

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

KYANKWANZI DISTRICT LOCAL GOVERNMENT

MARCH 2024

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ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
BOQs	Bill of Quantities
CC	Contracts Committee
CV	Curriculum Vitae
DLG	District Local Government
FY	Financial Year
GCC	General Conditions of Contract
LTD	Limited
LG	Local Government
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PS/ST	Permanent Secretary/ Secretary to the Treasury
UGX	Uganda Shillings
(U)	Uganda
VAT	Value Added Tax
VIP	Ventilated Improved Pit Latrine

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Kyankwanzi District Local Government that covered a representative sample of 20 procurement transactions worth UGX. 4,673,535,667 under the Financial Year 2022/23.

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Kyankwanzi District Local Government'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.

From the findings of the procurement audit exercise, the performance of Kyankwanzi District Local Government for the Financial Year 2022/23 was **Moderately Satisfactory** with overall weighted average risk rating of **36%** as detailed in chapter 3 of the report.

Despite the moderately satisfactory performance, the following issues were noted:

1. The Contracts Committee members were never inducted into their roles and responsibilities which limited their efficiency and effectiveness while executing their roles;
2. The Entity did not fully implement 43% of the previous audit recommendations in the previous audit report for the Financial Year 2019-2020 which weakened the internal systems and processes and compromised performance improvement;
3. The Entity failed to implement 29% of the Procurement plan which hindered service delivery as the intended services are not provided;
4. The Entity did not dispose of obsolete items as some vehicles were found lying idle in the compound contrary to Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023 which inhibits achievement of value for money as Assets suffer further loss in value due to depreciation and vandalism;
5. The Entity failed to report on micro procurements, stationery, repair and maintenance of motor vehicles which may hinder transparency and accountability;
6. The Entity failed to complete the funds availability section LG PP Form 1 by the head of user department which hinders the Entity's ability to track the budget for a particular procurement transaction hence exposing the Accounting Officer to the risk of approving procurements without sufficient funding leading to domestic arrears;
7. The Entity had inconsistencies in the solicitation documents of six procurements worth UGX 782,998,281 such as inconsistencies in the referencing number, dates of bid notice, format for bid security among others. This may lead to disagreements between the Entity and bidders which create unnecessary delays in the procurement process;
8. There was low bidder participation in ten procurements worth UGX 582,189,184, as the Entity had only one or two bidders submitting bids which shows lack of competition in the Entity's procurement process;
9. There was splitting of procurements in four procurements worth UGX 80,000,000 which could have been implemented as one procurement. This hinders competition, transparency, fairness and deprives the Entity from achieving value for money;
10. There were several irregularities during evaluation of bids in eight procurement transactions worth UGX 623,780,988 and yet were considered compliant such as submission of expired and invalid tax clearance certificate, expired PPDA certificate, no evaluation report, incomplete bids without the necessary requirements as requested in the evaluation criteria among others which exposes the Entity to the risks of

awarding contracts to bidders without sufficient technical and financial capacity, are not tax compliant and have ethical issues;

11. The Entity signed VAT inclusive contracts with a non-VAT registered provider, Zion Group of Company Ltd in two procurements worth UGX 83,463,000 leading to a possible financial loss of UGX 12,731,643;
12. The Entity failed to request for performance security for high value procurements in six procurements worth UGX 856,878,988 which could expose the Entity to the risk of non-performance of a contract;
13. There were irregularities during Contract management in one procurement worth UGX 29,000,000 as the procurement action file had missing contract management records such as copies of contracts, records of receipt of goods such as Goods received notes, delivery notes and tax invoices among others which may hinder effective service delivery and exposes the Entity to breach of contract and risk of litigation and unnecessary costs therein; and
14. Physical verification on two projects worth UGX 2,430,789,650 revealed a bore hole that is nonfunctional yet complete and in an ongoing contract for construction of Nsambya Seed Secondary School, the staff on site are not provided with protective gear.

In light of the above, the Authority recommends that:

1. The Accounting Officer should:
 - (a) Put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations;
 - (b) Regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance;
 - (c) Submit to the Authority monthly procurement and Disposal reports on all procurements undertaken by the Entity in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
 - (d) Not approve procurements where the funds availability section is not filled;
 - (e) Task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for inconsistencies in the bidding documents;
 - (f) Ensure that all procurements are conducted in a fair and transparent manner in order to build confidence in potential bidders;
 - (g) Investigate the causes of low bidder participation and devise mechanisms of improving on competition;
 - (h) Always develop comprehensive procurement plans, monitor and review its implementation to avoid splitting procurements;
 - (i) Continue to liaise with Entities that have ownership items due for disposal to ensure that they are disposed of in a timely manner;
 - (j) Task PDU to carry out thorough due diligence on contractors before full payments are made to avoid incurring avoidable losses through payment of VAT erroneously;
 - (k) Recover VAT UGX 12,731,643 from the Provider or else refund it; and
 - (l) Appoint a person from the user department to be the Contract Manager in line with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.
2. The User Departments should always track budget absorption with Support from the Head of Finance to ensure that the Funds availability section is filled on procurement requisitions;
3. The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies which

- could lead to misunderstandings between the Entity and the bidders in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
4. The Head Procurement and Disposal Unit should:
 - (a) Prepare quality solicitation documents in accordance with Regulations 33-40 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023; and
 - (b) Ensure that performance security is requested for to protect the Entity against non-performance of a contract in accordance with Regulations 11 of the PPDA (Contracts) Regulations, 2023.
 5. The Chairpersons of the Evaluation Committee should always ensure that the evaluation of bids is conducted in accordance with the evaluation criteria specified in the bidding documents in line with Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2023; and
 6. The Contract Manager should ascertain that all Contract Management records are kept in line with Regulation 52 (3)(vii) of the PPDA (Contracts) Regulations, 2023.

Kyankwanzi District Local Government should implement the recommended action plan on pages **18-19**.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit of Kyankwanzi District Local Government that covered a representative sample of 20 procurement transactions worth UGX. 4,673,535,667 under the Financial Year 2022/23. The audit involved a review of the procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act 2003 and Local Governments (PPDA) Regulations 2006.

1.2 Overall Objective

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of Kyankwanzi District Local Government 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:

- i. To Establish the level of compliance by the Entity with the general provisions of the PPDA Act 2003 and Local Governments (PPDA) Regulations 2006;
- ii. Assess the degree of compliance of the Entity's Disposal process with the provisions of the PPDA Act, 2003 and the Local Governments (PPDA) Regulations, 2006; and
- iii. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements in the procurement process.

1.3 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 20 procurement transactions under the Financial Year 2022/23.

1.4 Methodology

The auditors examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive audit conclusions. This involved a review of the Entity's procurement and disposal planning, initiation, bidding, evaluation, contract placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fit for purpose. During the audit, the auditors held interviews with the staff from the Procurement and Disposal Unit (PDU) and User Departments that were necessary in obtaining crucial qualitative information about the internal control systems and processes in place.

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **24th July 2023** before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **12th October 2023** with a request to submit a management response by **20th October, 2023** which was submitted on **26th October 2023**. The exit meeting was held on **2nd November 2023** at PPDA Head office, Kampala.

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.

1.5 Procurement Structure of the Entity

The key players in the procurement structure at Kyankwanzi District Local Government included the Chief Administrative Officer as Accounting Officer, the Contracts Committee (CC), the Procurement and Disposal Unit (PDU) and the User Departments. The Authority found that the Entity's procurement structures were fully staffed and functional at the time of Audit.

I. Accounting Officer

Section 26 of the PPDA Act 2003 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. The Chief Administrative Officer; Mr. Jude Bukenya was designated as the Accounting Officer of the Entity during the Financial Year 2022-2023.

II. Composition of the Contracts Committee

The PS/ST of Ministry of Finance, Planning & Economic Development approved the following members of the Contracts Committee who also acted during the period under review as indicated in Table 1 below:

Table 1: List of Contracts Committee Members

No.	Name	Job Title	Position on Committee	Date of Appointment
1.	Mr. Stephen Ssimbwa Kayongo	District Statistician	Chairperson	22 nd July 2021
2.	Mr. David Brian Ssekamate	Principal Commercial Officer	Member	5 th January 2023
3.	Ms. Eunice Evelyn Alowo	Personnel Officer	Member	22 nd July 2021
4.	Ms. Ruth Nangonzi	Senior Nursing Officer	Member	21 st March 2023
5.	Mr. George Aseka	Community Development Officer	Member	28 th June 2023

III. Staffing of the Procurement and Disposal Unit

The Procurement and Disposal Unit was manned by staff during the period under review as indicated in Table 2 below:

Table 2: Staff in the Procurement and Disposal Unit

No.	Name	Position	Qualification	Date of appointment
1.	Mr. Bylone Ssengendo	Senior Procurement Officer	MCIPS, PGD Procurement Management	27 th February 2017
2.	Mr. Robert Kagumaho	Procurement Officer	BPLM	2 nd December 2018

CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

2.1 LEVEL OF COMPLIANCE BY THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT 2003, REGULATIONS 2006 WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT PROCESSES.

2.1.1 Failure to fully implement 43% of the previous audit recommendations

Kyankwanzi DLG was issued with an audit report for the Financial Year 2019-2020 in February 2021. Out of seven recommendations made, four (57%) recommendations were fully implemented and three (43%) recommendations were either not fully or were partially implemented as indicated in Table 3 below:

Table 3: Audit Recommendations not Fully Implemented.

S/N	Recommended Action	Status	comment	Management Response
1.	The Head of the Internal Audit Department of the Entity should ensure that procurements and disposal procedures and payments are audited regularly	Not implemented	Re-occurring	The Internal Audit is under staffed however, Procurement audits will be prioritised
2.	The Head Procurement and Disposal Unit should ensure that the appropriate evaluation methodology and criteria stated in the solicitation document is adhered to in accordance with Regulation 78 (3) and (4) of the Local Government (PPDA) Regulations, 2006	Partially implemented	There are still cases where Evaluation Committees deviate from the criteria in the solicitation document	Management promised to improve in future
3.	The Accounting Officer should ensure that Contract Supervisors are appointed and that reports on the implementation of the contracts to the Procurement and Disposal Unit are submitted in accordance with Regulation 119(10) (f) of the Local Government (PPDA) Regulations, 2006.	Partially implemented	Contract Supervisors where not appointed in some procurements	Management explained that Contract Supervisors were appointed and appointment letters were available for verification. PPDA Comments. These were not provided for verification.

Implication

Failure to implement previous audit recommendations denies the entity an opportunity to continuously improve in their procurement processes.

Recommendation

The Accounting Officer should put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations.

2.1.2 Failure to implement 29% of the Procurement plan.

Section 58 (4) of the PPDA Act, 2003) states that a procuring and disposing entity shall, on a quarterly basis and in any other case, wherever necessary, review and update its procurement plan.

A comparison of the Procurement plan and quarterly reports revealed that the Kyankwanzi DLG implemented procurements worth UGX 5,007,600,959 (71%) of the planned procurements of UGX 7,042,105,951 leaving procurements worth UGX 2,034,504,992 (28.9%) un-implemented.

Implication

Failure to fully implement the procurement plan hinders service delivery as the intended services are not provided.

Management Response

Management acknowledged the observation and explained that procurements under the UgIFT program worth UGX. 2.5 billion were un-implemented due to delays in the hybrid procurement procedure.

Recommendation

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

2.1.3 Incomplete quarterly procurement reports

Regulation 7 (1) of the PPDA Local Government Regulations, 2006 states that a procuring and disposing entity shall submit to the Authority quarterly procurement and disposal reports and performance data.

A review of the quarterly reports submitted to the Authority revealed the following:

- The Entity did not report on stationery, repair and maintenance of motor vehicles worth UGX 86,499,862 and UGX 9,927,478 respectively.
- The User Departments did not report on micro procurements worth UGX 67,200,933 to the Contracts Committee contrary to Regulation 17 (3) (e) of the Local Governments (PPDA) Regulations, 2006 which requires that the Contracts Committee to receive and consider micro procurement reports from the Procurement and Disposal unit. These were also not reported in the quarterly procurement reports.

Implications

Incomplete quarterly reports hinder transparency and accountability which exposes the Entity to a risk of financial loss.

Management response

Management acknowledged the observations and explained that Framework Contracts were used for supply of stationery, repair and maintenance of motor vehicles, and supply fuel and

call off orders were being issued from time to time. This made it hard to track and report in quarterly reports.

Recommendation

The Accounting Officer submit to the Authority monthly procurement and Disposal reports on all procurements undertaken by the Entity in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.4 Incomplete Procurement Requisitions.

Regulation 65 (6) Local Government (PPDA) Regulations, 2006 states that availability of funds shall be evidenced by budgeted or supplementary funds for the current financial year or an allocation for subsequent years.

The Authority noted that the User Departments did not fill the vote/head no, programme, sub-programme, item and balance remaining” under the funds availability section on the procurement requisition forms for five sampled procurements worth UGX 463,170,600, as indicated in the Table 4 below:

Table 4: Procurements Where the Funds Availability Section was not Filled.

No	Subject of Procurement	Contract value (UGX)
1.	Renovation of 2 staff houses at Kikonda H/C III by Mplamb Construction Services & Joinery Ltd	66,411,000
2.	Construction of small piped water supply system at Wattuba rural growth center by Waterfix Engineering U Ltd	236,003,100
3.	Casting & installation of 8 boreholes by Scan Water Contractors & Consultants Ltd	84,400,000
4.	Construction of 5 stance lined pit latrine at Kanywamahuri P/S by M&K Archtic Ltd	24,999,000
5.	Drilling & hydrogeological surveying of 8 boreholes & 1 production well by MSR Technologies U Ltd	51,357,500
	Total	463,170,600

Implication

Failure to fully fill the funds availability section hinders the entity’s ability to track the budget for a particular procurement transaction hence exposing the Accounting Officer to the risk of approving procurements without sufficient funding leading to domestic arrears.

Management Response

Management acknowledged the anomaly and attributed it to lack of information to be filled by the user department heads. The Accounting Officer promised to address the capacity gap.

Recommendation

- The User Departments should always track budget absorption with Support from the Head of Finance to ensure that the Funds availability section is filled on procurement requisitions.
- The Accounting Officer should not approve procurements where the funds availability section is not filled.

2.1.5 Inconsistencies in the Bidding Documents

Regulation 48 of the Local Governments (PPDA) Regulations 2006, provides for information that should be included in the bidding documents among others, a bid validity date, appropriate evaluation criteria, specific experience and financial capacity of the bidder.

In eight procurements worth UGX 832,635,381 the solicitation documents issued to bidders had inconsistencies as detailed in the Table 5 below:

Table 5: Inconsistency in Bidding Documents

S/N	Subject of Procurement	Contract value (UGX)	Remarks
1.	Construction of small piped water supply system at Wattuba Rural Growth Centre	236,003,100	Inconsistencies of the procurement referencing numbers. The number was indicated as KYAN597/WRKS.22-23/0003 and KYAN597/WRKS.22-23/0007 on various pages
2.	Drilling & hydrogeological surveying of 8 boreholes & 1 production well	216,302,620	<ul style="list-style-type: none"> • Inconsistencies in the date of publishing the bid notes. It's indicated as 20th January 2022 in the SBD yet the advert shows that it was published on 12th September 2022. • Inconsistency in the subject of procurement as ITB 1.1 indicates rehabilitation of 8 boreholes yet the subject matter is drilling. • Doesn't state the format of bid security.
3.	Renovation of 2 staff houses at Kikonda H/C III	66,411,000	<ul style="list-style-type: none"> • Inconsistencies in dates of bid notice. Bid notice date indicated on page 6 of the bidding document is 9th September 2022 while the advert indicates 12th September 2022. • Instructions to bidders (ITB) 1.1 indicates Rehabilitation of 8 boreholes instead of renovation of 2 staff houses at Kikonda H/C III. • Bid notice indicated that the bid security would be valid up to 30th November 2022 while Instructions to bidders (ITB) 19.1 indicated that the bids must be valid until 30th December 2022.
4.	Construction of staff house at Nakitembe HC II	140,933,876	In the bid datasheet of the bidding document, the works consisted of rehabilitation of 8 boreholes not staff house at Nakitembe HC II or Completion of staff house at Kikubya HC II.
5.	Completion of staff house at Kikubya HC II	94,347,685	
6.	Supply of three motorcycles for Production Department	29,000,000	No statement of requirements/ specifications on file.
	Total	782,998,281	

Implications

- There is a risk of bidders preparing non-responsive bids due to inconsistent Instruction to Bidders.
- Lack of a statement of requirements/specifications exposes the Entity to the risk of procuring items that do not meet the users' requirements
- The inconsistencies may lead to disagreements between the Entity and bidders which create unnecessary delays in the procurement process.

Management Response

The Accounting Officer noted the observation and explained that these were typing errors by the Head PDU. The Head PDU will be cautioned for failure to pay attention to details.

Recommendations

- The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies which could lead to misunderstandings between the Entity and the bidders in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
- The Head Procurement and Disposal Unit should prepare quality solicitation documents in accordance with Regulations 33-40 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023
- The Accounting Officer should task the Head PDU to show cause why disciplinary action should not be taken against him for inconsistencies in the bidding documents.

2.1.6 Low bidder participation.

Section 45 and 46 of the PPDA Act, 2003 states that all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money.

The Authority noted that for nine procurements worth UGX 552,189,184, there was low bidder participation. The Entity received one or two bids hindering competition in the Entity's procurement process. Procurements with one or two bidders are indicated in Table 6 below:

Table 6: Procurements with Low Bidder Participation

No	Subject of Procurement	Amount (UGX)	No. of bidders who picked documents	No. of bids received
1.	Installation of electrical at Nalinya Ndagire H/C III & Sirimola Health Centre III	13,965,379	2	1
2.	Construction of a demo irrigation site Wattuba	21,241,500	3	1
3.	Casting & installation of 8 boreholes	84,400,000	1	1
4.	Renovation of staff house at Kyankwanzi H/C III	37,999,000	1	1
5.	Construction of a demo irrigation site at Gayaza	20,935,000	3	1
6.	Construction of 5 stance lined pit latrine at Kanywamahuri P/S	24,999,000	2	2
7.	Drilling & hydrogeological surveying of 8	216,302,620	2	1

No	Subject of Procurement	Amount (UGX)	No. of bidders who picked documents	No. of bids received
	boreholes & 1 production well			
8.	Renovation of staff house at Kyankwanzi H/C III	37,999,000	8	1
9.	Completion of staff house at Kikubya HC II	94,347,685	2	1
	Total	552,189,184		

Implication

Low bidder participation hinders the Entity's ability to obtain competitive bid offers thus failure to achieve value for money.

Management response

Management acknowledged the observation and explained that it's beyond the entity's control as most of the procurements were advertised through the media of wider circulation. Management also indicated that low bidder participation is partially attributed to the accessibility of some of the sites.

Recommendations

The Authority appreciates the Entity's response and recommends that the Accounting Officer should investigate the causes of low bidder participation and devise mechanisms of improving on competition.

2.1.7 Splitting of procurements

Regulation 64 (1) of the Local Governments (PPDA) Regulations, 2006 states that a procuring and disposing entity shall not, with the intention of avoiding a particular method of procurement or the benefits of scale, split up procurement requirements which can be procured as a single contract.

The Authority noted that in four procurements worth UGX 80,013,000 which could have been implemented as one procurement were split to avoid open domestic bidding method of procurement as indicated in the Table 8 below:

Table 7: Split Procurements

S/N	Subject of procurement	Amount
1.	Construction of a demo irrigation site at Gayaza	20,935,000
2.	Construction of a demo irrigation site at Kigambanankware	18,119,000
3.	Construction of a demo irrigation site at Lusozi	19,717,500
4.	Construction of a demo irrigation site at Wattuba	21,241,500
	Total	80,013,000

Implication

Splitting of procurements, hinders competition, transparency, fairness and deprives the Entity from achieving value for money.

Management Response

Management acknowledged the anomaly and explained that the procurement was submitted to PDU in the 3rd quarter of the financial year and hence there was no sufficient time for Open Bidding Procurement procedure and the sites were in different locations.

Recommendation

The Accounting Officer should always develop comprehensive procurement plans, monitor and review its implementation to avoid splitting procurements.

2.1.8 Irregularities in Bid Evaluation.

Regulation 73(2) of the Local Governments (PPDA) Regulations, 2006 states that substantially compliant and responsive bid shall be one that conforms to all the instructions, requirements, terms and conditions of the bid documents without material deviation, or omission.

The Authority noted irregularities in the evaluation of eight procurement transactions worth UGX 623,780,988 and yet were considered compliant indicated in table 8 below:

Table 8: Irregularities in Bid Evaluation

No	Subject of Procurement	Contract value (UGX)	Remarks
1.	Renovation of 2 staff houses at Kikonda H/C III Mplamb construction services & Joinery ltd bid	66,411,000	<ul style="list-style-type: none">• The Successful bidder had the following anomalies that should have led to their disqualification:• Tax clearance certificate (TCC) No. UGND220027435 for the period of 1/01/2021-31/12/2021 was addressed to Tororo DLG and expired since the bidding period was 2022.• Expired PPDA certificate PRVSPLS-SRVCS-WRKS/4221/SEP/11 for the period of 1st Jan- 31st Dec, 2021• No activity schedule/ BOQs schedule as required in the evaluation criteria.• No ethical code of conduct for personnel on file as required in the evaluation criteria.• No evidence to confirm ownership of equipment like concrete mixer, concrete pocker vibrator by the bidder.
2.	Drilling & hydrogeological surveying of 8 boreholes & 1 production well	216,302,620	The ITB 9.5 of the SBD stated that site visit was a mandatory however, there was no certificate or site visit minutes on file to confirm site visit for the BEB.
3.	Construction of staff house at Nakitembe HC II	140,933,876	The minimum experience of an Environment Officer and Social Development Officer were not indicated implying any individual could do the job.
4.	Construction of 5 stance lined pit	24,999,000	M&K Arctic Ltd attached an invalid TCC No HO01142249362 for the period of 1/07/2021, to

No	Subject of Procurement	Contract value (UGX)	Remarks
	latrine at Kanywamahuri P/S by M&K Arctic Ltd		30/06/2022. M&K Arctic Ltd did not indicate the bid validity date.
5.	Renovation of staff house at Ntwetwe HC IV by Zion Group of Companies Ltd.	41,258,000	<ul style="list-style-type: none"> • The Successful bidder was non-compliant on the following issues; • Expired Tax clearance certificate No. HO01190188165 for the year 2018/2019 yet bidding period was in 2022. • The bid document/bidder did not indicate the equipment that was needed and no documentary evidence was on file. What was indicated was only a wheel barrow. • Bidder did not indicate history of non-performance as required in the bid document. • The bidder didn't declare any Environmental, Social, Health and Safety (ESHS) past performance in his bid. • Bidder didn't submit audited accounts or financial statements. • Didn't not indicate evidence of experience under contracts in the role of contractor and sub-contractor.
6.	Construction of 5 stance lined at Lwendagi P/S	24,999,000	<ul style="list-style-type: none"> • The Successful bidder was non-compliant on the following: • Did not provide authority to seek reference from the bidder's bank as required in the evaluation criteria. • Did not provide a list of key equipment was stated in the Standard bidding document hence inadequate evaluation criteria. • Did not state key personnel in the SBD except for the environment officer and social development officer. hence inadequate evaluation criteria.
7.	Construction of a 5-stance lined pit latrine at Mujunza P/S	24,638,100	<ul style="list-style-type: none"> • The Successful bidder was not compliant in the following areas: • Did not attached the environmental officer and social development officer. • Did not state key equipment in the SBD besides a wheelbarrow.
8.	Construction of a 2-classroom block at Sunga P/S by Jilo Construction Ltd.	84,239,392	<ul style="list-style-type: none"> • The Successful bidder had the following irregularities: • Did not submit a bid security. • Did not visit the site contrary to IT9.5 which required site visit • Did not provide a tax clearance certificate on

No	Subject of Procurement	Contract value (UGX)	Remarks
			file.
	Total	623,780,988	

Implication

Irregularities in bid evaluation exposes the Entity to the risks of awarding contracts to bidders without sufficient technical and financial capacity, are not tax compliant and have ethical issues.

Management Response

Management acknowledged the anomalies and explained that the Head PDU had been cautioned to always review the Evaluation Committee reports before presenting them to Contracts committee.

Recommendation

The Chairpersons of the Evaluation Committee should always ensure that the evaluation of bids is conducted in accordance with the evaluation criteria specified in the bidding documents in line with Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2023.

2.2 DEGREE OF COMPLIANCE OF THE ENTITY’S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT, 2003 AND THE LOCAL GOVERNMENTS (PPDA) REGULATIONS, 2006

2.2.1 Failure to dispose obsolete items

Regulations 122(6) of the LG (PPDA) Regulations, 2006 states that the Accounting Officer shall ensure that the assets of a council are reviewed on an annual basis, to identify those which are obsolete and should be subject to disposal.

The Authority however noted that the Entity had not conducted any disposal process during Financial Year 2021/2022 and some assets were found grounded and vandalized at the Entity’s premises and were due for disposal shown in Figure 1 below:

Figure 1: Un-disposed of Assets

District vehicles parked due for disposal



Implications

This inhibits achievement of value for money as Assets are exposed to the risk of further deterioration, vandalism and the risk of being stolen.

Management Response

Management acknowledged the observation and attributed it to lack of ownership documents (logbooks).

Recommendation

The Accounting Officer should continue to liaise with Entities that have ownership items due for disposal to ensure that they are disposed of in a timely manner.

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

2.3.1 Signing VAT inclusive contracts with non-VAT registered providers.

The Authority noted that in two procurements worth UGX 83,463,000, the Entity signed contracts with Value Added Tax (VAT) with non-VAT registered companies leading to a financial loss of UGX 12,731,643, details in Table 9 below.

Table 9: Procurements with VAT for Non-VAT Registered Providers.

S/N	Subject of procurement	Provider	VAT inclusive contract value (UGX)	VAT (UGX)
1.	Renovation of staff house at Ntwetwe H/C IV	Zion Group of Co Ltd	41,258,000	6,293,593
2.	Renovation of staff house at Bananywa H/CII	Zion Group of Co Ltd	42,205,000	6,438,050.
	Total		83,463,000	12,731,643.

Implication

The Entity incurred a financial loss of UGX 12,731,643

Management response

Management explained that Zion Group of Co Ltd the firm is fully registered for VAT as indicated on their VAT Certificate.

Recommendation

The Authority took note of the entity's response however; it was noted that VAT registration for Zion Group of companies was cancelled on 1st April 2014 before the bidding period therefore the Authority recommends that;

- The Accounting Officer should task PDU and Finance departments, to carry out thorough due diligence on contractors before full payments are made to avoid incurring avoidable losses through payment of VAT erroneously.
- The Accounting Officer should recover VAT UGX 12,731,643 from the Provider or else refund it.

2.3.2 Failure to Request for Performance Security for High Value Procurements.

Regulation 102 of the Local Governments Regulations, 2006, states that a performance security may be required to protect against non-performance of a contract.

The Authority noted that in six procurements worth UGX 856,878,988 the Entity did not request for a performance security as indicated in table 10 below;

Table 10. Procurements Without Performance Security.

S/N	Subject of procurement	Amount
1.	Construction of a staff house at Nakitembe HC II	140,933,876
2.	Drilling & hydrogeological surveying of 8 boreholes & 1 production well	216,302,620
3.	Construction of small piped water supply system at Wattuba rural growth centre	236,003,100
4.	Completion of staff house at Kikubya HC II	95,000,000
5.	Casting & installation of 8 boreholes	84,400,000
6.	Construction of a two-classroom block at Ssunga primary school	84,239,392
	Total	856,878,988

Implication

Failure to request for a performance security exposes the Entity to the risk of non-performance of a contract.

Management Response

Management acknowledged the observation and indicated that it was an oversight which will be addressed in future contracts of procurements under open bidding.

Recommendation

The Head, Procurement and Disposal Unit should ensure that performance security is requested for to protect the Entity against non-performance of a contract in accordance with Regulations 11 of the PPDA (Contracts) Regulations, 2023.

2.3.3 Missing Contract management records.

Regulation 119 (3) of the Local Governments (PPDA) Regulations, 2006 requires that all contract management records are kept and archived as required.

A review of the procurement action file for Supply of three motorcycles for the Production Department worth UGX 29,000,000 noted that the procurement action files had missing contract management records such as copies of contracts, records of receipt of goods such as Goods received notes, delivery notes and payments record such as tax invoices

Implication

Inadequate contract management hinders effective service delivery and exposes the Entity to breach of contract and risk of litigation and unnecessary costs therein.

Recommendation

The Contract Manager should ascertain that all Contract Management records are kept in line with Regulation 52 (3)(vii) of the PPDA (Contracts) Regulations, 2023.

2.3.4 Physical verification on selected procurements

The audit team physically verified ten sampled procurements worth UGX 4,213,235,911, and noted irregularities in two projects worth UGX 2,430,789,650 as indicated below.

(a) Non-Functional borehole

The Entity Constructed 8 bore holes at a cost of UGX 216,302,620 and the project was marked as complete. However physical inspection of a borehole at Kijjubya village noted that the bore hole was not function. Illustration in Figure 2 below.

Figure2: Photo of a non-functional borehole at Kijjubya village.



(a) Failure to provide PPE to workers

Field inspection on the ongoing contract for Construction of Nsambya Seed Secondary School revealed that the work is progressing well with physical progress estimated at 60% versus the time period of 50%, however, the Staff on site are not provided with protective gear such as helmets, gumboots and reflectors. Details are indicating in Figure 3 below.

The Audit Team also noted that the Contract Supervisor was not formerly appointed and there were not payment records.

Figure 3: Construction of Nsambya Seed Secondary School

Subject of procurement	Construction of Nsambya Seed Secondary School	
Reference No.	MoES/UGIFT/WRKS/21-22/00004	
Method of procurement	Open National Bidding	
Name of contractor	P&D Traders and Contractors Ltd	
Contract amount	UGX 3,394,881,815	
Contract signing date	7 th September, 2022	
Contract start date	13 th October, 2022	
Contract completion date	24 calendar months	
Type of contract	Ad-measurement	
Amount paid	Not provided	
Contract supervisor	Not provided	
Contract scope		Status
	Preliminaries 3,500,000	Completed
	Site leveling works 8,150,000	Completed
	2-class room block 507,195,750	Roofing stage
	2-unit science laboratory block	Roofing stage

	318,240,250	
	Administration block 187,926,750	Roofing stage
	2-unit teachers house 530,456,250	Roofing stage
	2-unit teachers kitchen 130,950,000	Beam stage
	2 stance lined VIP Latrine block Admin block 21,340,500	Roofing stage
	2 stance lined VIP Latrine block teachers house 83,485,500	Wall plate stage
	2 stance lined VIP Latrine block-boys 41,303,000	Wall plate stage
	2 stance lined VIP Latrine block – girls 41,358,000	Wall plate stage
	External works 129,700,000	Not done
	Rain water harvest system with 5,000l water tank 6,618,000	Not done
	ICT-library block 396,889,000	Roofing stage
	Multi-purpose hall 288,151,250	Roofing stage
	Sports field 50,000,000	Not done
Current status of the project	Estimated 60% of the work done according to the site Engineer	

Pictorial evidence of the ongoing works at Nsambya Seed Secondary School



- Some of the works on site weren't putting on protective gear.

Implications

- A non-functioning bore holes hinders service delivery to the public
- Not wearing protective gear on site could cause accidents at the site hence causing more delays.
- Failure to formally appoint a Contract Supervisor and lack of payment records may hinder effective contract management.

Management response

Management explained that the borehole was fully constructed as per the standards, however, by the time of the audit inspection, the borehole was found temporarily broken down. The borehole was reported and the contractor was called to do the repairs since it was still under the defect's liability period as per the contract. The borehole is now functional

Recommendation.

The Authority appreciated management's response and recommends that the Accounting Officer shall appoint a person from the User Department to be the Contract Manager in line with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present graphically the scores per area assessed under different audit questions.

3.1 Overall Audit Conclusion

The performance of Kyankwanzi District Local Government for the Financial Year 2022/23 was **Moderately Satisfactory** with overall weighted average risk rating of **36%**.

Table 11: Risk rating criteria

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

3.2 Entity's Risk Assessment

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

Table 12: Summary of risk assessment of Kyankwanzi District Local Government

Risk Category	Number of Sampled Procurements	%Number	Value (UGX)	% Value
High	2	10	107,669,000	2
Medium	11	55	1,003,067,773	22
Low	5	25	3,503,818,894	75
Satisfactory	2	10	58,980,000	1
Total	20	100	4,673,535,667	100

3.3 Entity's Performance

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

Table 13: Weighted risk assessment of Kyankwanzi District Local Government

Risk category	Rating (By Number)	Weights	Total weighted Average	Rating (By Value)	Weights	Total weighted Average
High	10	0.6	6	2	0.6	1.2
Medium	55	0.3	16.5	22	0.3	6.6
Low	25	0.1	2.5	75	0.1	7.5
Satisfactory	10	0.0	0	1	0.0	0.0
Total	100	1.0	25	100	1.0	15.3

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{\text{Total}} \times 100 = \frac{25}{100} \times 100 = 25\%$$

60

60

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{15.3}{60} \times 100 = 30\%$$

$$\text{Combined Weighted Average} = \frac{42 + 30}{2} = 36\%$$

Figure 4: Graphical representation of the Entity's risk assessment by number

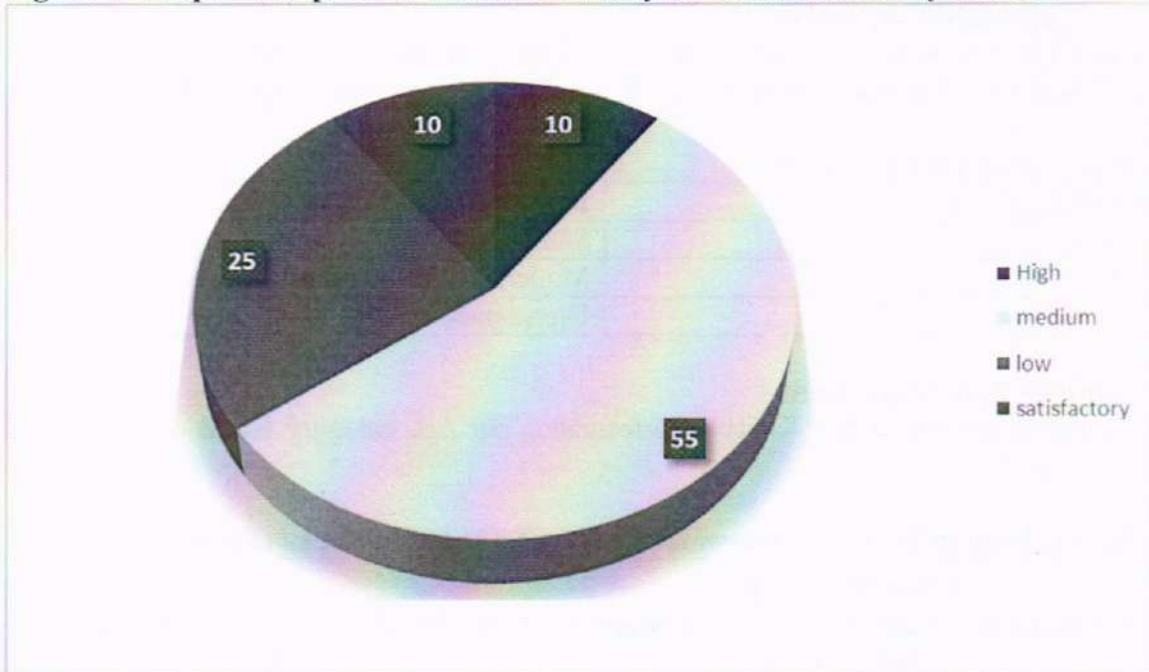
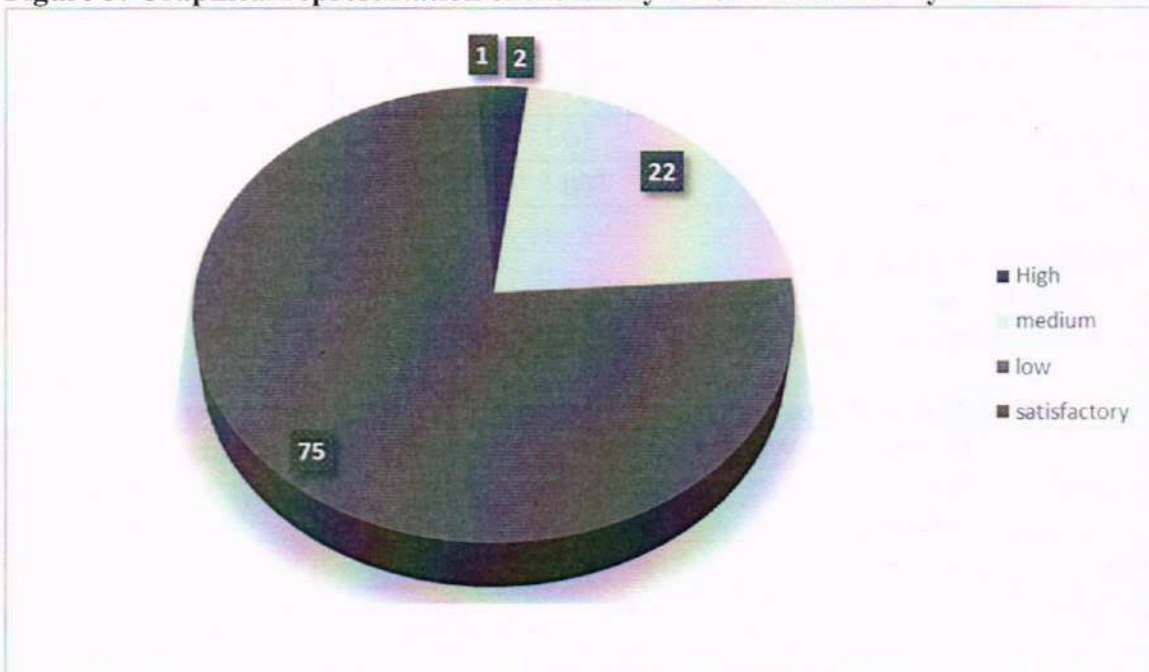


Figure 5: Graphical representation of the Entity's risk assessment by value



3.4 Recommended Action Plan

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

Table 13: Recommended Action plan

Origin	Recommendation Action	Target Date
The Accounting Officer	<ul style="list-style-type: none"> • Put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations; • Regularly carry out a review of the implementation of the procurement plan and update the procurement plan in accordance with Section 58 (4) of the PPDA Act, 2003 to ensure improved performance; • Submit to the Authority monthly procurement and Disposal reports on all procurements undertaken by the Entity in accordance with Regulation 15 of the PPDA (Procuring and Disposing Entities) Regulations, 2023; • Not approve procurements where the funds availability section is not filled; • Task the Head Procurement and Disposal Unit to show cause why disciplinary action should not be taken against him for inconsistencies in the bidding documents; • Ensure that all procurements are conducted in a fair and transparent manner in order to build confidence in potential bidders; • Investigate the causes of low bidder participation and devise mechanisms of improving on competition; • Always develop comprehensive procurement plans, monitor and review its implementation to avoid splitting procurements; • Continue to liaise with Entities that have ownership items due for disposal to ensure that they are disposed of in a timely manner; • Task PDU to carry out thorough due diligence on contractors before full payments are made to avoid incurring avoidable losses through payment of VAT erroneously. • Recover VAT UGX 12,731,643 from the Provider or else refund it; and • Appoint a person from the user department to be the Contract Manager in line with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023. 	June 2024
The Contracts Committee	<ul style="list-style-type: none"> • The Contracts Committee should critically review the bidding documents submitted by the Procurement and Disposal Unit to ensure that there are no inconsistencies which could lead to misunderstandings between the Entity and the bidders in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023; 	
The Head	<ul style="list-style-type: none"> • Prepare quality solicitation documents in accordance with 	

Origin	Recommendation Action	Target Date
Procurement and Disposal Unit	<p>Regulations 33-40 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023; and</p> <ul style="list-style-type: none"> Ensure that performance security is requested for to protect the Entity against non-performance of a contract in accordance with Regulations 11 of the PPDA (Contracts) Regulations, 2023. 	
User Departments	<ul style="list-style-type: none"> The User Departments should always track budget absorption with Support from the Head of Finance to ensure that the Funds availability section is filled on procurement requisitions; and The Contract Manager should ascertain that all Contract Management records are kept in line with Regulation 52 (3)(vii) of the PPDA (Contracts) Regulations, 2023. 	June 2024
Evaluation Committee	<ul style="list-style-type: none"> The Chairpersons of the Evaluation Committee should always ensure that the evaluation of bids is conducted in accordance with the evaluation criteria specified in the bidding documents in line with Regulation 5 (1) of the PPDA (Evaluation) Regulations, 2023. 	June 2024

Annex 1: Findings and rating on the individual contracts reviewed.

NO	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	<p>Reference number: KYAN875/WRKS.22-23/0005</p> <p>Subject matter: Renovation of 2 staff houses at Kikonda H/C III</p> <p>Procurement method: Open Domestic Bidding</p> <p>Contractor: Mplamb Construction Services & Joinery ltd</p> <p>Amount: UGX 66,411,000</p>	<ul style="list-style-type: none"> The Entity did not fill the vote/head no, programme, sub-programme, item and balance remaining” under the funds availability section. Inconsistencies in dates of bid notice. Bid notice date is 9th September, 2022 advert talks of 12th September, 2022 (page 6 of 132 of the standard bidding document). ITB 1.1 talks of Rehabilitation of 8 boreholes instead of renovation of 2 staff houses at Kikonda H/C III. ITB 1.1 Quotes a wrong Ref No. KYAN597/WRKS/2022-23/0007. Bid notice talks of bid security to be valid up to 30th November, 2022 while ITB 19.1 bids must be valid until 30th December, 2022. ITB 20.3 talks of Bid security should be valid up to 30th December, 2022. The Entity did not fill the vote/head no, programme, sub-programme, item and balance remaining” under the funds availability section. Inconsistencies in dates of bid notice. Bid notice date is 9th September, 2022 advert talks of 12th September, 2022 (page 6 of 132 of the standard bidding document). ITB 1.1 talks of Rehabilitation of 8 boreholes instead of renovation of 2 staff houses at Kikonda

		<p>H/C III.</p> <ul style="list-style-type: none"> • ITB 1.1 Quotes a wrong Ref No. KYAN597/WRKS/2022-23/0007 • Bid notice talks of bid security to be valid up to 30th November, 2022 while ITB 19.1 bids must be valid until 30th December, 2022. ITB 20.3 talks of Bid security should be valid up to 30th December, 2022 • Bid notice talks of bid security to be valid up to 30th November, 2022 while ITB 19.1 bids must be valid until 30th December, 2022. ITB 20.3 talks of Bid security should be valid up to 30th December, 2022
2.	<p>Reference number: Kya875/wrks/22-23/0017 Subject matter: Renovation of staff house at Ntwetwe H/C IV Procurement method: Open Domestic Bidding Contractor: Zion Group of Cos Ltd Contract Amount: 41,258,000</p>	<ul style="list-style-type: none"> • No evidence of receipt of bids on file • Reasons for Mplamb Construction Co Ltd being unsuccessful were not indicate in the BEB Notice. • Expired TCC No. HO01190188165 for the year 2018/2019 yet bidding period was in 2022. • The bid document/bidder did not indicate the equipment that was needed and no documentary evidence was on file. What was indicated was only a wheel barrow. • Bidder did not indicate history of non-performance as required in the bid document • The bidder didn't declare any Environmental, Social, Health and Safety (ESHS) past performance in his bid. • Bidder didn't submit audited accounts or financial statements. • Didn't not indicate evidence of experience under contracts in the role of contractor and sub-contractor. • Forms for record of receipt and opening not witnessed by a member of cc • Signing a contract at Value Added Tax (VAT) inclusive price yet the company isn't VAT registered.
	MEDIUM RISK	<ul style="list-style-type: none"> • REASONS FOR MEDIUM RISK
3.	<p>Reference number: Kyan597/works/2022-2023/0008 Subject matter: Construction of 5 stance lined pit latrine at Kanywamahuri P/S Procurement method: Selective Bidding Contractor: M&K Arctic Ltd Amount: UGX 24,999,000</p>	<ul style="list-style-type: none"> • The Entity did not fill the vote/head no, programme, sub-programme, item and balance remaining" under the funds availability section • Low bidder participation • M&K Arctic Ltd attached an invalid TCC No HO01142249362 for the period of 1/07/2021 to 30/06/2022. • The Bid validity date was not indicated in the bid document.
4.	<p>Reference number: KYA597/WRKS/22-23/0020</p>	<ul style="list-style-type: none"> • Record of receipt of bids not dated.

	<p>Subject matter: Renovation of staff house at Bananywa H/CII</p> <p>Procurement method: Selective Bidding</p> <p>Contractor: Zion Group of Co Ltd</p> <p>Contract Amount: 42,205,000</p>	<ul style="list-style-type: none"> Record of bid opening on file was blank. No evaluation report on file Signing a contract at Value Added Tax (VAT) inclusive price yet the company isn't VAT registered
5.	<p>Reference number: Kyan597/wrks/22-23/0010</p> <p>Subject matter: Construction of 5 stance lined pit latrine at Mujunza P/S.</p> <p>Procurement method: Selective Bidding</p> <p>Contractor: Applied Investments Ltd</p> <p>Amount: UGX 24,638,100</p>	<ul style="list-style-type: none"> No evidence of receipt of bids on file ITB 15.1 Bidders was required to submit an ESIS plan which was not on file No evidence on file of bidders bid having attached the environmental officer and social development officer Inadequate evaluation criteria (No key personnel state in the SBD except for the environmental Officer and social development officer. No other key equipment stated in the SBD besides a wheelbarrow only. No evidence to authority to seek reference from bidders bank
6.	<p>Reference number: Kyan597/works/2022-2023/0001</p> <p>Subject matter: Drilling & hydrogeological surveying of 8 boreholes & 1 Production well at Wattuba RGC.</p> <p>Procurement method: Open Domestic Bidding</p> <p>Contractor: MSR Technology</p>	<ul style="list-style-type: none"> Funds availability section was not filled Inconsistencies of the procurement referencing numbers Wrong date of publishing on page 6 of the Standard bidding document. ITB 1.1 talks of rehabilitation of 8 boreholes yet the subject matter is surveying of 8 boreholes. Doesn't state the format of bid security. According to ITB 9.5 of the SBD stated that site visit was a mandatory however there was no certificate on file to confirm site visit for the BE
7.	<p>Reference number: KYAN597/WRKS/2022-23/0002</p> <p>Subject matter: Casting & installation of 8 boreholes</p> <p>Procurement method: Open Domestic Bidding</p> <p>Contractor: Scan Water Contractors & Consultants Ltd</p> <p>Amount: UGX 84,400,000</p>	<ul style="list-style-type: none"> Failure to charge Performance security. Delayed contract signing from 24th November, 2022 to 7th February, 2023. Low bidder participation
8.	<p>Reference number: KYAN597/WRKS.22-23/0003</p> <p>Subject matter: Construction of small piped water supply system at Wattuba rural growth centre</p> <p>Procurement method: Open Domestic Bidding</p> <p>Contractor: Waterfix Engineering U Ltd</p>	<ul style="list-style-type: none"> The Entity did not fill the vote/head no, programme, sub-programme, item and balance remaining" under the funds availability section. Failure to charge Performance security. Contract signed after expiry of bid validity Inconsistencies of the procurement referencing numbers Wrong date of publishing on page 6 of the

	Contract amount: 236,003,100	<p>Standard bidding document.</p> <ul style="list-style-type: none"> • ITB 1.1 talks of rehabilitation of 8 boreholes • Doesn't state the format of bid security.
9.	<p>Reference number: Kyan597/wrks/22-23/0006 Subject matter: Completion of staff house at Kikubya HC II Procurement method: Open Domestic Bidding Contractor: Advanta Uganda Ltd Contract Amount: 94,347,685</p>	<ul style="list-style-type: none"> • ITB 1.1 of the bidding document indicates works consists of rehabilitation of 8 boreholes instead of Completion of staff house at Kikubya HC II. • Failure to charge Performance security • Low bidder participation • The minimum experience for the Social Development Officer and Environmental Officer not mentioned
10.	<p>Reference number: Kyan815/wrks/22-23/0007 Subject matter: Construction of a staff house at Nakitembe HC II HC II Procurement method: Open Domestic Bidding Contractor: Jilo Construction Ltd Contract Amount: 140,933,876</p>	<ul style="list-style-type: none"> • The bid datasheet of the bidding document, the works consisted of rehabilitation of 8 boreholes not staff house at Nakitembe HC II . • The minimum experience of an Environment Officer and Social Development Officer were not indicated. • In the bid datasheet of the bidding document, the works consisted of rehabilitation of 8 boreholes not staff house at Nakitembe HC II. • Failure to charge Performance security
11.	<p>Reference number: Kyan597/wrks/22-23/0011 Subject matter: Construction of a 5 stance lined pit latrine at Lwendagi P Procurement method: Open Domestic Bidding Contractor: M&K Arctic Ltd Contract Amount: 24,999,000</p>	<ul style="list-style-type: none"> • No evidence of authority to seek reference from the bidder's bank. • No key equipment was stated in the Standard bidding document. • No other key personnel were stated in the SBD except for the environment officer and social development officer.
12.	<p>Reference number: KYAN597/SPLS/22-23/0011 Subject matter: Supply of motorcycles for production department Procurement method: Selective Bidding Contractor: Simba Automotives Ltd Contract Amount: 30,000,000</p>	<ul style="list-style-type: none"> • No evidence of receipt of bids on file • No statement of requirement/ specifications on file • No contract on file • No contract management records on file (delivery notes, goods received notes and tax invoice) • No payment records on file
13.	<p>Reference number: Kyan597/Wrks/2022-23/0004 Subject matter: Construction of atwo classroom block at Ssunga primary school Procurement method: Open Domestic Bidding Contractor: Jili Construction</p>	<ul style="list-style-type: none"> • Failure to charge Performance security • No evidence of submission of bid security. • No evidence of Evaluation committee signing the ethical code of conduct. • IT9.5 required mandatory requirement of site visit but there was no evidence of a site audit report by the bidder. • There was no tax clearance certificate on file

Ltd	Contract Amount: 84,239,392
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LOW RISK

REASONS FOR LOW RISK

14.	Reference number: Kya875/wrks/2022-2023/0021 Subject matter: Installation of electrical at Nalinya Ndagire H/C III & Sirimola H/C III Procurement method: Selective Bidding Contractor: M.Magala Electrical Services Ltd Contract Amount: 28,761,579	Low bidder participation
15.	Reference number: Kya875/works/2022-23/0028 Subject matter: Construction of a demo irrigation site at Wattuba Procurement method: Selective Bidding Contractor: Rima (EA) Ltd Contract Amount: 21,241,500	<ul style="list-style-type: none"> • Low bidder participation. • Splitting of procurements to avoid open domestic bidding • Delayed contract signature by 4 months (CC approved on 15th December, 2022 and contract was signed on 2nd May, 2023)
16.	Reference number: Kyan597/Wrks/2022-23/0031 Subject matter: Renovation of staff house at Kyankwanzi H/C III Procurement method: Open Domestic Bidding Contractor: M& K Arctic Ltd Contract Amount: 37,999,000	<ul style="list-style-type: none"> • Low bidder participation
17.	Reference number: Kya875/works/2022-23/0028 Subject matter: Construction of a demo irrigation site at Gayaza Procurement method: Selective Bidding Contractor: Rima (EA) Ltd Contract Amount: 20,935,000	<ul style="list-style-type: none"> • Low bidder participation • Splitting of procurements to avoid open domestic bidding. • Delayed contract signing for close to 5 months (CC approved on 15th December, 2022 and contract was signed on 2nd May, 2023).
18.	Subject matter: Construction of Nsambya seed secondary school Procurement method: Open Domestic Bidding Contractor: P&D Traders and Contractors Ltd Contract Amount: 3,394,881,815 Amount: UGX 84,400,000	Some of the works on site weren't putting on protective gear

	SATISFACTORY	REASONS FOR SATISFACTORY
19.	Reference number: KYAN876/SRVCS/22/23/0003. Subject matter: Provision of consultancy services for the design of buyondo- Senkuto - Mpuga- Kyando road 1km in Ntaat TC Procurement method: Selective Bidding Contractor: Design Allied World Engineering Ltd Contract amount: 29,980,000	No exceptions were noted

20	Reference number: Kyan597/supl/22-23/0017 Subject matter: Supply of a 3 body fridge Procurement method: Selective Bidding Contractor: Rajo Business Solutions Ltd Contract Amount: 29,000,000	<ul style="list-style-type: none">• No exception
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Annex 2: Procurement and Disposal audit sample list for Kyankwanzi DLG for Financial Year 2022/2023

No	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
1.	Kyan597/works/2022-2023/0001	Drilling & hydrogeological surveying of 8 boreholes & 1 production well at Wattuba RGC	Open Domestic Bidding	MSR Technologies U Ltd	216,302,620	Medium
2.	KYAN597/WRKS/2022-23/0002	Casting & installation of 8 boreholes	Open Domestic Bidding	Scan Water Contractors & Consultants Ltd	84,400,000	Medium
3.	KYAN876/SRVCS/22/23/0003	Provision of consultancy services for the design of buyondo- Senkuto - Mpuga- Kyando road 1km in Ntaat TC	Selective Bidding	Design Allied World Engineering ltd	29,980,000	Satisfactory
4.	KYAN597/WRKS.22-23/0003	Construction of small piped water supply system at Wattuba rural growth centre	Open Domestic Bidding	Waterfix Engineering U Ltd	236,003,100	Medium
5.	MoES/UGIFT/WRKS/21-22/00004	Construction of Nsambya Seed Secondary School	Open Domestic Bidding	P&D Traders and Contractors Ltd	3,394,881,815	Low
6.	KYA597/WRKS/22-23/0004	Construction of a 2-classroom block at Sunga P/S	Open Domestic Bidding	Jilo Construction U Ltd	84,239,392	Medium
7.	KYAN875/WRKS.22-23/0005	Renovation of 2 staff houses at Kikonda H/C III	Open Domestic Bidding	Mplamb Construction Services & Joinery ltd	66,411,000	High
8.	Kyan597/wrks/22-23/0006	Completion of staff house at Kikubya HC II	Open Domestic Bidding	Advanta Uganda Ltd	94,347,685	Medium
9.	Kyan815/wrks/22-23/0007	Construction of a staff house at Nakitembe HC II	Open Domestic Bidding	Jilo Construction Ltd	140,933,876	Medium
10.	Kyan597/works/2022-2023/0008	Construction of 5 stance lined pit latrine at Kanywamahuri P/S	Selective Bidding	M&K Arctic Ltd	24,999,000	Medium
11.	Kyan597/wrks/22-23/0010	Construction of 5 stance lined pit latrine at Mujunza P/S	Selective Bidding	Applied Investments Ltd	24,638,100	Medium

No	Reference number	Subject of procurement	Procurement method	Provider	Contract value (UGX)	Risk rating
12.	Kyan597/wrks/22-23/0011	Construction of a 5-stance lined pit latrine at Lwendagi P/S	Open Domestic Bidding	M&K Arctic Ltd	24,999,000	Medium
13.	KYAN597/SPLS/22-23/0011	Supply of motorcycles for production department	Selective Bidding	Simba Automotives Ltd	30,000,000	Medium
14.	Kyan597/supl/22-23/0017	Supply of a 3 body fridge	Selective Bidding	Rajo Boniness Solutions Ltd	29,000,000	Satisfactory
15.	Kya875/wrks/22-23/0017	Renovation of staff house at Ntwetwe H/C IV	Open Domestic Bidding	Zion Group of Cos Ltd	41,258,000	High
16.	KYA597/WRKS/22-23/0020	Renovation of staff house at Bananywa H/CII	Selective Bidding	Zion Group of Co Ltd	42,205,000	Medium
17.	Kya875/wrks/2022-2023/0021	Installation of electrical at Nalinya Ndagire H/C III & Sirimola H/C III	Selective Bidding	M.Magala Electrical Services Ltd	28,761,579	Low
18.	Kya875/works/2022-23/0028	Construction of a demo irrigation site at Wattuba	Selective Bidding	Rima (EA) Ltd	21,241,500	Low
19.	Kya875/works/2022-23/0029	Construction of a demo irrigation site at Gayaza	Selective Bidding	Rima (EA) Ltd	20,935,000	Low
20.	Kyan597/Wrks/2022-23/0031	Renovation of staff house at Kyankwanzi H/C III	Open Domestic Bidding	M& K Arctic Ltd	37,999,000	Low
	TOTAL				4,673,535,667	

Annex 3: Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	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. Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	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
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process:	This implies lack of

RISK	DESCRIPTION	AREA	IMPLICATION
	to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.	Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	efficiency, standardisation and avoiding competition.
		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	

RISK	DESCRIPTION	AREA	IMPLICATION
		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 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.	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.

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.