style="list-style-type: none"> • Slow progress of works
6.	Consultancy Supervision of construction of selected roads in Arua – Gulu Cities and Kitgum Municipality	<ul style="list-style-type: none"> • Delayed progress reporting • Failure to ensure that there's effective time, quality and cost control
7.	Fencing of OPD at Pandwong HCIII	<ul style="list-style-type: none"> • Missing contract management records • Payment of VAT to a non-registered provider.
8.	Renovation of Grey Dormitory at Y.Y Okot Memorial College	<ul style="list-style-type: none"> • Unjustified use of direct procurement method • Award of contract to a non-compliant bidder • Failure to utilise an emergency facility • Lack of proof of payment of the contractor
9.	Roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School.	<ul style="list-style-type: none"> • Unjustified use of direct procurement method • Payment of VAT to a non-registered provider
10.	Lot 1: Painting of Classrooms at primary Schools	<ul style="list-style-type: none"> • Unjustified use of direct procurement method.

Appendix II: Transaction list and rating per case

No.	Procurement Reference Number	Subject of procurement	Method of procurement	Provider	Contract value (UGX)	Risk Rating
1.	Kgmc784/ Wrks /21-22/00001	Construction of Staff House Pandwong Health Centre III	Open National Bidding	Blair Foundation Limited	149,551,570	Medium Risk
2.	Kgmc784/ Wrks /21-22/00003	Construction of one Block of four Classrooms at Kitgum Boys Primary School.	Open National Bidding	Wan Aye Company Limited.	98,446,206	Medium Risk
3.	Kgmc784/ Supls /21-22/00001	Supply of Double Cabin Pickup.	Open National Bidding	Cooper Corporation Uganda Limited.	149,959,425	Low Risk
4.		Routine mechanized maintenance of BP Benjamin Ojwang 2.14km, Global View road 0.88km, Lamit roads A,B,D & E 4.19km, AJ road 0.54km, Dr. Rizzo Ivonne road 0.553km, Ayul NUSAF road 0.82km under the Uganda Road Fund (URF) worth UGX 15,362,000 (Fuel worth UGX 11,040,000, Allowances worth UGX 3,000,000 and UGX 1,322,000)	Force Account Mechanism	Engineering Department	15,362,000	Low Risk
5.	Kgmc784/ Servs /21-22/00008	Revenue collection and Management at Abattoir-1, 710,000 per Month	Open National Bidding	Coo Kanyo (U) Limited.	20,520,000	Medium Risk
6.	Kgmc784/ Wrks /21-22/00005	Upgrading of OPD Laboratory Section Pandwong HCIII	Direct Procurement	Calawac Lonik (U) Limited	19,950,000	Medium Risk
7.	Arua-Gulu - Kitgum/ Wrks /21-22/00001	Upgrading to Class II standard paved road with an Asphaltic Concrete wearing Course surface	Open National Bidding	China Railway Seventh Group Company Limited	18,981,985,836	Medium Risk
8.	Arua-Gulu - Kitgum/ Servs /21-22/00001	Consultancy Supervision of construction of selected roads in Arua – Gulu Cities and Kitgum Municipality	Open National Bidding	Segamu 14 Consults Limited in Sub Consultancy with Hersun Consults Limited	1,800,750,000	Medium Risk

No.	Procurement Reference Number	Subject of procurement	Method of procurement	Provider	Contract value (UGX)	Risk Rating
9.	Kgmc784/ Supls /21-22/00010	Supply of Desk Top Computers and Printers	Selective National Bidding	Papan (U) Limited.	18,500,000	Low Risk
10.	Kgmc784/ Supls /21-22/00009	Supply of Laptop Computers	Selective National Bidding	Utah Kath Group SMC Limited.	15,970,000	Low Risk
11.	Kgmc784/ Supls /21-22/00013	Supply of Feed Mill for production of Fish Pellets.	Selective National Bidding	Nimaro Rwot Investment company Limited	12,000,000	Low Risk
12.	Kgmc784/ Supls /21-22/00011	LOT 1 Supply of Conference Chairs and Leather Sofa Set	Selective National Bidding	Nimaro Rwot Investment Company Limited.	19,850,000	Low Risk
13.	Kgmc784/ Supls /21-22/00012	LOT 2: Supply of Filling Cabinets, Executive Tables and Chairs	Selective National Bidding	Utah Kath Group SMC Limited.	16,750,000	Low Risk
14.	Kgmc784/ Wrks /21-22/00007	Fencing of OPD at Pandwong HCIII	Selective National Bidding	TechnoBuild Construction Company Limited	45,724,764	Medium Risk
15.	Kgmc784/ Wrks /21-22/00008	Renovation of Grey Dormitory at Y.Y Okot Memorial College	Direct Bidding	A - One Home Shopping Limited	43,657,180	Medium Risk
16.	Kgmc784/ Wrkss /21-22/00009	Roofing of 1 Block of Classrooms at Kitgum Demonstration Primary School.	Direct Bidding	Techno Build Construction Company Limited.	39,187,092	Medium Risk
17.	Kgmc784/ Wrkss /21-22/00010	Lot 1: Painting of Classrooms at primary Schools	Direct Bidding	Lakony Engineering Limited.	23,600,000	Medium Risk
18.	Kgmc784/ Wrkss /21-22/00005	Construction of MAK III Incinerator at Pandwong Health Centre III	Selective National Bidding	Technology for Tomorrow Limited	47,020,050	Low Risk
TOTAL					21,518,784,123	

Appendix III: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
<p>HIGH</p> <p>Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the Entity's reputation. Such cases warrant immediate attention by senior management.</p> <p>Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".</p>		<p>Planning: Lack of or failure to procure within the approved plan</p>	<p>This implies emergencies and use of the direct procurement method which affects competition and value for money.</p>
		<p>Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.</p>	<p>This implies use of less competitive methods which affects transparency, accountability and value for money.</p>
		<p>Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.</p>	<p>This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.</p>
		<p>Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.</p>	<p>This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.</p>
		<p>Fraud/forgery: Falsification of Documents</p>	<p>This implies lack of transparency and value for money.</p>
		<p>Contract Management: 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>MEDIUM</p>	<p>Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the Entity's reputation, warrant timely management action using the existing</p>	<p>Planning: Lack of initiation of procurements and confirmation of funds.</p>	<p>This implies committing the Entity without funds thereby causing domestic arrears.</p>
		<p>Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of</p>	<p>This implies lack of efficiency, standardization and avoiding competition.</p>

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	
		Procurement Structures: Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

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

SATISFACTORY

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

Appendix IV: Contracts Committee and PDU Composition

Contracts Committee Composition

No.	Name	Position	Designation	Date of appointment
1.	Mr. Joseph Okwekene	Chairperson, CC	Assistant Records Officer	1 st October 2019
2.	Ms. Rhina Kareo	Member, CC	Senior Health Inspector	1 st October 2019
3.	Ms. Judith Ayot	Member, CC	Senior Environment Officer	1 st January 2020
4.	Mr. Dennis Lokoya	Member, CC	Senior Economic Planner	1 st October 2019
5.	Ms. Irene Achola Origa	Member, CC	Senior Physical Planner	1 st October 2019

Procurement and Disposal Unit Composition

No	Name	Position in PDU
1.	Mr. Patrick Pacuto	Senior Procurement Officer
2.	Mr. Benson Ocen	Procurement Officer