



COMPLIANCE AUDIT REPORT FOR FINANCIAL YEAR 2022/2023

NJERU MUNICIPAL COUNCIL

APRIL 2024

EKC & CA

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ACRONYMS

BEB	Best Evaluated Bidder
CC	Contracts Committee
FY	Financial Year
GCC	General Condition of Contract
ITB	Instruction to the Bidder
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SBD	Standard Bidding Document
SCC	Special Conditions of Contract
Ltd	Limited
LPO	Local Purchase Order
ODB	Open Domestic Bidding
MC	Municipal Council
UGX	Uganda Shillings
URA	Uganda Revenue Authority
UPDF	Uganda Peoples Defense Forces

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out the compliance audit of the procurement and disposal activities of Njeru Municipal Council that covered a sample of 12 procurement transactions under Financial Year 2022/23.

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

From the findings of the compliance audit exercise, the performance of Njeru Municipal Council for the Financial Year 2022/23 was **Moderately Satisfactory** with overall weighted average risk rating of **64.17%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of this audit report.

Despite the Moderately Satisfactory Performance, the following key exceptions were noted:

1. The Municipality implemented procurements worth Ugx 1,602,939,903 (54%) out of the planned procurements of UGX 2,991,308 leaving procurements worth UGX 1,388,368,159 (46%) un-implemented, this hindered service delivery to the intended beneficiaries;
2. Failure to fully implement 66% of the previous audit recommendations in the procurement and disposal audit report for Financial Year 2019/20. This exposes the Entity to continued weak controls in the procurement function which affects procurement performance;
3. There was retrospective approval of procurements by the Accounting Officer when the Contracts Committee had already approved the procurement methods, bidding documents and the Evaluation Committee's in four procurements worth UGX 253,837,228;
4. Irregularities at the bidding stage, there were inconsistencies such as insufficient bidding period, terms of reference were silent on minimum requirements hence increasing the risk of receiving non-responsive bids in seven procurement transactions worth UGX 563,771,779;
5. Delays in the procurement process resulting into delayed service delivery;
6. Failure to fully adhere to the set evaluation criteria in five procurements worth UGX 308,962,725 such as awarding contracts to non-compliant bidders;
7. The Municipality did not dispose of obsolete items recommended for boarding off in the Board of Survey report exposing them to further loss of value due to deterioration;
8. Inadequate Contract Management including failure to prepare contract implementation plans;
9. Payment for desks not delivered worth UGX 39,200,000 to Xing General Enterprises Ltd for supply of three-seater desks to government aided schools; and
10. Payment for works not executed worth UGX 150,585,046 to Ministry of Defense and Veteran Affairs through UPDF Engineering Brigade for the construction of a two-unit staff house at Kabizzi Health Centre Nyenga Division.

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

1. The Accounting Officer should:
 - i. Ensure timely submission of monthly procurement and disposal reports to the Authority in accordance with Regulation 15 (1) of the PPDA (Procurement and Disposing Entities) Regulations 2023;

- ii. 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;
 - iii. Put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations;
 - iv. Review the assets of the Entity to identify the public assets to be disposed of in the following financial year each Financial Year in line with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023;
 - v. Task the Head Procurement and Disposal Unit, the Contracts Committee and User Departments to show cause why disciplinary action should not be taken against them for retrospective approvals; and
 - vi. Ascertain the causes of the low bidder response and devise mechanisms of increasing competition in the Entity's procurement processes to achieve competition and value for money.
2. The Contracts Committee should critically review the submissions made by the Procurement and Disposal Unit to ensure that there are no inconsistencies in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
 3. The Head Procurement and Disposal Unit should:
 - i. Always invite a member of the Contracts Committee or a person nominated by the User Departments to witness bid closing and opening in accordance with Regulations 29 of the PPDA (Evaluation) Regulations 2023;
 - ii. Allow for reasonable bidding period to potential bidders in accordance to Regulation 55 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;
 - iii. Ensure that the Evaluation Committee Members strictly adhere to the set criteria, use standard evaluation report template, and participate in the evaluation and sign the evaluation report; and
 - iv. Ensure that all procurement records are on the respective files in accordance with Section 41 of the PPDA Act 2003.
 4. The Contract Managers should;
 - i. Prepare a contract management plan using Form 49 in Section 2 to the Regulation and forward a copy of the contract management plan to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023; and
 - ii. Ensure that the UPDF Engineering Brigade meets all the performance or delivery obligations in accordance with the terms and conditions of the contract in line with Regulation 52 (3) (a) (1) of the PPDA (Contracts) Regulations, 2023.
 5. The Internal Audit Unit of the Municipality should investigate the retrospective approvals, possible fraud, conduct a special audit to establish how the desks were distributed and submit a report to the Authority and the Internal Auditor General within four months.

Njeru Municipal Council should implement the recommended action plan on pages **20-21** of this report.

CHAPTER 1: INTRODUCTION

1.1. Background

The Public Procurement and Disposal of Public Assets Authority carried out compliance audit on the procurement and disposal activities of Njeru Municipal Council that covered a sample of 12 procurement transactions under Financial Year 2022/23. The compliance audit involved a review of procurement structures, asset procurement and disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 and Local Governments (PPDA) Regulations, 2006.

1.2. Main Audit Objectives

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

The specific objectives were to:

- i. To establish level of compliance by the entity with the general provisions of the ppda act, 2003 and regulations, 2006 with regard to the performance of the procurement structure and conduct of procurement process.
- 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. Scope of the Compliance Audit

The Audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The exercise covered a sample of 12 procurement transactions worth **UGX 1,063,336,825** conducted during the FY 2022/2023, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained in **Annex C**.

1.4. Methodology

The auditors examined records and documents for each sampled procurement transaction 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.

Two officers conducted the exercise under the supervision of the Regional Manager and Director Performance Monitoring. During the exercise, the team examined records and documents for each of the 12 sampled procurement transactions. The team also reviewed the procurement plan for the Financial Year 2022/2023.

A debrief meeting to discuss preliminary findings was held with the Entity management and staff on **4th August, 2023** before the compliance audit team could embark on preparation of the management letter. The management letter was sent to the Entity on **30th October 2023** with a request to submit a management response by **9th November 2023**, which was submitted on **14th November 2023**.

1.5. Procurement Structure of the Entity

The key players in the procurement structure at the Entity are the Town Clerk as the Accounting Officer, the Contracts Committee (CC), the Procurement and Disposal Unit (PDU), adhoc Evaluation Committees and User Departments.

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. During the Financial Year 2022/2023, the Accounting Officer of the Entity then was Mr. Godfrey K. Kateeba and at the time of the audit Mr. William Kamara was the Accounting Officer.

ii. Contracts Committee

The Permanent Secretary/Secretary to the Treasury of Ministry of Finance, Planning & Economic Development approved five members of the Contracts Committee who also acted during the period under review as indicated Table 1 below:

Table 1: Contracts Committee Members

No.	Name	Job Title	Position on Committee	Date of Appointment
1.	Mr. Edmund Musoke	Senior Physical Planner	Chairperson	3 rd Oct 2022
2.	Ms. Hilder Nassozi	Environment Officer	Member	3 rd Oct 2022
3.	Mr. Matia Ssesamba	Information Technology Officer	Member	3 rd Oct 2022
4.	Mr. George Nsumba	Inspector of Schools	Member	3 rd Oct 2022
5.	Ms. Viola Nassali	Community Development Officer	Member	3 rd Oct 2022

iii. Staffing of the Procurement and Disposal Unit

The Procurement and disposal Unit was staffed with a Senior Procurement Officer Mr. Joweli Katwere with the qualifications of PGD and Bachelor's Degree in Procurement and Logistics Management.

This report presents the key findings and conclusions arising from the compliance inspection exercise.

CHAPTER 2: FINDINGS AND RECOMMENDATIONS

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

2.1.1. Under Staffing of the Procurement and Disposal Unit.

Section 26 (c) of the PPDA Act 2003 states that the Accounting Officer shall be responsible for established a Procurement and Disposal Unit staffed at an appropriate level.

The Njeru Municipal Council's staff establishment structure provided for two staff in the Procurement and Disposal Unit; a Senior Procurement Officer and a Procurement Officer. The Authority however noted that the Procurement and Disposal Unit (PDU) was staffed with only a Senior Procurement Officer leaving the Procurement Officer post vacant.

Implication

Under staffing of the Procurement and Disposal Unit limits its effectiveness due to work overload of one staff in the PDU.

Management Response

Management acknowledged the understaffing of the PDU and pledged to undertake recruitment depending on availability of funds and clearance from the Ministry of Public Service.

Recommendations

The Authority takes note of the Entities response and recommends that the Accounting Officer should prioritize the recruitment of a Procurement Officer and liaise with the responsible government offices for the necessary clearances and wage.

2.1.2. Delayed Submission of Quarterly Procurement Reports

Regulation 7(1) of the Local Government (PPDA) Regulations, 2006 provides that a Procuring & Disposing Entity shall submit to the Authority quarterly procurement and disposal reports and performance data by the 15th day of the month that immediately follows the quarter to be reported on. The Entity submitted the second and fourth quarter reports in time, however, the first and third quarter reports were submitted late as indicated in Table 2 below:

Table 2: Submission of Quarterly Procurement Reports to PPDA

No	Quarter	Date report should be submitted	Date Submitted to PPDA	Number of days delayed
1.	Quarter 1	15 th Oct 2022	19 th January, 2023	69 days
2.	Quarter 3	15 th April, 2023	05 th May, 2023	14 days

Implications

Delayed submission of quarterly reports affects monitoring of procurement and disposal activities and denies the Entity timely advice from the Authority which limits transparency and accountability in the procurement process.

Management Response

Management acknowledged the issue and attributed it to the understaffing of PDU and failure by the Heads of Departments to submit micro procurements to PDU.

Recommendation

The Accounting Officer should ensure timely submission of monthly procurement and disposal reports to the Authority in accordance with Regulation 15 (1) of the PPDA (Procurement and Disposing Entities) Regulations 2023.

2.1.3. Failure to Implement 46% 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, whenever necessary, review and update its procurement plan.

The Municipality implemented procurements worth UGX 1,602,939,903 out of the planned procurements of 2,991,308,062 leaving planned procurements worth UGX 1,388,369,159 (46%) unimplemented as indicated in Table 3 below:

Table 3: Procurement Plan Implementation Rate.

Analysis of procurement spend	
Total of revised procurement plan value inclusive of VAT (UGX)	2,991,308,062
Total procurement spend value inclusive of VAT (UGX)	1,602,939,903
Procurement plan implementation rate (%)	54%
Implementation variance (UGX)	1,388,368,159

Some of the planned procurements that were not implemented are indicated in Table 4 below:

Table 4: Selected Procurements that Were planned but not Implemented

No	Subject of procurement	Amount (UGX)
1	Construction of new administration block for Nyenga Division	108,398,942
2	Construction of new office block at Njeru office Headquarters-phase II using a loan secured plus office equipment	700,000,000
3	Preparation of Njeru MC Structural plan phase II	171,000,000
4	Supply of 2 acres of land to Nyenga Division	80,000,000
5	Stone pitching and culverts installation of drainage channels	89,000,000
	Total	1,148,398,942

Implication

Failure to fully implement the procurement plan hinders service delivery to the public as the intended procurements are not made.

Management response

No response was provided by the Entity.

Recommendation

The Accounting Officer 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.

2.1.4. Failure to Fully Implement 66% of the Previous Recommendations.

Njeru Municipal Council was issued an audit report for Financial Year 2019/20. Out of the nine recommendations made, two (22%) recommendations were not implemented, four (44%) recommendations were partially implemented while three (33%) recommendations were implemented as indicted in the Table 5 below:

Table 5: Implementation of Previous Audit Recommendations

S/N	Recommended Action	Comment	Status
1.	The Head Procurement and Disposal Unit and the Contracts Committee should thoroughly scrutinize bidding documents before issuance to ensure that they are complete and conform to Regulation 48 (2) and (4) of the Local Government (PPDA) Regulations, 2006.	Recurring	Partially implemented
2.	The Head, Procurement and Disposal Unit should ensure that all members of the Evaluation Committee sign the evaluation report before it is submitted to the Contracts Committee for approval	Recurring	Partially implemented
3.	The Contracts Committee to quality assure draft contracts to ensure that contractual term and conditions are the same as those in the bidding documents in accordance with Regulation 81 (1) of the Local Government (PPDA) Regulations, 2006	Recurring	Partially implemented
4.	The Accounting Officer should ensure that the User Departments prepare comprehensive work plans and that all intended items are included on the plan in accordance with Regulation 62 (1) of the Local Government (PPDA) Regulations, 2006. In the event that amendments are made to the procurement plan, the Head, Procurement and Disposal Unit should update the procurement plan in accordance with Regulation 62 of the Local Government (PPDA) Regulations, 2006.	Comprehensive plan prepared	Implemented
5.	The Procurement and Disposal Unit should ensure that all evaluation committee members are approved by the Contracts Committee in accordance with Section 37 (2) of the PPDA Act, 2003	All evaluation committee members were approved	Implemented
6.	Where any arithmetic correction has been made in a bid, the Chairman Evaluation Committee should communicate the correction to the affected bidder and the communication should be copied to all bidders in the procurement process in accordance with Regulation 74 (3) of the Local Governments (PPDA) Regulations 2006.	Recurring	Not implemented

S/N	Recommended Action	Comment	Status
7.	The Accounting Officer should task Heads of User Departments to enforce supervision of contract implementation and ensure that contract supervisors prepare contract management/progress reports.	Recurring	Partially implemented
8.	The Accounting Officer should ensure that no contractor is engaged without furnishing the Entity with a performance security where it is a contractual requirement	Recurring	Not implemented
9.	The Head Procurement and Disposal Unit should ensure that all bids received are opened and evaluated in accordance with Regulation 71 of the Local Governments (PPDA) Regulations, 2006.	All bids were opened	Implemented

Implication

Implementation of audit recommendations strengthens internal controls within the Entity and where recommendations are not implemented, it implies that there is no willingness within the Entity to improve the performance of the procurement and disposal function.

Management Response

Management acknowledged the observation and promised to implement the PPDA's recommendation going forward.

Recommendation

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

2.1.5. Irregularities at the Procurement Initiation Stage

The Authority noted inconsistencies such as failure to sign requisitions, statement of requirement and or Bills of Quantities (BOQs) not attached to requisitions amongst others in four procurements worth UGX 324,960,000 as indicated in Table 6 below:

Table 6: Showing Irregularities at the Initiation Stage

S/N	Subject of Procurement	Contract Value (UGX)	Inconsistency at the bidding stage
1.	Installation of 17 solar security/street lights in the civic areas of the municipality	119,000,000	Procurement requisition not signed
2.	Supply of metallic three-seater desks to government aided schools	50,960,000	Failure to attach statement of requirements to the requisition.
3.	Supply of tractor trailer for Njeru Central Division	155,000,000	<ul style="list-style-type: none"> • The procurement requisition initiator did not sign on the Form 1. • Bidding document was not on file

S/N	Subject of Procurement	Contract Value (UGX)	Inconsistency at the bidding stage
4.	Collection & management of revenue from development control fees	10% commission	<ul style="list-style-type: none"> • Procurement requisition was not signed by the Accounting Officer. • Procurement requisition was not dated.
	Total	324,960,000	

Implication

Inconsistencies at the procurement initiation stage hinders transparency and accountability in the procurement process.

Management Response

Management acknowledged the observation and attributed it to negligence of various staff and promised to improve going forward.

Recommendation

The Head Procurement and Disposal Unit should ensure completeness and maintenance of all procurement records on the respective files in accordance with Regulation 3 (2) of the PPDA (Rules and Methods for Procurements of Supplies, Works, and Non-Consultancy Services) Regulations 2023.

2.1.6. Retrospective approval

The Authority noted retrospective approval in four procurements worth UGX 253,837,228 where the Contracts Committee approved procurement requisitions before confirmation of funds by the Accounting Officer as indicated in Table 7 below:

Table 7: Retrospective Approval Procurements

No	Subject of Procurement	Contract Value (UGX)	Retrospective approval
1.	Construction of 2 classroom blocks with offices at Wabusanke PS	89,854,500	The Contracts Committee approved the method of procurement, bidding document and Evaluation Team on 14 th July 2023 yet the Procurement was initiated on 4 th August 2023 and the Accounting Officer confirmed availability of funds on 8 th August 2023.
2.	Construction of a two-classroom block with offices and store at Kiyagi Primary School	90,257,279	The Contracts Committee approved the Evaluation Committee on 14 th July 2022 yet the Accounting Officer approved the procurement on 8 th August 2022.
3.	Installation of 40ft containers and slab at Njeru M/C	24,980,000	The Contracts Committee approved the bidding document, bid notice, method of procurement, the Evaluation Committee on

No	Subject of Procurement	Contract Value (UGX)	Retrospective approval
			1 st June 2023, the bidding document was issued on 1 st June 2023 and the evaluation report signed on 5 th June, 2023 all before Accounting Officer approved the procurement on 10 th June 2023.
4.	Construction of a five-stance water borne toilet with urinal at central division. Bukaya Market Njeru.	48,745,449	The Contracts Committee approved the method of procurement, shortlist, the Evaluation Committee on 14 th July 2022 however the Accounting Officer approved the procurement on 4 th August 2022.
	Total	253,837,228	

Implication

Retrospective approvals hinder transparency and accountability in the Procurement process and exposes the Entity to the risk of fraud due to weak internal controls.

Management Response

Management acknowledged the observation and attributed it to limited time due to closure of the financial year and negligence. The Accounting officer notified the respective User Departments and going forward all requisitions shall be checked before submission to Contracts committee for approval.

Recommendations

- i. The Contracts Committee should critically review the submissions made 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.
- ii. The Accounting Officer should task the Head PDU, the Contracts Committee and User Departments to show cause why disciplinary action should not be taken against them for retrospective approvals.
- iii. The Internal Audit of the Municipality should investigate the retrospective approvals, possible fraud and submit a report to the Authority and the Internal Auditor General within four months.

2.1.7. Irregularities at the bidding stage

Regulation 25 (1) (a) of the of the Local Governments (PPDA) Regulations, 2006 requires that the Procurement and Disposal Unit shall manage the procurement and disposal activities of all the departments of the Procuring and Disposing Entity

The Authority noted inconsistencies at the bidding stage such as failure to witness records of receipt, bid opening, terms of reference silent on the silent on the minimum qualification's requirement for the technical personnel among others in six procurements worth UGX 563,771,779 as indicated in Table 8 below:

Table 8: Irregularities at the Bidding Stage

No	Subject of Procurement	Contract Value (UGX)	Remarks	Management Response
1.	Supply of land for dumping site	318,000,000	A member of the Contracts Committee or user department did not witness receipt of bids and bid opening.	Management acknowledged the observation and promised to improve.
2.	Construction of 2 classroom blocks with offices at Wabusanke PS	89,854,500		
3.	Construction of a two-classroom block with offices and store at Kiyagi Primary School	90,257,279		
4.	Installation of 40ft containers and slab at Njeru M/C	24,980,000	No evidence of receipt of invitation by the bidder	
5.	Consultancy services on proposed landfill at Bugoba	15,700,000	The terms of reference were silent on the minimum qualification requirement for the technical personnel.	No response was provided by the Entity.
6.	Supply and installation of 40 fit container	24,980,000	Insufficient bidding period of three working days contrary to the minimum bidding period of 10 working days	
	Total	563,771,779		

Implications

- Failure to witness bid receipt and opening by the Contracts Committee or a member of user department hinders transparency in the process and may lead to loss of confidence in the procurement processes.
- Short bidding period limits competition and achievement of value for money.
- Laxity in preparation of bidding documents exposes the Entity to a risk of bidders submitting non-responsive bids and items procured failing to meet the users' requirements.

Management Response

Management acknowledged the observation and promised to improve in subsequent years.

Recommendations

The Head Procurement and Disposal Unit should:

- Always invite a member of the Contracts Committee or a person nominated by the User Departments to witness bid closing and opening in accordance with Regulations 29 of the PPDA (Evaluation) Regulations 2023.
- Always collaborate with the User departments to ensure that the statement of requirements, Bills of Quantities, personnel and equipment is indicated in the solicitation document

- iii. Allow for reasonable bidding period to potential bidders in accordance to Regulation 55 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.8. Delays in the Procurement Process

Section 48 of the PPDA Act, 2003 provided that all procurements and disposal shall be conducted in a manner that promotes economy, efficiency and value for money.

The Authority observed that in two procurements worth UGX 40,680,000 there were delays at the initiation stages of the procurement process as indicated in Table 9 below:

Table 9: Delays in the Procurement Process

No	Subject of Procurement	Contract value (UGX)	Date of Initiation	Date of approval	Delay in days
1.	Consultancy services on proposed land fill at Bugoba	15,700,000	14 th February, 2023	9 th March 2023	18 days
2	Installation of 40ft containers and slab at Njeru M/C	24,980,000	18 th January, 2023	10 th June, 2023	103 days
	Total	40,680,000			

Implication

Delays in the procurement process creates a lengthy lead time resulting into delayed service delivery.

Management Response

Management acknowledged the observation and attributed it to delayed release of funds.

Recommendation

The Accounting Officer should endeavor to initiate the procurements early enough and wait for contract signing to eliminate delays in the Entity and promote efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003 and Regulation 4 (4) of the PPDA (Rules and Methods for Procurements of Supplies, Works, and Non-Consultancy Services) Regulations 2023.

2.1.9. 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 a low bidder response in five procurements worth UGX 364,065,783. The Entity attracted 1 bidder hindering competition in the procurement process as indicated in Table 10 below:

Table 10: Procurements with Low Bidder Participation

S/N	Procurement details	Method of procurement	Contract Value (UGX)	Number of Bids Submitted
1.	Construction of a two-classroom block with	ODB	90,257,279	1

S/N	Procurement details	Method of procurement	Contract Value (UGX)	Number of Bids Submitted
	offices and store at Kiyagi Primary School			
2.	Installation of 40ft containers and slab at Njeru M/C	Selective Bidding	24,980,000	1
3.	Supply of tractor trailer for Njeru Central division	ODB	155,000,000	1
4.	Construction of 2 classroom blocks with offices at Wabusanke PS	ODB	89,854,500	1
5.	Provision of fuel under framework contract	ODB		1
	Total		364,065,783	

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 Daily Monitor; a media of wider circulation.

Recommendations

The Authority takes note of the management responses however the Accounting Officer should;

- i. Ascertain the causes of the low bidder response and devise mechanisms of increasing competition in the Entity's procurement processes to achieve competition and value for money.
- ii. Ensure that all procurements are conducted in a manner that promotes transparency, accountability and fairness in accordance with Section 45 of the PPDA Act 2003.

2.1.10. Failure to Confirm Availability of Funds

Regulation 65 (6) of the Local Governments (PPDA) Regulations 2006 provides 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 fund availability section on the procurement requisition forms in three sampled procurements worth UGX 613,839,600 as indicated in Table 11 below:

Table 11: Procurements where the Funds Availability Section was not Filled.

S/N	Subject of Procurement	Contract value (UGX)
1	Supply of tractor trailer for Njeru Central division	155,000,000
2	Supply of land for dumping site and cemetery in Njeru MC	308,000,000

S/N	Subject of Procurement	Contract value (UGX)
3	Construction of a two-unit staff house at Kabizzi Health Centre Nyenga Division	150,839,600
	Total	613,839,600

Implication

This exposed the Entity to the risk of approval of procurements without sufficient funding thus causing 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.

Recommendations

- 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 in accordance with Regulation 4 (2) of the PPDA (Rules and Methods for Procurements of Supplies, Works, and Non-Consultancy Services) Regulations 2023.

2.1.11. Irregularities at the evaluation stage

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

The Evaluation Committee passed non-compliant bidders who did not provide required ownership of equipment, audited books of account, valid Tax Clearance among others in five procurements worth UGX 308,962,725 as indicated in Table 12 below:

Table 12: Irregularities at the Evaluation Stage

S/N	Subject of Procurement	Contract value (UGX)	PPDA Findings
1.	Construction of a two-classroom block with offices and store at Kiyagi Primary School	90,257,279	<p>The best evaluated bidder (BEB):</p> <ul style="list-style-type: none"> • Did not Provide evidence of ownership, hire, lease of the equipment that were required like a dump track, jumper/contractor mixer and poker vibrator. • Submitted audited books for one current year that is 2022 yet the bidding documents required audited books of accounts for two years. • Did not submit documentary evidence to seek authority from the bidder's bank. • Did not have a tax registration certificate on

S/N	Subject of Procurement	Contract value (UGX)	PPDA Findings
			file. <ul style="list-style-type: none"> Did not indicate the average turnover for the last two years as required in the bid document
2.	Installation of 17 solar security/street lights in the civic areas of the Municipality	119,000,000	The Best Evaluated Bidder did not provide a site foreman, Contract manager as stated in the bidding document.
3.	Supply of metallic three-seater desks to government aided schools	50,960,000	The best evaluated bidder: <ul style="list-style-type: none"> Did not provide a certificate of registration as required in the Bidding document. BEB did not submit the required Powers of Attorney. Did not attach evidence of past experience in terms of LPOs, contracts or recommendations letters. Did not provide audited books of accounts for the past two years.
4.	Construction of a five-stance water borne toilet with urinal at Central Division. Bukaya Market Njeru.	48,745,446	Tesla N.K Consults Ltd.'s attached Tax Clearance Certificate was shown as invalid upon verification on the Uganda Revenue Authority website
5.	Collection & management of revenue from development control fees	10% commission	<ul style="list-style-type: none"> Abasamia Wholerane Association Ltd was disqualified for lack of evidence of availability of means of transport to be used in the enforcement of paying taxes yet it wasn't part of the evaluation criteria in the bid document. The BEB, Nakiroto Investments Co Ltd submitted an expired a Trading License for Financial year July 2021 to June 2022 instead of a Trading Licensee the financial year under review of 2022-2023).
	Total	308,962,725	

Implications

- i. This hindered transparency and fairness in the Evaluation process and exposed the Entity to the risk of administrative reviews.
- ii. Passing ineligible bidders and failure to verify the authenticity of bidder's attached documents exposed the Entity to the risk of award of contracts to incompetent bidders, non-tax complaint bidders hence hindering achievement of intended objectives.

Management response

Management acknowledged the anomaly and attributed it to laxity, low bidder participation, non-materiality concept, and limited knowledge. The Accounting Officer promised to improve and stick to the evaluation criteria going forward.

Recommendations

- i. The Head Procurement and Disposal Unit should 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 (Evaluations) Regulations, 2023.
- ii. The Evaluation Committees should not, during an evaluation, make any amendment including any addition to the evaluation criteria stated in the bidding document, and not use any other criteria other than the criteria specified in the bidding document in line with Regulation 5 (2) of the PPDA (Evaluations) 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 of 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.

A review of the Board of Survey report for the Financial Year 2021/2022 revealed that only one item a Jeifang truck LG0018-36 in the district parking yard was due for disposal however no action was taken to dispose of the obsolete asset.

Implication

Failure to dispose of assets inhibits achievement of value for money due to loss of asset value caused by further depression theft and vandalism.

Management Response

Management acknowledged the observation and explained that measures have been put in place to seek Council's approval of the disposal.

Recommendation

The Accounting Officer is commended for not keeping many obsolete assets; however, the Entity should expedite the process of ~~expediting~~ the identified asset to avoid accumulating obsolete assets.

disposing of

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 Weaknesses in Contract Management

Regulation 14 (i) of the Local Government (PPDA) Regulations, 2006 provides that an Accounting Officer shall have the overall responsibility for the successful execution of the procurement and disposal and contract management process in the Procuring and Disposing Entity and be responsible for ensuring that the implementation of the terms and conditions of the award.

The Authority noted several irregularities during contract management in five procurements worth UGX 340,399,546 which casts doubt on the effectiveness of the Entity in the supervision of contracts as detailed in the Table 13 below:

Table 13: Procurements with Inadequate Contract Management Information

S/N	Subject of procurement	Amount (UGX)	Missing records
1.	Supply of metallic three-seater desks to government aided schools	50,960,000	<ul style="list-style-type: none"> • Did not prepare Contract implementation plan. • Missing progress reports on file.
2.	Construction of a five-stance water borne toilet with urinal at Central Division. Bukaya Market Njeru.	48,745,446	
3.	Construction of 2 classroom blocks with offices at Wabusanke P/S	89,854,500	
4.	Construction of 2 units of staff quarters at Kabizzi HC II in Njenga Division	150,839,600	
5.	Hire of vehicles and road plant equipment under framework contract		
	Total	340,399,546	<ul style="list-style-type: none"> • Terms of reference, price schedule not part of the contract • Contract agreement lacked clear breakdown of unit prices

Implication

- Inadequate contract management hinders effective service delivery and exposes the Entity to breach of contract and hence risk of litigation and unnecessary costs therein.
- Missing records limits of transparency and accountability in the procurement process.

Management response

Management acknowledged the anomaly and attributed it to records being with the contract supervisor and finance department.

Recommendations

The Authority noted Management's response, however, no evidence was provided for the missing records. The Authority therefore recommends that Contract Manager should:

- Prepare a contract management plan using Form 49 in Section 2 to the Regulation and forward a copy of the contract management plan to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.
- Ensure that contract management records are kept and archived as required in line with Regulation 52 (3) (a) (vii) of the PPDA (Contracts) Regulations, 2023.

2.3.2 Payment for desks not delivered

The Municipality entered into a contract with Xing General Enterprises for Supply of 182 metallic three-seater desks to government aided schools at a contract price of UGX 50,960,000. A review of documents however revealed that only 42 desks were delivered and acknowledged by the user department leaving 140 desks worth UGX 39,200,000 undelivered.

Implication

Financial loss of UGX 39,200,000 and failure to deliver the intended services.

Management Response

Management acknowledged the anomaly and attributed it to records being with the contract supervisor and finance department.

Authority's comments:

Management response was noted however no evidence was provided for the missing records.

Recommendation

The Accounting Officer should:

- Instruct the Internal Audit conduct a special audit to establish how the desks were distributed and report back to the Authority and the Internal Auditor General within four months.
- The Accounting Officer should recover or refund UGX 39,200,000.

2.3.3 Irregularities noted at physical verification

The Audit team physically verified six projects of the sampled procurements worth UGX 651,942,725 and noted irregularities in three procurements worth UGX 507,585,046:

i. Payment for Works not executed

The Authority noted that the Municipality entered into a contract with Ministry of Defense and Veteran Affairs UPDF Engineering Brigade to construct a two-unit staff house at Kabizzi Health Centra, Nyanga Division for a contract price of UGX 150,839,600. The Entity paid the Contractor all the contract amount on 26th June 2023, however during physical verification in August 2023 under LPO 477, no work had been done.

Implications

- This exposed the Entity is most likely to the risk of financial loss of UGX 150,839,600.
- Delays in construction of the projects hinders service delivery

Management Response

No response was provided by the Entity on the current status of the project.

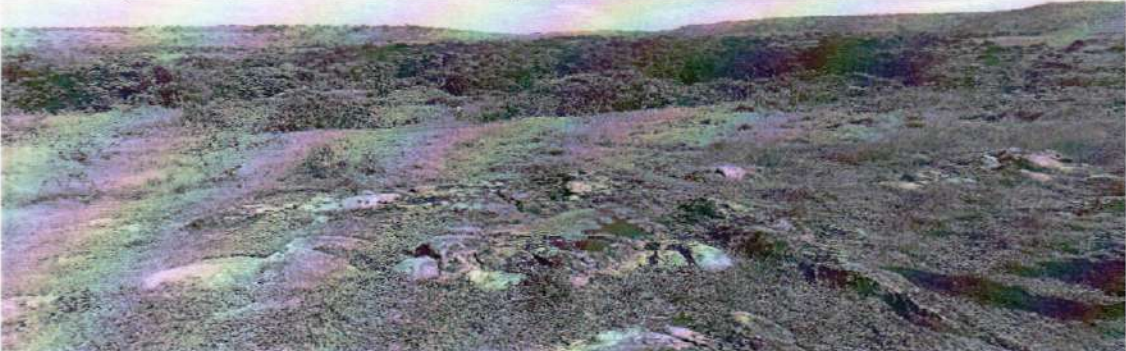
Recommendations

- The Accounting Officer should follow up with the Ministry of Defence and Veteran Affairs and ensure that the planned activity is implemented as per the signed Memorandum of Association.
- The Contract Managers should ensure that the provider meets all the performance or delivery obligations in accordance with the terms and conditions of the contract in line with Regulation 52 (3) (a) (1) of the PPDA (Contracts) Regulations, 2023.

ii. Waste Dumping Site on a Water Bank

The Municipality acquired land to use as a municipal waste dumping site and cemetery at a total cost of UGX 318. The Authority noted that the land is rocky and is near a river Nile tributary as indicated in Figure 1 below:

Identify correct price

Case: 1	Contract value (UGX): 318,000,000
Contract: Supply of land for dumping site and cemetery in Njeru MC	
Provider: Mr. Mulindwa Antony and Mrs. Nakya Teddy	Progress Stage: Procurement was still at Solicitor General for clearance
	
Rocky land near a rive Nile tributary.	

Implication

Purchase of rocky land will not be suitable for the intended purpose and there are high chances that the river might be polluted.

Management Response

No response was provided by the Entity.

Recommendation

The Authority recommends that the Accounting Officer purchases land that is suitable for purpose and puts mechanisms in place against pollution of the nearby river.

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 Njeru Municipal Council for the Financial Year 2022/23 was **Moderately satisfactory** with overall weighted average risk rating of **64.17%**.

The risk rating is as follows:

Table 14: Risk rating table

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

Entity's Performance

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

Table 15: Weighted score of Njeru Municipal Council

Risk Rating	No.	%No	Weight s	Weighte d score by No.	Value	% Val ue	Weight s	Weighte d score by value
High Risk	6	50	0.6	30	455,636,825	43	0.6	26
Medium Risk	3	25	0.3	7.5	274,000,000	26	0.3	8
Low Risk	3	25	0.1	2.5	333,700,000	31	0.1	3
Satisfactor y			0	0.0	0.0	0.0	0	0.0
Total	12	100	1	40	1,063,336,825	100	1	37

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{40}{60} \times 100 = 66.67$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{37}{60} \times 100 = 61.67\%$$

$$\text{Combined Weighted Average} = \frac{66.67 + 61.67}{2} = 64.17\%$$

Figure 1: Risk Rating by Number

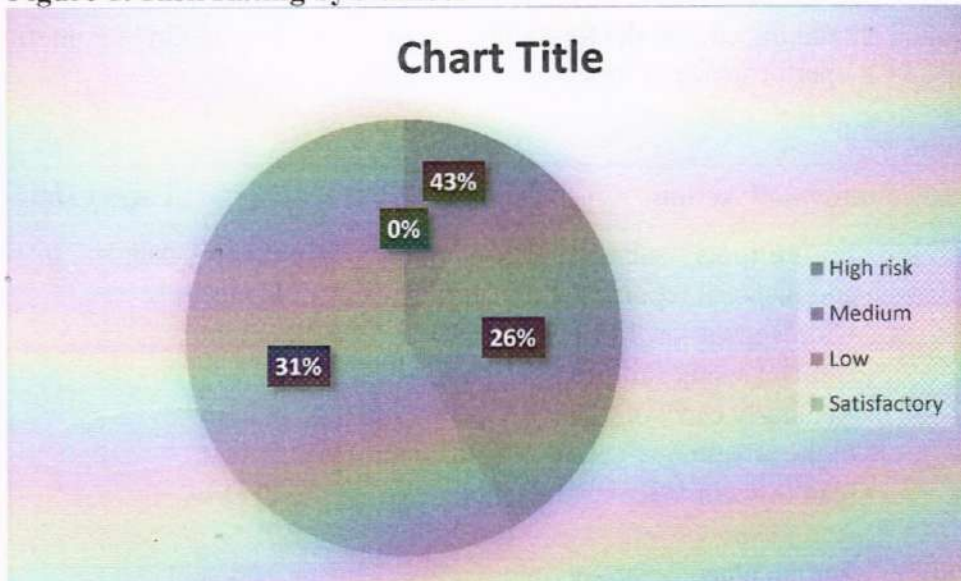
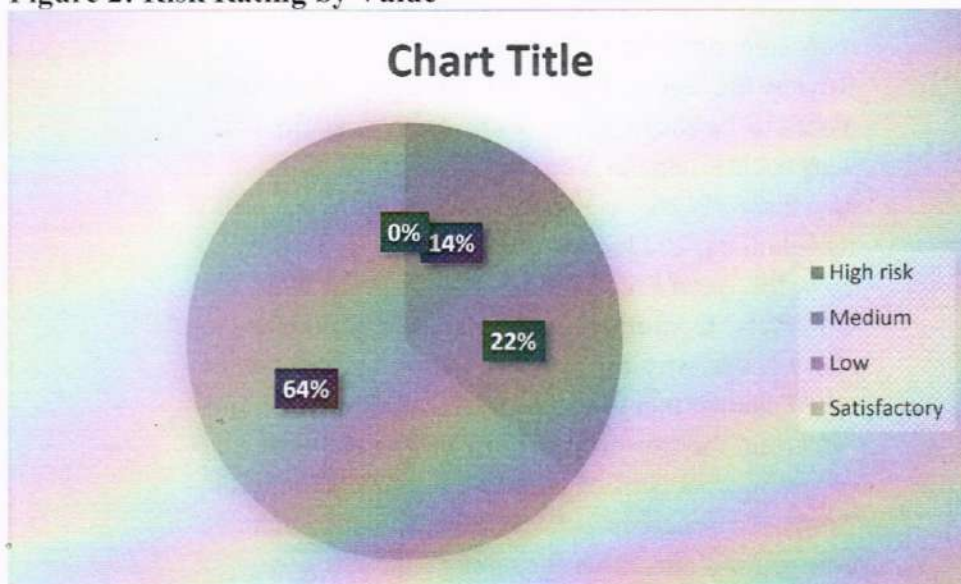


Figure 2: Risk Rating by Value



3.2. Recommended Action Plan

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

Table 16: Action Plan

Origin	Recommended Action	Target Date
Accounting Officer	<ul style="list-style-type: none"> i. Ensure timely submission of monthly procurement and disposal reports to the Authority in accordance with Regulation 15 (1) of the PPDA (Procurement and Disposing Entities) Regulations 2023; ii. 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; iii. Put in place a strong internal mechanism and a dedicated team of staff for implementation of audit recommendations that will always ensure full implementation of the Authority's previous audit recommendations; iv. Review the assets of the Entity to identify the public assets to be disposed of in the following financial year each Financial Year in line with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023; v. Task the Head Procurement and Disposal Unit, the Contracts Committee and User Departments to show cause why disciplinary action should not be taken against them for retrospective approvals; and vi. Ascertain the causes of the low bidder response and devise mechanisms of increasing competition in the Entity's procurement processes to achieve competition and value for money. 	August 2024
The Contracts Committee	Should critically review the submissions made by the Procurement and Disposal Unit to ensure that there are no inconsistencies in line with Regulation 10 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	August 2024*
Procurement and Disposal Unit	<ul style="list-style-type: none"> i. Always invite a member of the Contracts Committee or a person nominated by the User Departments to witness bid closing and opening in accordance with Regulations 29 of the PPDA (Evaluation) Regulations 2023; ii. Allow for reasonable bidding period to potential 	August 2024

Origin	Recommended Action	Target Date
	<p>bidders in accordance to Regulation 55 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023;</p> <p>iii. Ensure that the Evaluation Committee Members strictly adhere to the set criteria, use standard evaluation report template, and participate in the evaluation and sign the evaluation report; and</p> <p>iv. Ensure that all procurement records are on the respective files in accordance with Section 41 of the PPDA Act 2003.</p>	
User Departments	<p>i. Prepare a contract management plan using Form 49 in Section 2 to the Regulation and forward a copy of the contract management plan to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023; and</p> <p>ii. Ensure that the UPDF Engineering Brigade meets all the performance or delivery obligations in accordance with the terms and conditions of the contract in line with Regulation 52 (3) (a) (1) of the PPDA (Contracts) Regulations, 2023.</p>	August 2024
Internal Audit Unit	Should investigate the retrospective approvals, possible fraud, conduct a special audit to establish how the desks were distributed and submit a report to the Authority and the Internal Auditor General within four months.	August 2024

Annex A: Summary case by case (High Risk)

No	Contract Description	Reason for High Risk
1	<p>Subject: Construction of 2No. staff quarters at Kabizzi HCII & Buzika HC II in Njeru MC. Procurement Reference: NJMC727/WRKS/22-23/0047 Procurement method: Direct procurement Contractor: Ministry of Defence & Veterans Affairs Contract value: UGX 150,839,600</p>	<p>Work not executed at the time of physical verification despite full payment of UGX 150,839,600</p>
2	<p>Subject: Construction of a two-classroom block with offices and store at Kiyagi Primary School Procurement Reference: NJMC 727/WRKS/22-23/00014 Procurement method: Open Domestic Bidding. Contractor: Xing General Enterprises Contract value: UGX 90,257,279</p>	<ul style="list-style-type: none"> • Retrospective approval • Irregularities at the bidding stage • Low bidder participation • Irregularities at the evaluation stage
3	<p>Subject: Construction of a five-stance water borne toilet with urinal at Central Division. Bukaya Market Njeru Procurement Reference: NJMC727/WRKS/22-23/00016 Procurement method: Selective National Bidding Contractor: Telsa N.K Consults Limited. Contract value: UGX 48,745,446</p>	<ul style="list-style-type: none"> • Retrospective approval • Irregularities at the evaluation stage • Irregularities at the evaluation stage
4	<p>Subject: Construction of 2 classroom blocks with offices at Wabusanke PS Procurement reference: NJMC727/WRKS/22-23/0003 Method of Procurement: Open Domestic Bidding Contract Amount: UGX 89,854,500 Contractor: Interbuild Technical Services</p>	<ul style="list-style-type: none"> • Retrospective approval • Irregularities at the bidding stage • Low bidder participation • Irregularities at the evaluation stage • Irregularities at the evaluation stage
5	<p>Subject: Installation of 40ft containers and slab at Njeru M/C Procurement reference: NJMC727/WRKS/22-23/00048 Method of Procurement: Selective National Bidding Contract Amount: UGX 24,980,000 Contractor: Kal and David Structures Ltd</p>	<ul style="list-style-type: none"> • Retrospective approval • Irregularities at the bidding stage • Delays in the procurement process • Low bidder participation

6	Subject: Supply of metallic three-seater desks to government aided schools Procurement Reference: NJMC727/WRKS/22-23/00020 Procurement method: Open Domestic Bidding Contractor: Xing General Enterprises Contract value: UGX 50,960,000	Payment for desks not supplied, the provider only supplied 42 desks out of 182 desks
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Annex B: Summary case by case (Medium Risk)

No	Subject of Procurement	Reasons for medium risk rating
1.	Subject: Collection & management of revenue from development control fees Procurement reference: NJMC727/SRCS/22-23/00031 Method of Procurement: Open Domestic Bidding Contract Amount: Commission 10% Contractor: Lubega John and Makironto Investments Co Ltd	<ul style="list-style-type: none"> • Irregularities at initiation stage • Retrospective approval • Irregularities at the evaluation stage
2.	Subject: Supply of tractor trailer for Njeru Central Division Procurement method: Open Domestic Bidding Contractor: The Cooper Motor Ltd Contract value: 155,000,000	<ul style="list-style-type: none"> • Irregularities at initiation stage • Irregularities at the bidding stage • Low bidder participation • Failure to confirm funds
3.	Subject: Installation of 17 solar security/street lights in the civic areas of the municipality Procurement method: Open Domestic Bidding Contractor: Relief Line U Ltd Contract value: 119,000,000	<ul style="list-style-type: none"> • Irregularities at initiation stage • Irregularities at the evaluation stage •

Annex C: Summary case by case (Low Risk)

No	Subject of Procurement	Reasons for medium risk rating
1.	Subject: Supply of land for dumping site and cemetery in Njeru MC Procurement reference: NJMC727/SRVCS/22-23/0023 Method of Procurement: Open Domestic bidding Contract Amount: 318,000,000	<ul style="list-style-type: none"> • Irregularities at the bidding stage • Failure to confirm funds • Section of the land is rocky and not suitable for waste decomposing and cemetery purposes and the land being near a river, waste might

No	Subject of Procurement	Reasons for medium risk rating
	Contractor: Mr. Mulindwa Antony and Mrs. Nakya Teddy	pollute the water.
2.	Subject: Management and enforcement of payment fees from advertising and billboard fees in Wakisi Division. Procurement reference: NJMC727/SRVCS/22-23/0025 Method of Procurement: Open Domestic bidding Contract Amount: 10% commission. Contractor: Abasamia Wholeberane Association Ltd	<ul style="list-style-type: none"> Irregularities at the evaluation stage
3.	Subject: Consultancy services on proposed landfill at Bugoba Procurement reference: NJMC727/SRVCS/22-23/0042 Method of Procurement: Selective National Bidding Contract Amount: UGX 15,700,000 Contractor: Consult Info Services	<ul style="list-style-type: none"> Irregularities at the bidding stage Delays in the procurement process

Annex D: List of the sample with risk rating

No	Reference No.	Subject of Procurement	Procurement method	Provider	Contract Value (UGX)	Risk Rating
1.	NJMC727/SRVC S/22-23/0042	Consultancy services on proposed landfill at Bugoba	Selective National Bidding	Consult Info Services Ltd	15,700,000	Low
2.	NJMC727/WRKS /22-23/0047	Construction of 2No. staff quarters at Kabizzi HCII & Buzika HC II in Njeru MC	Direct procurement	Ministry of Defense & Veterans Affairs	150,839,600	High risk
3.	NJMC727/WRKS /22-23/0003	Construction of 2 classroom blocks with offices at Wabusanke PS	Open Domestic Bidding	Interbuilding Technical Services Ltd	89,854,500	Medium
4.	NJMC727/SUPLS /22-23/0043	Supply of tractor trailer for Njeru Central Division	Open Domestic Bidding	The Cooper Motor Ltd	155,000,000	Satisfactory
5.	NJMC727/SRVC S/22-23/0023	Supply of land for dumping site and cemetery in Njeru MC	Open Domestic Bidding	Mr. Mulindwa Antony and Mrs. Nakya Teddy	318,000,000	Medium

No	Reference No.	Subject of Procurement	Procurement method	Provider	Contract Value (UGX)	Risk Rating
6.	NJMC 727/WRKS/22-23/00014	Construction of a two-classroom block with offices and store at Kiyagi Primary School	Open Domestic Bidding	Xing Enterprises Ltd General	90,257,279	Medium
7.	NJMC727/WRKS /22-23/00018	Installation of 17 solar security/street lights in the civic areas of the Municipality	Open Domestic Bidding	Relief Line U Ltd	119,000,000	Medium
8.	NJMC727/WRKS /22-23/00020	Supply of metallic three-seater desks to government aided schools	Open Domestic Bidding	Xing Enterprises General	50,960,000	Satisfactory
9.	NJMC727/WRKS /22-23/00016	Construction of a five-stance water borne toilet with urinal at Central Division, Bukaya Market Njeru	Selective National Bidding	Telsa N.K Consults Ltd	48,745,446	Medium
10.	NJMC727/WRKS /22-23/00048	Installation of 40ft containers and slab at Njeru M/C	Selective National Bidding	Kal and David Structures Ltd	24,980,000	Medium
11.	NJMC727/SRCS/ 22-23/00031	Collection & management of revenue from development control fees	Open Domestic Bidding	Lubega John & Makironto Investments Co Ltd	Commission 10%	Low
12.	NJMC727/SRVC S/22-23/00025	Management and enforcement of payment fees from advertising and billboard fees in Wakisi Division.	Open Domestic Bidding	Abasamia Wholeberane Association Ltd	Commission 10%	Medium
Total					1,063,336,825.2	

Note: The total amount does not include number 11 and 12.

Annex D: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
<p>HIGH</p> <p>Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management.</p> <p>Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".</p>		<p>Planning: Lack of or failure to procure within the approved plan</p>	<p>This implies emergencies and use of the direct procurement method which affects competition and value for money.</p>
		<p>Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.</p>	<p>This implies use of less competitive methods which affects transparency, accountability and value for money.</p>
		<p>Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.</p>	<p>This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.</p>
		<p>Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.</p>	<p>This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.</p>
		<p>Fraud/forgery: Falsification of Documents</p>	<p>This implies lack of transparency and value for money.</p>
		<p>Contract Management: Payment for shoddy work or work not delivered.</p>	<p>This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries</p>
<p>MEDIUM</p>	<p>Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using</p>	<p>Planning: Lack of initiation of procurements and confirmation of funds.</p>	<p>This implies committing the Entity without funds thereby causing domestic arrears.</p>
		<p>Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and</p>	<p>This implies lack of efficiency, standardisation and avoiding competition.</p>

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

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

SATISFACTORY

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