



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

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

**KITGUM MUNICIPAL COUNCIL**

**DECEMBER 2019**

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## ACRONYMS

AO	Accounting Officer
CC	Contracts Committee
FY	Financial Year
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SRVCS	Services
SUPLS	Supplies
UGX	Uganda Shillings
WRKS	Works

## EXECUTIVE SUMMARY

### Introduction

The Public Procurement and Disposal of Public Assets Authority carried out the Procurement and Disposal audit of Kitgum Municipal Council. The audit covered a representative sample of twenty-one (21) procurement transactions under Financial Year 2018/19. The audit involved a review of procurement system, procurement processes, asset disposal processes, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

From the findings of the procurement audit exercise, the summary performance of your Entity revealed that the compliance score was 74%, the performance score was 56% and the overall weighted average score of 64% which is satisfactory as summarised in the table below:

No.	Indicator	Score %	Weight	Weighted Score
1.	Average Compliance Indicator Score	74	0.4	30
2.	Average Performance Indicator Score	56	0.6	34
<b>Kitgum Municipal Council's Weighted Average Score</b>				<b>64</b>

### Summary of Rating

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

### Underlying factors leading to the above performance:

1. Low bidder participation with the Entity receiving less than three (3) bids in the bidding process for 81% of the twenty-one (21) procurement transactions sampled contrary to Regulation 43 (4) of the Local Governments (PPDA) Regulations, 2006. The average number of bids received in the Entity was two (2).
2. Contracted providers did not complete 53% of the sampled procurements within the contractual completion timelines.
3. Kitgum Municipal Council conducted 76% of the sampled procurement transactions outside the planned timelines.
4. Irregularities in the evaluation process of twelve (12) procurements worth UGX 337,017,484.
5. Issuance of poorly drafted solicitation documents with inconsistent contractual terms and conditions in fifteen (15) procurements worth UGX 285,689,452 contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
6. The Entities' procurement and disposal records were not properly maintained and archived on their respective procurement action files and secure places.
7. Usurping powers of the Accounting Officer and performing his functions without delegated Authority.
8. Failure to dispose of obsolete Council assets that were identified for disposal contrary to Regulation 122 (6) of the Local Governments (PPDA) Regulations, 2006.

### Recommendations

1. The Entity should urgently address the issue of low bidder participation as it undermines the principle of competition in the procurement process of the Entity.

2. User Departments should supervise providers to perform contracts in accordance with the terms and conditions specified in the contract.
3. The Procurement and Disposal Unit should conduct all procurement processes in accordance with the procurement plan in order to enable timely service delivery and value for money.
4. Evaluation Committees should strictly adhere to the evaluation criteria stated in the solicitation document while conducting evaluation in accordance with Section 71 (3) of the PPDA, Act, 2003.
5. The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.
6. The Accounting Officer should equip the Procurement and Disposal Unit with filing cabinets and storage space in order to maintain and archive records of the procurement and disposal process in accordance with Section 41 (1) of the PPDA Act, 2003.
7. The Accounting Officer should formally delegate the responsibility of confirming availability of funding in accordance with Section 39 (a) (ii) of the PPDA Act, 2003.
8. All assets of the Municipal Council should be reviewed on an annual basis, to identify those which are obsolete and are subjected to disposal in accordance with Regulation 122 (6) of the Local Governments (PPDA) Regulations, 2006.

**Recommended Action plan**

Kitgum Municipal Council should implement the recommended action plan on pages **32-33**.

## CHAPTER 1: INTRODUCTION

### 1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Kitgum Municipal Council. The audit covered a representative sample of twenty-one (21) procurement transactions under Financial Year 2018/19. The audit involved a review of procurement system, procurement processes, asset disposal processes, and the procurement performance indicators following the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

### 1.2 Objectives of the Audit

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

### 1.3 Scope of the Audit

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Kitgum Municipal Council from **16<sup>th</sup> September 2019** to **25<sup>th</sup> September 2019**. The Entity had a total procurement budget of **UGX 1,469,401,091** in the audit period.

The audit covered a representative sample of twenty-one (21) procurement transactions under Financial Year 2018/19. The list of sampled transactions is contained in Annex 1.

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

### 1.4 Methodology

Kitgum Municipal Council was notified about the upcoming audit on **4<sup>th</sup> September 2019**. To prepare for the audit, the auditors reviewed the Entity's budget, procurement plan and quarterly reports.

The procured items in the transaction list were stratified by (a) category of works, supplies, consultancy, and non-consultancy services, (b) procurement method, (c) and contract value. A representative sample of the twenty-one (21) procurement transactions were selected for audit based on a stratified random sampling method.

Using guidelines in the Procurement Audit Manual, the sample size was assessed as representative of the population of transactions. The distribution of the transaction population and sample is in Table 1.

<b>Population</b>			<b>Sample</b>		<b>Percentages</b>	
<b>Method</b>	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>	<b>% Number</b>	<b>% Value</b>
Open Domestic Bidding	14	781,663,661	10	688,500,785	71%	88%
Selective Bidding	9	159,988,483	9	159,988,483	100%	100%
Direct procurements	2	62,185,000	2	62,185,000	100%	100%
Micro procurements	273	61,500,840	-	-	-	-
<b>Total</b>	<b>298</b>	<b>1,065,337,984</b>	<b>21</b>	<b>910,674,268</b>	<b>7%</b>	<b>85%</b>

An entry meeting was held on **16<sup>th</sup> September 2019**. At the meeting, the objectives of the audit were discussed as well as the timelines, roles and responsibilities. The Entity's management was requested to avail the required records in time for the audit, to which they agreed to give the necessary assistance to the auditors.

Two Procurement Audit Officers under the supervision of the Director, Performance Monitoring carried out the audit. During the audit, the auditors had interviews with the staff from the Procurement and Disposal Unit and User Departments where necessary to obtain qualitative information that was crucial to understand the internal control system and processes. The examination of records and documents was done for each of the sampled transactions. The auditors obtained the relevant evidence to arrive at audit conclusions. Physical inspection was carried out at the end of the audit.

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

At the end of the field data collection, a debriefing meeting was held on **24<sup>th</sup> September 2019** with the Entity management and staff to conclude pending issues and any records that could not be accessed during the audit. All the pending matters were cleared on **25<sup>th</sup> September 2019** before the preparation of the audit report.

The auditors prepared the management letter, which was sent to the Entity on **10<sup>th</sup> October 2019** with a request to submit management response by **23<sup>rd</sup> October 2019**, which was submitted on **4<sup>th</sup> November 2019**. The exit meeting was held on **8<sup>th</sup> November 2019** at PPDA.

## CHAPTER 2: KEY FINDINGS AND RECOMMENDATIONS

### 2.1 Accounting Officer

The Accounting Officer during the financial year under review was the Town Clerk. The main areas of non-compliance for the Accounting Officer (AO) were:

#### 2.1.1 Failure to conduct disposal

The audit revealed that Kitgum Municipal Council did not dispose off any obsolete assets in Financial Year 2018/19 as recommended by the board of survey report for Financial Year 2017/2018 contrary to Regulation 122 (6) of the Local Governments (PPDA) Regulations, 2006. The list of obsolete items not disposed of by Kitgum Municipal Council is indicated in Table 2 below;

**Table 2: List of obsolete items recommended for disposed by Kitgum Municipal Council board of survey report**

No.	Asset Description	Reg. No.	Model/Type	Engine No.	Chassis No.
1.	Motor cycle	LG 0045-22	Yamaha	3HA-076481	3HA-076667
2.	Motor cycle	LG 0046-22	Yamaha cy 80	00008996	7yb00320
3.	Tipper Lorry	UAJ 078M	Isuzu Forward	-	-
4.	Cesspool Emptier	UAJ 819B	Isuzu	-	-
5.	Motor Cycle	LG 0075-22	Honda	WH156F-2*07E74451	LWBPCJI-F671056744
6.	Tipper Tata Lorry	LG0106-22	Tata 841613CTC	70M6262-5756	MA73881-2271R41763
7.	Motor Cycle	LG 0115-22	Yamaha	E3D7E-018566	6BPKE12-9690036708
8.	Pick up	UG 2704R	Ford Double Cabin	-	-
9.	Motor Cycle	LG 0008-056	Yamaha	-	LSC500018
10.	Chairs, tables, cabinets, computers, book shelves, printer, photocopier	-	-	-	-

*Some of undisposed vehicles due for disposal rotting in the Municipal parking yard*



### **Implication**

Failure to dispose items due for disposal inhibits achievement of value for money as funds are held up in assets and also lost through depreciation of such assets.

### **Management Response**

It is a requirement that all government assets recommended for disposal should be valued by Chief Government Valuer. In light of that the Entity's management had written to the Permanent Secretary, Ministry of Works for the same to be valued.

### **Authority's comment**

The Authority noted that although the Entity had written to the Permanent Secretary, Ministry of Works on 12<sup>th</sup> July 2019, these obsolete items have been earmarked for disposal since the board of survey report for FY2016/2017.

### **Recommendations**

- Management should always provide the Authority with a courtesy copy of all its communications regarding disposal in order for the Authority to follow up with the concerned parties and have all the obsolete items disposed.
- All assets of the Municipal Council should be reviewed on an annual basis, to identify those which are obsolete and are subjected to disposal in accordance with Regulation 122 (6) of the Local Governments (PPDA) Regulations, 2006.

#### **2.1.2 Usurping powers of the Accounting Officer**

The audit revealed that in seven (07) procurement transactions worth UGX 140,070,121, various staff carried out roles earmarked for the Accounting Officer without evidence of delegated authority by the Accounting Officer contrary to Section 39 of the PPDA Act 2003. The procurements are shown in the Table 3 below:

**Table 3: Procurements in which powers of Accounting Officer were usurped**

<b>No</b>	<b>Subject of Procurement</b>	<b>Amount (UGX)</b>	<b>Name of officer</b>	<b>Role usurped</b>
1.	Fencing of Relocation Market	47,985,000	Mr. Ocan Patrick Ocitti	Confirming availability of funds
2.	Construction of 1 Block of 4 Stances at Relocation Market Site	14,200,000	Mr. Ocan Patrick Ocitti	Confirming availability of funds
3.	Construction of Water Borne Toilet at Lulojo Market	22,512,341	Ms. Akumu Irene	Confirming availability of funds
4.	Construction of Market Stall and Shade at Lulojo Market	29,925,892	Ms. Akumu Irene	Confirming availability of funds
5.	Construction of 4 Stances Drainable Latrine at Kitgum	15,964,408	Mr. Ouma Patrick	Signed the contract on behalf Kitgum Municipal Council
6.	Supply of (38) three Seater Desks and (6) Office Tables to	9,482,480	Mr. Ouma Patrick	Signed the contract on behalf Kitgum Municipal Council

No	Subject of Procurement	Amount (UGX)	Name of officer	Role usurped
	Pandwong & Ojuma Primary Schools			
7.	Supply of General Stationeries	Approved Rates	Mr. Ocan Patrick Ocitti	Signed the contract on behalf Kitgum Municipal Council
<b>Total</b>		<b>140,070,121</b>		

### **Implication**

Confirmation of funds without delegated authority exposes the Entity to the risk of signing contracts without funds to pay providers.

### **Management Response**

This was an oversight the management noted the advice and will improve in these areas.

### **Recommendation**

The Accounting Officer should formally delegate the responsibility of confirming availability of funding in accordance with Section 39 (a) (ii) of the PPDA Act, 2003.

### **2.1.3 Signing contracts with unauthorized personnel**

The audit revealed that Kitgum Municipal Council signed three (3) contracts worth UGX 73,431,888 with providers' representatives who had no Powers of Attorney as indicated in Table 4 below.

**Table 4: Contracts signed by unauthorized personnel**

No	Subject	Provider	Amount (UGX)	Contract signatory	Authorised person with Powers of Attorney
1.	Fencing of Relocation Market	Westland Construction Ltd	47,985,000	Mr. Ocaya Henry	Mr. Otema Bosco
2.	Construction of 4 Stances Drainable Latrine at Kitgum Demonstration P/S	Manoknok & Investment Company Limited	15,964,408	Mr. Ociti John Bosco	Mr. Okot Richard
3.	Supply of (38) three Seater Desks and (6) Office Tables to Pandwong & Ojuma P/S	Kikonywa Investment & Company	9,482,480	Mr. Okot Richard	Ms. Atto Mildred
<b>Total</b>			<b>73,431,888</b>		

### **Implication**

Signing contracts with representatives of the provider who have no power of attorney is irregular and makes the resultant contract voidable.

### **Management Response**

Management noted this as an oversight. Management will take corrective measures to address the oversight.

## Recommendation

The Accounting Officer should desist from signing contracts with unauthorized personnel in accordance with Regulation 88 of the Local Governments (PPDA) Regulations, 2006.

### 2.2 Procurement and Disposal Unit

The Procurement and Disposal Unit was manned by one staff during the 2018/19 financial year i.e. the Assistant Records Officer Mr. Ocan Benson. The main areas of non-compliance were:

#### 2.2.1 Issuance of poorly drafted solicitation documents

The Authority reviewed the solicitation documents provided and observed that they were poorly drafted, with outdated evaluation criteria, inconsistent contractual terms and conditions contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006. These procurements were:

**Table 5: Procurements with inadequate solicitation documents**

No	Subject of Procurement	Amount (UGX)	Findings
	Fencing of Relocation Market	47,985,000	Evaluation criteria was not stated precisely and correctly e.g. the Entity just required an Income Tax Clearance Certificate for the last financial year 2017/2018 instead of an Income Tax Clearance Certificate for current financial year 2018/2019.
1.	Construction of 4 Stances Drainable Latrine at Pandwong Primary School	16,834,000	<ul style="list-style-type: none"><li>• The Evaluation criteria in the bidding document were not stated precisely and correctly i.e. the Entity required; (I.) Income Tax Clearance Certificate for the last financial year 2016/2017 yet the procurement was for financial year 2018/2019 (ii) Valid trading license for FY 2017/2018 yet the procurement was for financial year 2018/2019.</li><li>• The bidding document required a bank statement for the last three months with a credit balance of UGX 100,000. The amount UGX 100,000 was inadequate for a procurement estimated at UGX 17,249,925.</li></ul>
2.	Construction of Market Shade at Oryang Ojuma Market	15,441,399	<ul style="list-style-type: none"><li>• The bidding document did not have key technical evaluation criteria such as experience, tools and equipment, personnel and academic qualification were also not stated in the bidding document.</li><li>• The bidding document required a bank statement for the last three months with a credit balance of UGX 100,000. The amount UGX 100,000 was inadequate for a procurement estimated at UGX 18,369,141.</li></ul>
3.	Construction of 4 Stances Drainable Latrine at Kitgum Primary School	16,997,000	The bidding document required a bank statement for the last three months with a credit balance of UGX 100,000. The amount UGX 100,000 was inadequate for a procurement estimated at UGX 17,249,925.
4.	Construction of 4 Stances Drainable	16,989,463	<ul style="list-style-type: none"><li>• The bidding document did not require key evaluation criteria such as technical evaluation criteria such as experience, tools and equipment, personnel and</li></ul>

No	Subject of Procurement	Amount (UGX)	Findings
	Latrine at Kitgum Prison Primary School		<p>academic qualification were also not stated in the bidding document.</p> <ul style="list-style-type: none"> <li>The bidding document required a bank statement for the last three months with a credit balance of UGX 100,000. This amount was inadequate for a procurement estimated at UGX 17,249,925.</li> </ul>
5.	Construction of 4 Stances Drainable Latrine at Kitgum Demonstration Primary School	15,964,408	<ul style="list-style-type: none"> <li>Evaluation criteria were not stated precisely and correctly e.g. the Entity required for an Income Tax Clearance Certificate for the financial year 2016/2017 yet the procurement was for FY 2018/2019.</li> <li>The Entity also required a valid trading license for FY 2017/2018 yet the procurement was for financial year 2018/2019.</li> <li>The bidding document also did not require key evaluation criteria such as power of attorney under preliminary evaluation stage, technical evaluation criteria such as experience, tools and equipment, personnel and academic qualification were also not stated in the bidding document.</li> </ul>
6.	Supply of Computers and Photocopiers	15,841,500	<p>The wrong bidding document was issued out to bidders. The Entity used PPDA Standard Registration Document for LGs issued in 2009 that is used for prequalification of providers instead of using Local Governments Selective Standard Bidding Documents issue in 2009.</p>
7.	Supply of Concrete Culverts	Approved Rates	<ul style="list-style-type: none"> <li>The Entity used Central Government bidding for procurement of supplies by open and restricted bidding issued by PPDA March 2014.</li> <li>Evaluation criteria were not stated precisely and correctly e.g. the Entity required an Income Tax Clearance Certificate for the last financial year 2017/2018 instead of an Income Tax Clearance Certificate for current financial year 2018/2019.</li> <li>The type of contract was not stated in the bidding document.</li> </ul>
8.	Supply of Fuel, Oil and Lubricants	Market Rate on the date of issuing LPO	<ul style="list-style-type: none"> <li>Use of wrong bidding document. The Entity used Central Government bidding for procurement of supplies by open and restricted bidding issued by PPDA March 2014.</li> <li>Evaluation criteria were not stated precisely and correctly e.g. the Entity required an Income Tax Clearance Certificate for the last financial year 2017/2018 instead of an Income Tax Clearance Certificate for current financial year 2018/2019.</li> <li>The type of contract was not stated in the bidding document.</li> </ul>

No	Subject of Procurement	Amount (UGX)	Findings
9.	Revenue Collection and Management of Parking Yard at Central Division	43,212,000	The type of contract not stated in the bidding document.
10.	Revenue Collection and Management of Bus Park Toilet	10,200,000	The type of contract not stated in the bidding document.
11.	Construction of Water Borne Toilet at Lulojo Market	22,512,341	<ul style="list-style-type: none"> <li>• Bidders were required to submit a recent bank statement with a minimum credit of UGX 100,000 which was too little for a UGX 15,000,000 project.</li> <li>• The Entity also required an income tax clearance certificate or equivalent for last FY 2017/18 which was obsolete and would not show the current tax obligation position of the company</li> <li>• The document stated the bid validity period as 120 days but did not state the actual date of expiry.</li> </ul>
12.	Supply of General Stationeries	Approved Rates	<ul style="list-style-type: none"> <li>• A standard bidding document for the procurement of supplies by open bidding issued by PPDA in March 2014 was used. This document is suitable for central government agencies and not Local Government. The appropriate document was a standard bidding document for frame work.</li> <li>• The standard bidding document issued provided for lumpsum contract yet a framework contract was best appropriate.</li> </ul>
13.	Servicing and Repair of Motor Vehicles and Motorcycles	Approved Rates	<ul style="list-style-type: none"> <li>• A standard bidding document for registration of providers for repair and servicing of motor cycles and motor vehicles was used instead of PPDA's Standard Bidding Document for framework contracts contrary to PPDA Guideline 10/2014.</li> <li>• There was no sample call-off order attached to the Agreement form, as an example of the call-off orders to be placed under the framework contract supported by a list of supplies, scope of work or terms of reference for the services and price schedule.</li> </ul>
14.	Construction of Market Stall and Shade at Lulojo Market	22,512,341	<ul style="list-style-type: none"> <li>• Bidders were required to submit a recent bank statement with a minimum credit of UGX 100,000 which was too little for such a project.</li> <li>• The Entity also required an income tax clearance certificate or equivalent for last FY 2017/18 which would not show the current tax position of the company</li> <li>• The document stated the bid validity period as 120 days but did not state the actual date of expiry.</li> </ul>
<b>Total</b>		<b>285,689,452</b>	

### **Implication**

There is a risk of bidders preparing non-responsive bids and it also leads to procurement of items which do not meet the users' requirements.

### **Management Response**

The request for the submission of tax clearance for 2016/2017 instead of 2018/2019 was an oversight. Due care will be taken to correct this.

### **Recommendations**

- The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity and accuracy before approval.
- The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.

### **2.2.2 Poor storage of procurement records**

The audit revealed that the Procurement Disposal Unit lacks filing cabinets and storage room to keep bids received and the procurement action files. The bids are spread all over the floor in the Procurement and Disposal Unit as shown in the pictures below;



### **Implication**

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

### **Management Response**

Office space is a real general problem in the Entity. However, recently the management acquired office space from Kitgum District. The Procurement and Disposal Unit is one of the beneficiaries. This will help to improve on the storage of Documents.

### **Recommendation**

The Accounting Officer should equip that the Procurement and Disposal Unit with filing cabinets for the new storage space acquired at Kitgum District Local Government headquarters in order to maintain and archive records of the procurement and disposal process in accordance with Section 41 (1) of the PPDA Act, 2003.

### **2.2.3 Delayed submission of quarterly procurement and disposal reports to PPDA**

The audit revealed that Kitgum Municipal Council failed to submit quarterly procurement and disposal reports to the Authority for the first, second and third by the 15<sup>th</sup> of the month that

immediately follows the quarter to be reported on contrary to Guideline No. 6/2008 of the Local Governments (PPDA) Guidelines as detailed in the table below.

**Table 6: Delays in submitting quarterly reports to the Authority**

No	Quarterly procurement and disposal report	Deadline for submission	Date of submission	Time exceeded in calendar days
1.	1 <sup>st</sup> Quarter report	15 <sup>th</sup> October 2018	30 <sup>th</sup> November 2018	46
2.	2 <sup>nd</sup> Quarter report	15 <sup>th</sup> January 2019	8 <sup>th</sup> February 2019	23
3.	3 <sup>rd</sup> Quarter report	15 <sup>th</sup> April 2018	18 <sup>th</sup> April 2019	3

### **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**

The Entity is faced with challenge of raising local funds and sometime quarterly release delayed affecting timely submission of reports.

### **Recommendation**

The Accounting Officer should 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.

## **2.3 Contracts Committee**

The main area of non-compliance with regard to the Contracts Committee was:

### **2.3.1 Failure to report all procurements handled by the Entity to the Authority**

The Authority found two (2) procurement transactions worth UGX 616,488,785 conducted by the Entity during the FY2018/19 but had not been reported to the Authority in the quarterly reports submitted contrary to Regulation 7 (1) of the LG (PPDA) Regs, 2006. These cases include;

**Table 7: Unreported procurement transactions**

No	Subject of Procurement	Amount (UGX)
1.	Rehabilitation of Kitgum Primary School	141,488,785
2.	Upgrade of Pandowng HC II to Health Centre III	475,000,000
<b>Total</b>		<b>616,488,785</b>

### **Implications**

- Failure to report accurately affects monitoring of the Entity's procurement and disposal activities by the Authority.
- It's also a red flag for lack of transparency and fraudulently handled procurements.

### **Management Response**

This was purely an oversight. However, the Head PDU communicated this to the PPDA Regional Office Gulu by mail on 6<sup>th</sup> September, 2019 before commencement of Audit.

## Recommendation

The Contracts Committee should review quarterly reports and ensure that the reports are consistent with Contracts Committee approvals before they are submitted to the Authority in accordance with Regulation 19 (4) (e) of the Local Governments (PPDA) Regulations, 2006.

### 2.4 Evaluation Committee

The main areas of non-compliance with regard to Evaluation Committee(s) were:

#### 2.4.1 Irregularities in the evaluation of bids

The Authority found irregularities in the evaluation process of twelve (12) procurements worth UGX 337,017,484 contrary to Regulation 78 (3) and (4) of the Local Governments (PPDA) Regulations, 2006. These include;

**Table 8: Procurements with evaluation irregularities**

No.	Subject of Procurement	Amount (UGX)	PPDA Findings	Management response
1.	Fencing of Relocation Market	47,985,000	Westland Construction Company Limited's bid submission sheet was signed by Mr. Ocaya Henry although the power of attorney authorized Mr. Otema Bosco to duly sign on behalf of Westland Construction Company Ltd. Westland Construction Limited passed preliminary evaluation and emerged as the best evaluated bidder.	This was an oversight. Management has noted this and will improve.
2.	Construction of 1 Block of 4 Stances at Relocation Market Site	14,200,000	Attonywalo Enterprises bid submission sheet was blank and therefore should have been eliminated but the company passed preliminary evaluation and emerged as the best evaluated bidder.	It is true that at the time of audit the bid submission sheet was blank. This was an oversight. The bid submission sheet is now dully filled.
3.	Construction of Market Shade at Oryang Ojuma Market	15,441,399	Detailed technical evaluation criteria were not indicated in the bidding document and therefore were not evaluated as noted in the evaluation report. Bidders were never assessed to confirm whether they have the experience, equipment, personnel, academic qualification.	This was a prequalified Firm whose technical evaluation was assessed during pre-qualification.
4.	Constructio n of Market Stall and Shade at Lulojo Market	29,925,892	Wang-Caa Construction Company Limited's bid provided a bid validity period of 90 calendar days instead of the required 120 days but the company still passed the Preliminary examination stage.	This was an oversight. Management has taken note.

No.	Subject of Procurement	Amount (UGX)	PPDA Findings	Management response
5.	Construction of 4 Stances Drainable Latrine at Kitgum Demonstration Primary School	15,964,408	<ul style="list-style-type: none"> <li>• Detailed technical evaluation criteria were not indicated in the bidding document and therefore were not evaluated as noted in the evaluation report. Criteria such as experience, equipment, personnel, academic qualification were not in the bidding document neither were they evaluated.</li> <li>• Manoknok &amp; Investment Company Limited's bid submission sheet was signed by Ms. Achiro Jane Wokorach although the power of attorney authorized Mr. Okot Richard to duly sign on behalf of Manoknok &amp; Investment Company Ltd. Manoknok &amp; Investment.</li> <li>• The bidding document required a bid validity period of 90 days however Manok Nok Investment &amp; Company Limited provided a bid validity period of 14 days but still passed preliminary evaluation.</li> </ul>	This was an oversight. Management has taken the audit advice.
6.	Supply of General Stationeries	Approved Rates	BN Engineering Company Limited passed preliminary evaluation despite submitting Tax Clearance Certificates (TCC) addressed to Kitgum District Local G for the construction of a ward at Namukora Health Centre IV and supply of tree planting material.	This was an oversight. Management has taken the audit advice.
7.	Servicing and Repair of Motor Vehicles and Motorcycles	Approved Rates	<ul style="list-style-type: none"> <li>• Bidders were required to submit a supervisor with a Diploma in Mechanical Engineering, a mechanic with a Diploma in Mechanical Engineering, and Assistant Mechanic with an Ordinary Diploma in Mechanical Engineering Nimdan Motor Repairs services &amp; Civil Works Company Limited submitted staff with</li> </ul>	This was an oversight. Management has taken the audit advice.

No.	Subject of Procurement	Amount (UGX)	PPDA Findings	Management response
			<p>technical school leaving certificates but passed this stage.</p> <ul style="list-style-type: none"> <li>As part of experience bidders were required to have participated and successfully completed at least 4 contracts within the last two years. Nimdan Motor Repairs services &amp; Civil Works Company Limited submitted evidence for work done in 2011 and 2012 but still passed.</li> </ul>	
8.	Rehabilitation of Kitgum Primary School	141,488,785	<ul style="list-style-type: none"> <li>3Ms investment Limited's Tax Clearance Certificate was Addressed to Bank of Uganda and therefore invalid but the firm passed preliminary evaluation.</li> <li>Although the evaluation committee report recommended that post qualification be done, there was no evidence that it was done.</li> </ul>	This was an oversight. Management has taken the audit advice.
9.	Supply of Fuel, Oil and Lubricants	Market Rate on the date of issuing LPO	<ul style="list-style-type: none"> <li>Detailed technical evaluation criteria were provided for in the bidding document but were not evaluated, for example criteria's such as (i) Personnel such as Contract manager (ii) Experience in the supply of fuel. The statement of requirements was not evaluated.</li> </ul>	This was an oversight. Management has taken the audit advice.
10.	Revenue Collection and Mgt of Parking Yard at Central Division	43,212,000	Terms of reference were not fully evaluated by the EC as noted in the report i.e. terms of payments, working hours	This was an oversight. Management has taken the audit advice.
11.	Revenue Collection and Management of Bus Park Toilet	10,200,000	Terms of reference were not fully evaluated by the EC as noted in the report i.e. terms of payments, working hours	This was an oversight. Management has taken the audit advice.
12.	Revenue Collection	18,600,000	Terms of reference were not fully evaluated by the EC as noted in the	This was an oversight.

No.	Subject of Procurement	Amount (UGX)	PPDA Findings	Management response
	and Mgt of Abattoir		report i.e. terms of payments, working hours	Management has taken the audit advice.
<b>Total</b>		<b>337,017,484</b>		

### Implication

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

### Management Response

This was an oversight. Management has taken the audit advice.

### Recommendation

Evaluation Committees should conduct detailed evaluation in accordance with Regulation 72 to 82 of the Local Governments (PPDA) Regulations, 2006 to avoid irregularities in the evaluation process.

#### 2.4.2 Efficiency of the evaluation process

The audit revealed that the Evaluation Committees exceeded the time period specified to complete the evaluation processes after bid opening contrary to the basic principles of public procurement and disposal listed under section 43-48 of the PPDA Act. These cases include;

**Table 9: Procurements with delayed evaluation process**

No.	Contract	Deadline of bid submission	Date of signing evaluation report	Days taken on Evaluation
1.	Supply of general stationeries	9 <sup>th</sup> August 2018	13 <sup>th</sup> September 2018	26 working days
2.	Servicing and repair of motor vehicles and motorcycles	9 <sup>th</sup> August 2018	13 <sup>th</sup> September 2018	26 working days
3.	Supply of concrete culverts	9 <sup>th</sup> August 2018	13 <sup>th</sup> September 2018	26 working days
4.	Supply of fuel, oil and lubricants	9 <sup>th</sup> August 2018	13 <sup>th</sup> September 2018	26 working days
5.	Supply of computers and photocopiers	8 <sup>th</sup> March 2019	9 <sup>th</sup> April 2019	23 working days
6.	Revenue Collection and Management of Parking Yard at Central Division	27 <sup>th</sup> July 2018	13 <sup>th</sup> September 2018	36 working days
7.	Revenue Collection and Management of Bus Park Toilet	27 <sup>th</sup> July 2018	13 <sup>th</sup> September 2018	36 working days
8.	Revenue Collection and Management of Abattoir	8 <sup>th</sup> March 2019	9 <sup>th</sup> April 2019	23 working days

### Implication

Delayed evaluation of bids may create lengthy lead time and also affect timely service delivery.

### **Management Response**

Management has taken the audit recommendation and will adhere to the recommendation.

### **Recommendation**

The Procurement and Disposal Unit should ensure that all evaluation of bids is done expeditiously in accordance with Section 71 (4) of the PPDA Act, 2003.

### **2.5 User Departments**

The main areas of non-compliance with regard to User Departments were:

#### **2.5.1 Failure to formally initiate procurement requirements**

There was no evidence of initiation of the procurement requirements using the Local Government PP Form 1 by the User Departments in two (02) procurement transactions contrary to Regulation 65 (1) of the Local Governments (PPDA) Regulations, 2006. These cases include;

**Table 10: Procurement action files without Local Government PP Form 1**

<b>No</b>	<b>Subject of Procurement</b>	<b>Provider</b>	<b>Amount (UGX)</b>
1.	Supply of General Stationeries	BN Engineering Company Limited	Approved Rates
2.	Servicing and Repair of Motor Vehicles and Motorcycles	Nimdan Motor Repair, Servicing and Civil Works	Approved Rates

### **Implication**

Failure to initiate procurement transactions results into procurement of items that are neither required by the Entity nor meet the end users' requirements.

### **Management Response**

The PP Form 1 was on its own file and not filed in the action files. Find attached here are the copies of the forms.

### **Authority's comment**

The Authority reviewed the submitted LG PP forms but however noted that the initiation forms for the above two cases were not submitted so the matter was retained.

### **Recommendation**

User Departments should initiate procurement requirements in accordance with Regulation 65 of the Local Governments (PPDA) Regulations, 2006.

#### **2.5.2 Failure to recommend statements of requirements to the PDU at initiation**

The Authority found that in seven (7) procurement transactions worth UGX 179,964,392, User Departments submitted requisition forms LG PP Form 1 without attaching specifications and clear description of the requirements contrary to Regulation 65 (1) (a) of the Local Governments (PPDA) Regulations, 2006.

**Table 11: Requisition forms without clear description of the requirements attached**

<b>No.</b>	<b>Subject of Procurement</b>	<b>Amount (UGX)</b>
1.	Fencing of Relocation Market	47,985,000
2.	Construction of 1 Block of 4 Stances at Relocation Market Site	14,200,000
3.	Construction of Market Stall and Shade at Lulojo Market	29,925,892
4.	Supply of Computers and Photocopiers	15,841,500

No.	Subject of Procurement	Amount (UGX)
5.	Revenue Collection and Management of Parking Yard at Central Division	43,212,000
6.	Revenue Collection and Management of Bus Park Toilet	10,200,000
7.	Revenue Collection and Management of Abattoir	18,600,000
<b>Total</b>		<b>179,964,392</b>

### **Implication**

This results into procurement of items that do not meet the requirements of the User Department.

### **Management Response**

This is true. Management has taken note of the audit recommendation and will adhere to it.

### **Recommendation**

User Departments should ensure that initiation of procurement transactions is done with clear description of the requirements in accordance with the Local Governments (PPDA) Regulations, 2006.

### **2.5.3 Failure by best evaluated bidders to provide performance securities**

There was no evidence on file to show that best evaluated bidders submitted performance securities in four (4) procurement transactions worth UGX 694,399,677 contrary to Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations 2006. These cases include:

**Table 12: Procurements with no performance security submitted**

No.	Subject of procurement	Amount (UGX)
1.	Fencing of Relocation Market	47,985,000
2.	Construction of Market Stall and Shade at Lulojo Market	29,925,892
3.	Rehabilitation of Kitgum Primary School	141,488,785
4.	Upgrade of Pandowng HC II to Health Centre III	475,000,000
<b>Total</b>		<b>694,399,677</b>

### **Implication**

This implies that the Entity is not protected against non-performance by the provider.

### **Management Response**

This was an oversight. Management will improve on to ensure that performance security is submitted.

### **Recommendation**

The Accounting Officer should prevail over providers to promptly meet all conditions for contract effectiveness upon signing of the contract in accordance with Regulation 89 (1) (a) of the Local Governments (PPDA) Regulations 2006.

### **2.5.4 Missing contract management records**

There were no records on file evidencing the performance of delivery of supplies or completion of works in five (05) procurement transactions worth UGX 576,593,372 contrary to Regulation 46 (3) (e) of the Local Governments (PPDA) Regulations, 2006. These procurements were:

**Table 13: List of procurements with missing contract management records**

No	Subject of procurement	Amount (UGX)
1.	Fencing of relocation market	47,985,000
2.	Construction of 1 block of 4 stances at relocation market site	14,200,000
3.	Construction of market stall and shade at Lulojo Market	29,925,892
4.	Supply of (38) three seater desks and (6) office tables to Pandwong & Ojuma Primary Schools	9,482,480
5.	Upgrade of Pandowng HC II to Health Centre III	475,000,000
<b>Total</b>		<b>576,593,372</b>

**Implication**

The auditors could not ascertain whether the items or services delivered matched the required statement of requirements.

**Management Response**

It is true that the contracts management records were not in action files. However, the records were filed by the contract managers. Here attached for verification.

**Authority's comment**

The Authority reviewed the submitted records and noted that no contract management records for the above five (5) cases were not submitted. Therefore, the query was maintained.

**Recommendation**

The Procurement and Disposal Unit should maintain delivery documents evidencing delivery of supplies or completion certificates in relation to a contract for services or works under the contract on procurement action files in accordance with Regulation 46 (3) (e) of the Local Governments(PPDA) Regulations, 2006.

**2.5.5 Missing Payment records**

There were no payment records on five (05) procurement action files worth UGX 569,623,399 contrary to Regulation 46 (3) (f) of the Local Governments (PPDA) Regulations, 2006. These procurements include:

**Table 14: List of procurements without payment records**

No.	Subject of Procurement	Amount (UGX)
1.	Fencing of Relocation Market	47,985,000
2.	Construction of 1 Block of 4 Stances at Relocation Market Site	14,200,000
3.	Construction of Market Shade at Oryang Ojuma Market	15,441,399
4.	Construction of 4 Stances Drainable Latrine at Kitgum Primary School	16,997,000
5.	Upgrade of Pandowng HC II to Health Centre III	475,000,000
<b>Total</b>		<b>569,623,399</b>

**Implication**

Failure to keep proper records implies that the Entity was concealing procurement information from the Authority and also affects the audit trail.

**Management Response**

The payment records for the above subjects of procurement were filed in the Finance Department. They are attached for verification.

### **Authority's comment**

The Authority reviewed the submitted records and noted that no payment records for the above five (5) cases were not submitted. Therefore, the query was maintained.

### **Recommendation**

All records pertaining to a procurement and disposal process should be properly archived in accordance with Section 31(o) of the PPDA Act, 2003.

### **2.5.6 Delayed completion of contracts**

There was delayed completion of works the contract for the construction of four (4) Stances Drainable Latrine at Kitgum Demonstration Primary School worth UGX 15,964,408 contrary to Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006. According to the progress report prepared by Mr. Senvuma Edward works were completed on 9<sup>th</sup> January 2019, despite the fact that the contractual completion date was 30<sup>th</sup> November 2018.

Furthermore, there was no evidence on file that the completion date was extended by the Contracts Committee. These cases include;

### **Implication**

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

### **Management Response**

The construction of a four (4) stances drainable latrine at Kitgum Demonstration Primary School was timely completed. The report by Senvuma Edward however was made late. This was an Engineer from Ministry of Education who could come to the Entity once in a while.

### **Authority's comment**

No evidence was adduced to back up management's response. Therefore, the query was maintained.

### **Recommendation**

User Departments should ensure that the providers perform contracts in accordance with the terms and conditions specified in the contract in accordance with Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006.

## **2.6 Procurement Planning**

### **2.6.1 Procurement plan implementation rate**

The Authority reviewed the Entity's procurement plan and quarterly reports for the financial year 2018/2019 and noted a procurement plan implementation rate of **73%** with planned procurements worth **UGX 404,063,107** not implemented as indicated below:

**Table 15: Analysis of procurement plan implementation**

<b>Analysis of procurement spend</b>	
Total procurement plan value inclusive of VAT (UGX)	1,469,401,091
Total procurement spend value inclusive of VAT (UGX)	1,065,337,984
Procurement plan implementation rate	73%
Budget variance (UGX)	<b>404,063,107</b>

**Implication**

Failure to fully implement the procurement plan denies service delivery to intended beneficiaries.

**Recommendation**

The Accounting Officer should enforce measures aimed at fully implementing the procurement plan by the end of the Financial Year 2019/2020.

## CHAPTER 3: PROCUREMENT PERFORMANCE INDICATORS

### 3.1 Compliance score

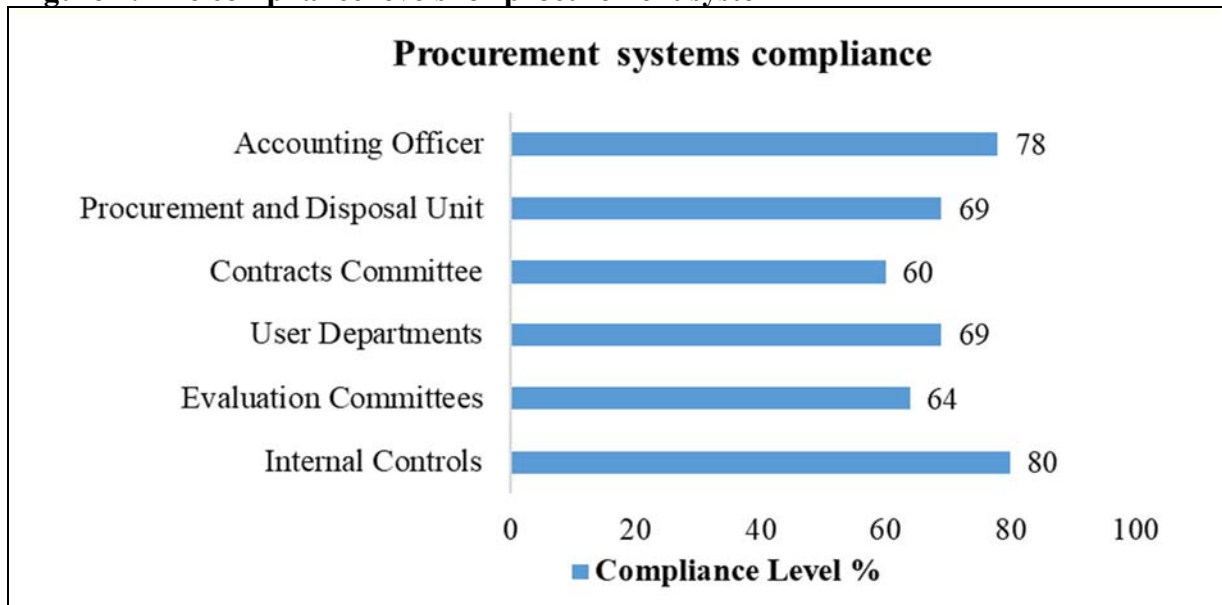
The compliance indicators for the Entity are summarized below:

#### 3.1.1 Procurement System Compliance Level

The compliance levels for each dimension of the procurement system are shown in Figure 1. The overall compliance level for procurement system was **70%**. Thus, the Kitgum Municipal Council was **satisfactory** regarding procurement system.

Figure 1 shows that the Entity had relatively higher compliance levels in the areas of Internal Controls and Accounting Officer. However, it had low compliance levels in the areas of Contracts Committee and Evaluation Committee.

**Figure 1: The compliance levels for procurement system**

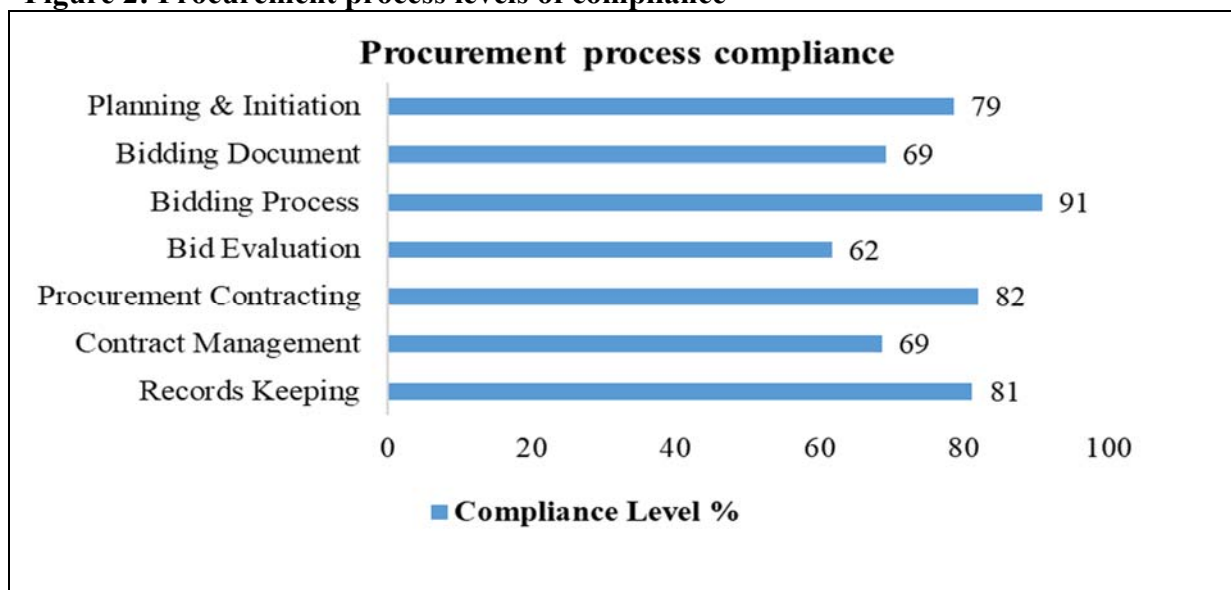


#### 3.1.2 Procurement process compliance level

The compliance levels for each stage in the procurement process are shown in **Figure 2**. The overall compliance level for procurement processes was **76%**. Thus, the Kitgum Municipal Council was rated **satisfactory** regarding procurement processes.

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

**Figure 2: Procurement process levels of compliance**



**3.1.3 Disposal process compliance level**

The Authority reviewed the annual board of survey report for Financial Year 2017/2018 for Kitgum Municipal Council and noted that various assets were recommended for disposal. The Authority however noted that there were no disposal transactions conducted by the Entity in the period under review.

Management explained that it was a requirement that all government assets recommended for disposal should be valued by Chief Government Valuers. In light of that the management had written to the Permanent Secretary, Ministry of Works for the same to be valued.

**Compliance indicator scores**

The compliance indicators for the Entity are summarized below: The procurement systems compliance level was **70%**, the procurement process compliance level was **76%**, and the asset disposal process compliance level was not scored.

The overall weighted compliance indicator score for Kitgum Municipal Council was:

**Overall weighted compliance indicator score**

Indicator	Score	Weight	Weighted score
Average procurement systems compliance score	70	0.3	21
Average procurement process compliance score	76	0.5	38
<b>Weighted compliance indicator score</b>			<b>59</b>

$$\begin{aligned}
 \text{Overall weighted compliance score} &= \frac{\text{Weighted score}}{80} \times 100 \\
 &= \frac{59}{80} \times 100 \\
 &= 74\%
 \end{aligned}$$

The Weighted Compliance Indicator score was **74%** which is **satisfactory**.

### 3.2 Performance Score

The performance indicators for the Entity are summarized below:

**Table 16: Performance indicators**

No.	PERFORMANCE INDICATOR	Score (%)
1.	Procure Ratio: Actual procurement time divided by planned procurement time in days.	24
2.	Completion Ratio: Actual completion time divided by contractual completion time in days	47
3.	Payment Ratio: Actual payment time divided by contractual payment time in days.	62
4.	Number of Received Bids: [If the number of received bids is 3 or more, the score is 100%; if less the score is 0%]	19
5.	Bid Responsive Rate: [The number of bids that pass technical evaluation as a percentage of the number of received bids]	88
6.	Plan Ratio: [The total value of the awarded contract divided by the cost estimate in the procurement plan inclusive of VAT]	67
7.	Procurement Plan Implementation Rate: [The actual value of the procurement spend as a percentage of the procurement release]	73
8.	Cost Ratio: [The actual final contract amount paid divided by the original contract amount]	71
<b>Average Performance Indicator</b>		<b>56</b>

The above indicators are summarized here below:

**3.2.1 Efficacy (Procure Ratio).** This measured the ability to provide goods or services in accordance with the planned timelines. The audit revealed that **24%** of the procurements sampled were conducted in accordance with the planned timelines and **76%** were conducted outside the planned timelines. This implies that to a greater extent, the timelines in the procurement plan were being followed.

**3.2.2 Efficiency (Completion Ratio).** This analyzed the time required to execute tasks to avoid slow implementation of the contracts. The Entity completed **47%** of sampled procurements within the contractual time and did not complete **53%** of the sampled procurements within the contractual completion time. This is attributed to the missing contract management records and delayed execution of some contracts.

**3.2.3 Effectiveness (Payment Ratio):** This assessed the Entity's commitment to pay contractors within the contractual period of thirty (30) days after contract completion. The Entity paid **62%** of the contractors in the audited procurements within the contract payment period with **38%** of the payments delayed. This was attributed to the missing payment records that were not submitted to the audit team.

#### **3.2.4 Competition (Number of Bids Received)**

The audit revealed that the Entity received three (3) or more bids in **19%** of the procurement transactions sampled. The Entity received less than three (3) bids in the bidding process for

**81%** of the twenty-one (21) procurement transactions sampled. This is an indication of very low competition levels within the Entity. The average number of bids received in the Entity was **2**.

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

The audit revealed that **88%** of the audited bids received, passed technical evaluation with **12%** being non-responsive. However, this was attributed to irregularities within the evaluation process rather than improved bidders' competence and capacity to meet the Entity's specifications and minimum requirements.

**3.2.6 The variance between the total value of the awarded contract and the cost estimate in the procurement plan (Plan Ratio):** The audit revealed that **67%** of the sampled cases were awarded within the cost estimate in the procurement plan with **33%** awarded outside the estimated amounts. This implies that the Entity carried out a market assessment of prices prior to commencement of the procurement processes.

### **3.2.7 The actual value of the procurement spend as a percentage of the procurement budget (Procurement Plan Implementation Rate)**

The audit revealed that the Entity implemented 73% of its procurement plan. This implies that 27% of the procurements planned to be undertaken during the financial year were not undertaken. Whereas Kitgum Municipal Council had a procurement plan worth UGX 1,469,401,091, the Entity reported to PPDA having contracted procurement transactions worth UGX 1,065,337,984 in the FY2018/2019.

**3.2.8 This measured the final contract cost on completion as opposed to the total contract award price inclusive VAT (Cost Ratio):** The audit revealed that the actual final contract amount paid did not vary from the original contract amount in 71% of the sampled contracts. This implies that there were variations in 29% of the procurements sampled. This was caused partly because some contracts had missing or partial payment records.

### **3.3 Overall Kitgum Municipal Council Score**

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

**Table 17: Overall Kitgum Municipal Council Score**

No.	Compliance Indicator	Score %	Weight	Weighted Score
1.	Average Compliance Indicator Score	74	0.4	30
2.	Average Performance Indicator Score	56	0.6	34
<b>Kitgum Municipal Council's Weighted Average Score</b>				<b>64</b>

From the above analysis, the audit team noted that, the Entity had a weighted average performance of **64%** in FY 2018/19 which was **satisfactory** performance.

### **Summary of Rating**

Score (%)	Rating
90-100	Highly Satisfactory
60-89	Satisfactory
30-59	Unsatisfactory
0-29	Highly Unsatisfactory

#### CHAPTER 4: 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.

##### 4.1 Recommended action plan

Responsible Party	Recommendation	Target Date
Accounting Officer	<ul style="list-style-type: none"> <li>• The Accounting Officer should always provide the Authority with a courtesy copy of all its correspondences with other agencies or ministries regarding disposal in order for the Authority to follow up with the concerned parties and have all the obsolete items disposed.</li> <li>• All assets of the Municipal Council should be reviewed on an annual basis, to identify those which are obsolete and are subjected to disposal in accordance with Regulation 122 (6) of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Accounting Officer should formally delegate the responsibility of confirming availability of funding in accordance with Section 39 (a) (ii) of the PPDA Act, 2003.</li> <li>• The Accounting Officer should equip that the Procurement and Disposal Unit with filing cabinets for the new storage space acquired at Kitgum District Local Government headquarters in order to maintain and archive records of the procurement and disposal process in accordance with Section 41 (1) of the PPDA Act, 2003.</li> <li>• The Accounting Officer should 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.</li> <li>• The Accounting Officer should desist from signing contracts with unauthorized personnel in accordance with Regulation 88 of the Local Governments (PPDA) Regulations, 2006.</li> <li>• The Accounting Officer should prevail over providers to promptly meet all conditions for contract effectiveness upon signing of the contract.</li> <li>• The Accounting Officer should enforce measures aimed at fully implementing the procurement plan by the end of the Financial Year 2019/2020.</li> </ul>	March 2020
Procurement and Disposal Unit	<ul style="list-style-type: none"> <li>• The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulation 48 of the Local Governments (PPDA) Regulations, 2006.</li> <li>• All records pertaining to a procurement and disposal process should be properly archived by the Procurement and Disposal Unit in accordance with Section 31(o) of the PPDA Act, 2003.</li> <li>• The Procurement and Disposal Unit should maintain delivery documents evidencing delivery of supplies or completion certificates in relation to a contract for services or works under the</li> </ul>	March 2020

<b>Responsible Party</b>	<b>Recommendation</b>	<b>Target Date</b>
Contracts Committee	<p>contract on procurement action files in accordance with Regulation 46 (3) (e) of the Local Governments(PPDA) Regulations, 2006.</p> <ul style="list-style-type: none"> <li>• The Procurement and Disposal Unit should ensure that all evaluation of bids is done expeditiously in accordance with Section 71 (4) of the PPDA Act, 2003.</li> <li>• The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity and accuracy before approval.</li> <li>• The Contracts Committee should review quarterly reports and ensure that the reports are consistent with Contracts Committee approvals before they are submitted to the Authority in accordance with Regulation 19 (4) (e) of the Local Governments (PPDA) Regs, 2006.</li> </ul>	March 2020
Evaluation Committee	Evaluation Committees should conduct detailed evaluation in accordance with Regulation 72 to 82 of the Local Governments (PPDA) Regulations, 2006 to avoid irregularities in the evaluation process.	March 2020
User Departments	<ul style="list-style-type: none"> <li>• User Departments should initiate procurement requirements using requisition forms. i.e. LG PP Form 1.</li> <li>• All requisition forms should be filled with a clear description of the requirements.</li> <li>• User Departments should ensure that the providers perform contracts in accordance with the terms and conditions specified in the contract in accordance with Regulation 119 (9) (b) of the Local Governments (PPDA) Regulations, 2006.</li> </ul>	March 2020

## ANNEXES

### Annex 1: Audit sample list for Kitgum Municipal Council audit for FY 2018/19

No	Reference Number	Subject of procurement	Method of Procurement	Provider	Amount (UGX)	Overall weighted score per case (%)	Rating
1.	KGMC/784/Wrks /18 -19/00005	Fencing of Relocation Market	Direct Procurement	Westland Construction Limited	47,985,000	50.6	Unsatisfactory
2.	KGMC/784/Wrks /18 -19/00006	Construction of 1 Block of 4 Stances at Relocation Market Site	Direct Procurement	Attonywalo Enterprises	14,200,000	52.9	Unsatisfactory
3.	KGMC/784/Wrks /18 -19/00009	Construction of Water Borne Toilet at Lulojo Market	Selective National Bidding	Sky Fall Investment Limited	22,512,341	52.4	Unsatisfactory
4.	KGMC/784/Wrks /18 -19/00010	Construction of 4 Stances Drainable Latrine at Pandwong Primary School	Selective National Bidding	Alsta Technical Services Limited	16,834,000	76.0	Satisfactory
5.	KGMC/784/Wrks /18 -19/00011	Construction of Market Shade at Oryang Ojuma Market	Selective National Bidding	Wang Caa Construction Company Limited	15,441,399	50.4	Unsatisfactory
6.	KGMC/784/Wrks /18 -19/00007	Construction of 4 Stances Drainable Latrine at Kitgum Primary School	Selective National Bidding	Attonywalo Enterprises	16,997,000	77.0	Satisfactory
7.	KGMC/784/Wrks /18 -19/00008	Construction of 4 Stances Drainable Latrine at Kitgum	Selective National Bidding	Loborom Company Limited	16,989,463	75.4	Satisfactory

No	Reference Number	Subject of procurement	Method of Procurement	Provider	Amount (UGX)	Overall weighted score per case (%)	Rating
		Prison Primary School					
8.	KGMC/784/Wrks /18 -19/00009	Construction of Market Stall and Shade at Lulojo Market	Selective National Bidding	Jupiter Technical Services Limited	29,925,892	69.6	Satisfactory
9.	KGMC/784/Wrks /18 -19/00004	Construction of 4 Stances Drainable Latrine at Kitgum Demonstration P/S	Selective National Bidding	Manoknok & Investment Company Limited	15,964,408	64.7	Satisfactory
10.	KGMC/784/Supls /1 8-19/00005	Supply of (38) three Seater Desks and (6) Office Tables to Pandwong & Ojuma Primary Schools	Selective National Bidding	Kikonywa & Investment Company Limited	9,482,480	77.6	Satisfactory
11.	KGMC/784/Supls /1 8-19/00010	Supply of Computers and Photocopiers	Selective National Bidding	Service Technology Incorporated	15,841,500	63.9	Satisfactory
12.	KGMC/784/Supls /1 8-19/00005	Supply of General Stationeries	Open National Bidding	BN Engineering Company Limited	Approved Rates	41.6	Unsatisfactory
13.	KGMC/784/Supls /1 8-19/00003	Supply of Concrete Culverts	Open National Bidding	Tai Pai Company Limited	Approved Rates	46.2	Unsatisfactory
14.	KGMC/784/Supls /1 8-19/00003	Supply of Concrete Culverts	Open National Bidding	Abayo Foundation Stores Limited	Approved Rates	46.2	Unsatisfactory

No	Reference Number	Subject of procurement	Method of Procurement	Provider	Amount (UGX)	Overall weighted score per case (%)	Rating
15.	KGMC/784/Svcs/18-19/00007	Servicing and Repair of Motor Vehicles and Motorcycles	Open National Bidding	Nimdan Motor Repair, Servicing and Civil Works	Approved Rates	48.1	Unsatisfactory
16.	KGMC/784/Wrks/18-19/00004	Rehabilitation of Kitgum Primary School	Open National Bidding	3Ms investment Limited	141,488,785	73.0	Satisfactory
17.	KGMC/784/Supls/18-19/00010	Supply of Fuel, Oil and Lubricants	Open National Bidding	Kitgum GAPCO Service Station and Shell Alcoben Limited	0	76.5	Satisfactory
18.	KGMC/784/Svcs/18-19/00003	Revenue Collection and Management of Parking Yard at Central Division	Open National Bidding	Amson (U) Limited	43,212,000	70.2	Satisfactory
19.	KGMC/784/Svcs/18-19/00007	Revenue Collection and Management of Bus Park Toilet	Open National Bidding	Anyibi General Works Limited	10,200,000	42.1	Unsatisfactory
20.	KGMC/784/Svcs/18-19/00018	Revenue Collection and Management of Abattoir	Open National Bidding	Atutekena Company Limited	18,600,000	62.2	Satisfactory
21.	MoH-UgIFT/WRKS/2018-19/0001-20	Upgrade of Pandowng HC II to Health centre III	Open National Bidding	3MS Investments Limited services Ltd	475,000,000	65.2	Satisfactory
<b>TOTAL</b>					<b>910,674,268</b>		

**Summary of case rating**

No	Score (%)	Rating	Number	Value(UGX)
1	90-100	Highly Satisfactory	0	0
2	60-89	Satisfactory	12	800,335,528
3	30-59	Unsatisfactory	9	110,338,740
4	0-29	Highly Unsatisfactory	0	0
<b>Total</b>			<b>21</b>	<b>910,674,268</b>

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

No.	Name	Title
1.	Mr. Ocan Benson	Procurement Officer

**Annex 3. List of the Contracts Committee members for FY2018/2019**

No.	Name	Designation	Title	Date of Approval PS/ST	Expiry Date
1.	Mr. Abong A. Alexis	Senior Assistant Engineering Officer	Chairperson	22 <sup>nd</sup> August 2016	30 <sup>th</sup> September 2019
2.	Ms. Kareo Rhina	Senior Health Inspector	Member	22 <sup>nd</sup> August 2016	30 <sup>th</sup> September 2019
3.	Mr. Lokoya Dennis	Planner	Member	22 <sup>nd</sup> August 2016	30 <sup>th</sup> September 2019
4.	Ms. Achola O. Irene	Physical Planner	Member	22 <sup>nd</sup> August 2016	30 <sup>th</sup> September 2019
5.	Ms. Ayot Judith	Environment Officer	Member	12 <sup>th</sup> December 2016	31 <sup>st</sup> December 2019

**Annex 4. Current Contracts Committee membership**

No.	Name	Designation	Title	Date of Approval by PS/ST	Expiry date
1.	Mr. Okwekene Joseph	Senior Assistant Records Officer	Chairperson	19 <sup>th</sup> September, 2019	30 <sup>th</sup> August, 2022
2.	Ms. Kareo Rhina	Senior Health Inspector	Member	15 <sup>th</sup> August 2019	30 <sup>th</sup> August, 2022
3.	Mr. Lokoya Dennis	Planner	Member	15 <sup>th</sup> August 2019	30 <sup>th</sup> August, 2022
4.	Ms. Achola O. Irene	Physical Planner	Member	15 <sup>th</sup> August 2019	30 <sup>th</sup> August, 2022
5.	Ms. Ayot Judith	Environment Officer	Member	12 <sup>th</sup> December 2016	31 <sup>st</sup> December, 2019

## Annex 5: Physical verification

**1. Procurement:** Construction of Market Shade at Oryang Ojuma Market

**Reference number:** KGMC/784/Wrks/18-19/00011

**Provider:** M/S Wang Caa Construction Company Limited

**Contract Supervisor:** Mr. Abonga Alfred Alexis

**Contract value:** UGX 15,441,399

**Contract start date:** 9/5/2019

**Contract completion date:** 30/6/2019



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

### **Exceptions Noted:**

- The facility was not labelled
- The facility was not in use by the community
- No trees were planted as environmental mitigation measures
- The facility was not yet handed over to the beneficiaries awaiting for the construction of a

### **Management response**

- ✓ True the facility was not labelled, this was not included in the BOQ but the department plans to do it under a separate arrangement
- ✓ The facility was not in use at the time of audit awaiting construction of a drainable latrine for the vendors to use. This will be done by January 2020
- ✓ Trees were not planted, this was not included in the BOQ but they will be procured using funds under agricultural supplies.
- ✓ Facility will be handed over to the users after construction of a latrine in January 2020.

**2. Procurement:** Upgrade of Pandowng HC II to Health Centre III

**Reference number:** MoH- UgIFT/WRKS/2018-19/0001-20

**Provider:** 3MS Investments Limited Services Ltd

**Contract value:** 475,000,000

**Contract Supervisor:** Mr. Omona Charles

**Contract start date:** 14/3/2019

**Contract completion date:** 14/9/2019



**Status of works:** The works were not yet complete

**Exceptions Noted:**

- The works were not complete and the contractor was very slow as not during during physical verification.
- 4 stance latrine with shower, Placenta pit and medical waste pit were not complete
- The workers were not provided with health and safety tools
- There was no sign post in place as noted during physical verification

**Management response**

It was true that at the time of audit the work was not yet completed. These were attributed by the following: -

- ✓ There was a delay in completion of the procurement processes by the Ministry of Health. The contract was signed late on 11<sup>th</sup> March, 2019. This made the fund for the financial year 2019/2019 returned to the treasury.
- ✓ The issue of health Safety was due to high employee turnover. Some employees were not issued with health safety gears because they work temporarily.

**3. Procurement:** Construction of Market Stall and Shade at Lulojo Market

**Reference number:** KGMC/784/Wrks/18-19/00009

**Provider:** M/S Jupiter Technical Services Limited

**Contract Supervisor:** Mr. Canwat George

**Contract value:** UGX 29,925,892

**Contract start date:** 6/5/2019

**Contract completion date:** 30/6/2019



**Status of works:** The works were not yet complete

**Exceptions noted:**

- The works were not complete and the contractor was very slow as not during during physical verification.
- There was no sign post in place as noted during physical verification

**Management response**

- ✓ It is true that during physical verification the work was not yet complete because there was a delay at the start of contract implementation due to boundary issue. However the issue was resolved amicably. The Town Clerk Central Division ( Contract Manager) wrote a letter to Town Clerk Kitgum Municipal Council requesting for the extension of the contract period up to 31<sup>st</sup> October, 2019.
- ✓ It is true that sign post was not put at the side but we have planned to put it after completion of the construction.

**4. Procurement:** Construction of Water Borne Toilet at Lulojo Market

**Reference number:** KGMC/784/Wrks/18-19/00009

**Provider:** M/S Sky Fall Investment Limited

**Contract Supervisor:** Mr. Canwat George

**Contract value:** 21,045,380

**Contract start date:** No contract document on file

**Contract completion date:** No contract document on file



**Status of works:** The works were not yet complete.

**Exceptions noted:**

- The works were not complete and the contractor was very slow as not during during physical verification.
- There was no contract supervisor appointed for this project
- There was no sign post in place as noted during physical verification

**Management Response,**

- ✓ It is true that during physical verification the work was not yet complete because there was a delay at the start of contract implementation due to boundary issue. However the issue was resolved amicably. The Town Clerk Central Division ( Contract Manager) wrote a letter to Town Clerk Kitgum Municipal Council requesting for the extension of the contract period up to 31<sup>st</sup> October, 2019.
- ✓ It is true that sign post was not put at the site but we have planned to put it after completion of the construction.

**5. Procurement:** Supply of (38) three Seater Desks to Pandwong Primary School and (6) Office Tables to Ojuma Primary School

**Reference number:** KGMC/784/Supls/18-19/00005

**Provider:** M/S Kikonywa Investment & Company Limited

**Contract Supervisor:** Mr. Abonga Alfred Alexis

**Contract value:** 9,482,480

**Contract start date:** 28/9/2018

**Contract completion date:** 30/12/2018





**Status of works:** The desks and the tables were delivered

**Exceptions Noted:**

- One (1) desk was broken due to weak timber used as noted during physical verification.
- The stands for the desks were weak and therefore some desks were shaky and uncomfortable
- Poor quality timber was used to make the desks and hence some of the desks had cracks
- The tables supplied to Ojuma Primary School had weak stands and were shaky

**Management response,**

- ✓ Management noted the fault in the desk and planed to rectify the damage. This is because the defect liability period for the Contractor has expired.
- ✓ On the issue of poor quality timber, management has noted the audit observation. Effort will be made to strengthen the inspection.

<p><b>6.Reference number:</b> KGMC/784/Wrks/18-19/00007 <b>Procurement:</b> Construction of 4 Stances Drainable Latrine at Kitgum Primary School <b>Provider:</b> M/S Attonywalo Enterprises <b>Contract Supervisor:</b> Mr. Abonga Alfred Alexis <b>Contract value:</b> UGX 16,997,000 <b>Contract start date:</b> 30/4/2019 <b>Contract completion date:</b> 30/6/2019</p>	
<p><b>Status of works:</b> The work was completed and the facility was in use.</p>	
<p><b>7. Procurement:</b> Construction of 4 Stances Drainable Latrine at Kitgum Demonstration Primary School <b>Reference number:</b> KGMC/784/Wrks/18-19/00004 <b>Provider:</b> M/S Manoknok Investment &amp; Company Limited <b>Contract Supervisor:</b> Mr. Abonga Alfred Alexis <b>Contract value:</b> UGX 15,964,408 <b>Contract start date:</b> 28/9/2018 <b>Contract completion date:</b> 30/11/2018</p>	
<p><b>Status of works:</b> The work was completed the facility</p> <p><b>Exceptions:</b></p> <ul style="list-style-type: none"> <li>• The team noted that no labelling of the project was done by the contractor.</li> <li>• The project was not yet handed over to the School yet it was completed.</li> </ul> <p><b>Management response</b></p> <ul style="list-style-type: none"> <li>✓ It is true the facility was not labelled, this was not included in the BOQ but the department plans to do it under a separate arrangement</li> <li>✓ It is true that. Because of the busy schedule of the Resident District Commissioner the Facility was not handed over to the users at the time of auditing. However, the Facility was handed over to the users on 1<sup>st</sup> November, 2019.</li> </ul>	

**8. Procurement:** Construction of 4 Stances Drainable Latrine at Kitgum Prison Primary School

**Reference number:** KGMC/784/Wrks/18-19/00008

**Provider:** M/S Loporom Company Limited  
**Contract Supervisor:** Mr. Abonga Alfred Alexis

**Contract value:** UGX 16,989,463

**Contract start date:** 7/5/2019

**Contract completion date:** 30/6/2019



**Status of works:** The work was completed however the facility was not in use

**Exceptions:**

- The team noted that no labelling of the project was done by the contractor
- The project was not yet handed over to the School yet it was completed

**Management response**

- ✓ The user department has plans to label the facility under a separate arrangement
- ✓ At the time of Auditing the Facility was not handed over yet because of the busy schedule of the RDC. it was handed over on 1<sup>st</sup> November, 2019.

**Annex 6: Improvement as a result of the audit**

The Authority noted that the audit exercise continues to carry a positive impact in the Procuring and Disposing Entities audited. Increasingly after sharing the audit findings with the Entity during the de-brief meeting held, a number of entities tend to go back and improve on performance before exit meetings. Under this sub-section we shall capture all issues that were poor at the time of audit and have now have been fixed.

**1. Safety of workers on force account roads projects**

The Authority reviewed the internal auditors third quarter report for FY2018/19 and noted that road gang members carrying out periodic road maintenance were not wearing any protective gear such as reflectors, helmets, gumboots or even gloves as shown in the picture below.



Road gang members carrying out periodic road maintenance without wearing any protective gear

**Management Response**

*However, after this issue was raised by the audit team, the municipal officials took it upon themselves to ensure that road gangs have and use protective gear. During the exit meeting held on 8<sup>th</sup> November 2019, management explained that although the audit finding was true because some of the Road Gang did not have the protective gears by the time of Audit, currently all the road gang have the protective gears.*