

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

**COMPLIANCE AUDIT REPORT FOR UGANDA
NATIONAL BUREAU OF STANDARDS FOR FINANCIAL
YEAR 2021/2022**

NOVEMBER 2021

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Acronyms

| | | |
|----------|---|--|
| BEB | - | Best Evaluated Bidder |
| CC | - | Contracts Committee |
| e-GP | - | Electronic Government Portal |
| FY | - | Financial Year |
| HPDU | - | Head Procurement and Disposal Unit |
| LTD | - | Limited |
| PDU | - | Procurement and Disposal Unit |
| PPDA Act | - | Public Procurement and Disposal of Public Assets Act No. 1 of 2003 |
| PPDA | - | Public Procurement and Disposal of Public Assets Authority |
| UGX | - | Uganda Shillings |
| UNBS | - | Uganda National Bureau of Standards |

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance audit on the procurement and disposal activities of Uganda National Bureau of Standards (UNBS). The exercise covered a sample of ten (10) procurement transactions carried out during the Financial Year 2021/2022. The compliance audit exercise involved a review of the procurement system and procurement processes following the Public Procurement and Disposal of Assets Act, 2003 as amended and the PPDA Regulations, 2014.

From the findings of the compliance audit exercise, the summary performance of UNBS revealed an overall weighted average risk rating of **36%** indicating a **moderately satisfactory** performance as per ranking in Table 11 of this report.

Despite the Entity's moderately satisfactory performance, the following key exceptions were noted:

1. Failure to fully implement 56% of the Authority's recommendations thus affecting the Entity's performance of the procurement function, an indicator of a weak implementation mechanism by the Entity.
2. Persistent absence of two (2) Contracts Committee members from attending meetings i.e., Ms. Patricia Ejalu and Ms. Margret Tumushemereire which deprived their input to the matters under discussion and resolution and may at times affect the Committee from not holding meetings due to lack of quorum.
3. Approval of providers not on the prequalification list in two (2) sampled procurements worth UGX. 97,146,400 which affected competition and created room for contracting ineligible bidders.
4. Failure to complete the funds availability section by user departments in all sampled procurements which may lead to conducting of procurements whose funds are not available thus leading to domestic arrears.
5. Inefficiencies in the procurement process in six (6) procurements worth UGX. 1,476,412,437 which consequently impeded timely service delivery to the intended beneficiaries.
6. Irregularities at contracting in two (2) sampled procurements worth UGX. 25,355,360 such as signing contracts after expiry of bid validity rendering the contracts unenforceable.
7. Failure to obtain performance securities in three (3) high value sampled procurements worth UGX. 1,130,391,570, the Entity was not protected against contract non-performance.
8. Irregularities during contract management of four (4) sampled procurements worth UGX. 876,703,898 such as failure by contract managers to prepare contract management reports and delayed payments which implies ineffective and inefficient contract supervision.

The Authority recommends that:

1. The Accounting Officer should ensure that the Entity puts in place mechanisms to implement recommendations made by the Authority to improve on the functionality of the procurement function.
2. The Accounting Officer should consider nominating new Contracts Committee members with the ability to take on the responsibility to replace the absent members for the approval by the Secretary to the Treasury.
3. The Contracts Committee should not approve shortlist of providers that do not give priority to the prequalified providers and equal and fair opportunity to all bidders in accordance with

Regulation 43 of the PPDA (Rules and Methods for Procurement of Supplies, Works, & Non-Consultancy Services) Regulations, 2014.

4. User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.
5. The Accounting Officer should ensure efficiency in the procurement processes in accordance with Section 43(e) of the PPDA, Act 2003 as amended.
6. The Head, Procurement and Disposal Unit should ensure that bid validity periods are sufficient to cater for the duration of the procurement processes. In the event that bids are due to expire, bidders should be requested to extend their bid validity period in accordance with Regulation 52 of the PPDA (Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2014.
7. Contract managers should ensure that the contract terms and conditions are adhered to by both the providers and the Entity such as providing the performance security to protect the Entity against contract non-performance.
8. The Accounting Officer should task Heads of User Departments and Contract Managers to ensure that contracts are implemented within the contractual terms and conditions in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2014

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted an audit of the procurement and disposal activities of your Entity. The exercise covered ten (10) procurement transactions under the Financial Year 2021/2022. The exercise involved a review of the procurement system, procurement processes following the Public Procurement and Disposal of Assets Act, 2003 as amended and the PPDA Regulations, 2014.

1.2 Objective of the compliance audit

The primary objective of the exercise was to assess and establish the degree of compliance of Uganda National Bureau of Standards procurement system and processes with the provisions of the PPDA Act, Regulations and Guidelines over the audit review period.

The specific objectives were:

1. To establish the level of compliance by the procuring and disposing Entity with the general provisions of the PPDA Act, Guidelines, and Regulations 2014;
2. To establish the level of compliance with the PPDA Act, 2003 and Regulations, 2014 in the conduct of the procurement and disposal process; and
3. To assess the level of achievement of Value for Money (efficiency, cost and effectiveness) in contract execution.

1.3 Scope of the Compliance audit

The exercise covered a sample of ten (10) procurement transactions worth UGX. 1,707,769,007 conducted during the FY 2021/2022, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained under **Annex B**.

1.4 Methodology

Uganda National Bureau of Standards was notified about the exercise on 13th September, 2022. A sample of ten (10) procurement transactions was selected based on stratified random sampling using Contracts Committee minutes, the contracts register, and procurement and disposal reports.

An entry meeting was held on 2nd August 2022 where the objectives of the compliance audit, the timelines, roles and responsibilities were discussed. Two (2) officers conducted the exercise under the supervision of the Senior Manager Performance Monitoring. During the exercise, the team reviewed records and documents for each of the ten (10) sampled procurement transactions. The team also reviewed the procurement plan for the Financial Year 2021/2022. The team held a debrief meeting to present preliminary findings and get clarifications.

The Authority prepared a management letter, which was issued to the Entity on 7th October 2022 with a request to submit a management response by 14th October 2022, which was submitted on 26th October 2022. The Authority studied and considered the management response before preparing the compliance audit report. The compliance audit report presents the key findings and conclusions arising from the audit.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

This section presents the findings based on the specific objectives of the compliance audit exercise.

2.1. LEVEL OF COMPLIANCE BY THE PDE WITH THE GENERAL PROVISIONS OF THE PPDA ACT, 2003 AND REGULATIONS 2014

2.1.1. Persistent absenteeism of two (2) Contracts Committee members

Ms. Patricia Ejalu (Chairperson) and Ms. Margret Tumushemereire (Legal Officer) missed more than three (3) consecutive Contracts Committee meetings during the Financial Year 2021-2022, without evidence of reasonable grounds for their absentia contrary to Regulation 11(1) (e) of the PPDA (Procuring and Disposing Entities) Regulations, 2014. Contracts Committee meetings not attended are listed in Table 1 below;

Table 1: Absenteeism of Contacts Committee members

| No. | Contracts Committee member | Meeting reference number | Date of Meeting |
|-----|----------------------------|--------------------------|--------------------------------|
| 1. | Ms. Patricia Ejalu | M075/08/02/2021 | 8 th February 2021 |
| | | M102/10/11/2021 | 10 th November 2021 |
| | | M094/13/08/2021 | 13 th August 2021 |
| | | M095/26/08/2021 | 26 th August 2021 |
| | | M090/08/06/2021 | 8 th June 2021 |
| | | M144/24/06/2022 | 24 th June 2022 |
| 2. | Ms. Margret Tumushemereire | M075/08/02/2021 | 8 th February 2021 |
| | | M102/10/11/21 | 10 th November 2021 |
| | | M101/01/11/21 | 1 st November 2021 |
| | | M094/13/08/2021 | 13 th August 2021 |
| | | M113/14/02/22 | 14 th February 2022 |

Implication

The Contracts Committee was deprived of their input to the matters under discussion and resolution and may at times affect the Committee from holding meetings due to lack of quorum.

Management response

These officers were committed in Contracts Committee duties expect they were taken out for other official duties of the Bureau at the time of above queried days.

In subsequent meetings, the management will continue to engage the CC members to always endeavor to attend meetings regularly.

Recommendation

The Accounting Officer should consider nominating new Contracts Committee members with the ability to take on the responsibility to replace the absent members for the approval by the Secretary to the Treasury.

2.1.2. Procurement plan implementation rate

Despite implementing 90.1% of the total procurement plan value of UGX. 27,420,387,158, the Entity did not account for the implementation variance of UGX. 2,726,566,293 as shown in Table 2 below:

Table 2: Procurement Plan Implementation Rate

| Analysis of procurement spend | |
|--|----------------|
| Total procurement plan value inclusive of VAT (UGX) | 27,420,387,158 |
| Total procurement spend value inclusive of VAT (UGX) | 24,693,820,865 |
| Procurement plan implementation rate (%) | 90.1% |
| Implementation variance (UGX) | 2,726,566,293 |

Implication

Failure to fully implement the procurement plan affects service delivery.

Management Response

These procurements were successfully executed, some on e-GP and others manual before introduction of e-GP and these were delivered and paid- Various Contracts.

Authority's Comment

The Authority reviewed both procurements reported manually and those on the system and noted that 9.9% of the procurement plan was not implemented.

Recommendation

In the event that amendments are made to the departmental workplans, user departments should share amendments with Head Procurement and Disposal Unit to update the procurement plan in accordance with Section 58 (4) & (5) of the PPDA Act, 2003 as amended to add or remove items basing on the Entity's needs.

2.1.3. Failure to fully implement the previous audit recommendations

The Entity was issued with a compliance audit report for Financial Year 2020/2021 and out of the nine (9) recommendations made, 2(22%) were fully implemented, 2(22%) were partially implemented and 5 (56%) were not implemented as indicated in Table 3 below:

Table 3: Status of implementation of previous audit recommendations

| No. | Recommended Action | Implementation Status | Management response |
|------------|--|------------------------------|--|
| 1. | The Head Procurement and Disposal Unit should ensure that on a monthly basis and in any other case, wherever necessary, reviews and updates the procurement plan in accordance with Section 58 (4) of the Public Procurement and Disposal of Public Assets Act, 2003 | Not Implemented | Given that the entity is using e-GP, all updates are done online and when requested by the users |
| 2. | The Accounting Officer should ensure that procurement processes within the Entity are executed in a manner that | Not implemented | This has been overtaken by events |

| No. | Recommended Action | Implementation Status | Management response |
|-----|--|-----------------------|--|
| | promotes efficiency, accountability and value for money in accordance with Sections 43-49 of the PPDA Act, 2003. | | given that the entity is on e-GP |
| 3. | User Departments should conduct adequate needs assessment in order to prepare a sufficient statement of requirements for the works in accordance with Regulation 27 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014. | Fully Implemented | |
| 4. | User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer. | Partially implemented | This is done by the Head of Finance on e-GP. |
| 5. | The Accounting Officer should ensure that assessment of the market price of supplies, service or of unit costs of works is conducted in accordance with Section 26 (4) and (5) of the PPDA Act, 2003. | Fully Implemented | |
| 6. | The Accounting Officer should investigate the reasons behind the low bidder response and also institute measures to attract a higher number of bidders. | Not implemented | This concern has been noted by the management. The Public Relations department to conduct supplier satisfaction survey on low bidder turnover and the report is soon concluded |
| 7. | The Head Procurement and Disposal Unit should ensure that at least three bids are obtained to promote competition in accordance with Section 5 (2) (c) of the Fourth Schedule of the PPDA Act, 2003. | Not implemented | This has been overtaken by events given that the entity is on e-GP |
| 8. | All procurements should be conducted in a manner that maximizes competition in order to achieve value for money in accordance with Section 46 of the PPDA Act, 2003. | Not implemented | |

| No. | Recommended Action | Implementation Status | Management response |
|-----|---|-----------------------|---|
| 9. | The Accounting Officer should task the Heads of User Departments and Contract Managers to ensure that contracts are implemented within the contractual terms and conditions in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2014. | Partially implemented | This is noted and will continue sensitising the users/ contract managers on the contract management issues. |

Implication

Failure to implement the Authority's recommendations is a red flag for weak internal controls within the Entity to improve performance of the procurement function.

Management response

As in the table above.

Authority's Comment

The Authority appreciates that the Entity upgraded to e-GP system, however, the recommendations had not been implemented in the sampled procurements.

Recommendation

The Accounting Officer should ensure that the Entity puts in place mechanisms to implement recommendations made by the Authority to improve on the functionality of the procurement function.

2.1.4. Incomplete procurement action files

The Entity failed to provide the procurement records in five (5) procurements worth UGX 1,388,456,837 to the audit team for review as listed in Table 4 below:

Table 4: Procurements with missing records

| No. | Procurement subject | Contract Value (UGX) | Missing records | Management Response |
|-----|---|----------------------|---|---|
| 1. | Provision of insurance services for group personal Accident | 450,694,539 | • Performance security of 10% as provided for in GCC 36.1 of the signed contract. | This has been noted and promise to follow up with the service provider during contract management |
| 2. | Provision of security guards for UNBS | 235,764,000 | • Copy of performance security of 10% as per GCC36.1 of the signed contract. | This has been noted and promise to follow up with the service provider during contract management |

| No. | Procurement subject | Contract Value (UGX) | Missing records | Management Response |
|-----|---|----------------------|--|---|
| 3. | Accessories – supply and delivery of VHF & UHF Communications system | 248,874,467 | <ul style="list-style-type: none"> • Inspection and testing reports | Contract Manager together with provider are still conducting inspection and testing of the communication equipment. |
| 4. | Supply of spare for ICP – OES equipment cooler USD 2,484 2484*3700 | 9,190,800 | <ul style="list-style-type: none"> • Evaluation report • Performance report • Payment records | This is noted, the service provider is one of the international sole providers who are directly contacted due to compatibility issues. However, the items were delivered and payment effected |
| 5. | Provision of cleaning services offices at standard house – food safety lab, Bweyogerere, Katwe and NML – Nakawa | 443,933,031 | <ul style="list-style-type: none"> • Copy of performance security of 10% of contract price. | This has been noted and promise to follow up with the service provider during contract management. |
| | Total | 1,388,456,837 | | |

Implications

- This affects the audit trail and accountability of the activities conducted.
- Failure to submit the performance security implies that the Entity was not protected against contract non-performance.

Management response

The response is in table 4 above

Recommendations

- The Head Procurement and Disposal Unit should ensure that all procurement records are maintained on their respective action files.
- The Accounting Officer should caution the contract manager for failure to take immediate and appropriate action for the contractor's breach of the contractual terms and conditions.

2.2. LEVEL OF COMPLIANCE WITH THE PPDA ACT 2003 AND REGULATIONS 2014 IN THE CONDUCT OF PROCUREMENT AND DISPOSAL ACTIVITIES

2.2.1. Approval of providers not on the prequalification list for the FY in review

The contracts committee approved shortlists without justification in the following two (2) procurements worth UGX. 97,146,400 as indicated in Table 5 below:

Table 5: Approval of providers not on the prequalification list for the FY in review

| No | Procurement subject | Contract Value (UGX) | Observation |
|----|--|----------------------|---|
| 1. | Supply and delivery of seals for legal metrology and surveillance department – LOT 1 | 25,346,400 | Corporate Gifts Ltd, Quartermain Suppliers and Solution, Pentateuch Investments Ltd were not on the pre-qualification of service providers list for FY's 2021/22, 2022/23 and 2023/2024. The PDU did not indicate justification for shortlist in the submission to Contracts committee. The Contracts Committee on 26 th August 2021 approved providers that were not on the pre-qualification list. |
| 2. | Provision of servicing of UNBS generators | 71,800,000 | Achelis Uganda Ltd was not on the prequalification list and there was no justification. In addition, Sybyl Ltd was not pre-qualified for generators but rather supply of computers, servers, laptops and accessories (digital cameras, field laptops, drones, GPS, tablets, MIFIS, power banks, printers, desktops, biometric access control equipment, telephony, UPPSs, power batteries, ICT network cabling). |
| | Total: | 97,146,400 | |

Implication

This discourages bidders from prequalifying with the Entity and exposes the Entity to the risk of dealing with ineligible providers.

Management Response

These firms were picked from previous UNBS prequalification list FY 2018-2021 given that the new prequalification list had not yet been approved for use.

Authority's Comment

The submission to Contracts Committee for approval did not provide clear justification.

Recommendation

The Contracts Committee should not approve shortlist of providers that do not give priority to the prequalified providers and equal and fair opportunity to all bidders in accordance with Regulation 43 of the PPDA (Rules and Methods for Procurement of Supplies, Works, & Non-Consultancy Services) Regulations, 2014.

2.2.2. Failure to monitor the budget when placing procurement requisitions

The audit noted that the funds availability section which acts as the budget tracker for procurement transactions was left blank contrary to Regulation 3(c) of the PPDA, Regulations, 2014.

Implication

Failure to complete the funds availability section exposes the Entity to a risk of conducting unplanned procurement for which funds are not available hence increasing the risk of domestic arrears.

Authority's Comment

The Authority appreciates that the Entity upgraded to e-GP system, however, the recommendations had not been implemented in the sampled procurements.

Management response

This role has been taken by events and now done on e-GP by the Head of Finance.

Recommendation

The Accounting Officer should task the Heads of Department to complete the funds availability section at initiation to clearly indicate the remaining balance on the vote prior to approving the procurement and disposal requirements.

2.2.3. Low bidder participation

The Authority found that there was low bidder participation in the following three (3) procurement transactions worth UGX.277,801,210. The Entity either had a sole bidder or two (2) bidders participating in the procurement process. This was further evidenced that there no proof of invite and receipt of invitation maintained on file. These procurements are listed in Table 6 below:

Table 6: Procurements with low bidder participation

| No. | Procurement subject | Contract value (UGX) | Bidders invited | Number of bids received |
|--------------|---|-----------------------------|------------------------|--------------------------------|
| 1. | Supply and delivery of Christmas voucher for UNBS staff | 158,550,000 | 4 | 2 |
| 2. | Provision of servicing of UNBS generators | 71,800,000 | 3 | 1 |
| 3. | Provision of servicing 3 passenger lifts at standards house and food testing labs | 47,451,210 | 3 | 2 |
| Total | | 277,801,210 | | |

Implication

This deprives the Entity of the opportunity of receiving competitive prices, competitive bids and is a red flag for potential mistrust in the procurement function of the Entity.

Recommendations

- The Accounting Officer should address the issue of low bidder participation since this may affect the level of confidence bidders may have in the procurement function of the Entity.
- The Accounting Officer should ensure that all procurements are conducted in a fair, transparent and competitive manner in accordance with Section 45 and 46 of the PPDA Act, 2003.

Management Response

2.2.4. Inefficiencies in the procurement process

In the following six (6) procurements worth UGX. 1,476,412,437, the Authority found significant delays in the execution of procurement activities within the stipulated timelines to ensure timely delivery of services to the intended beneficiaries in compliance with Section 48 of the PPDA Act, 2003, as indicated in Table 7 below:

Table 7: Delays in the procurement process

| No. | Procurement subject | Planned procurement time in days | Actual procurement time in days | Areas of delay | Management Response |
|-----|--|----------------------------------|---------------------------------|---|--|
| 1. | Provision of security guards for UNBS worth UGX 235,764,000 | 66 | 128 | <ul style="list-style-type: none">▪ Evaluation took 41 days | <p>The staff were working on rotation due to Covid-19 disruptions. This caused the delay.</p> <p><u>Recommendation</u> <i>The Evaluation committee should have considered online virtual platforms such as zoom for continuity of the process.</i></p> |
| 2. | Provision of insurance services for group personal Accident worth UGX. 450,694,539 | 66 | 289 | <p>Delays were noted at:</p> <ul style="list-style-type: none">▪ Requisition Time - 206 days▪ Contracts Committee approval of procurement method, bidding doc) – 6 days▪ Evaluation - 26 days | <p>The procurement requisition used was first advertised and failed to attract competitive bidders. As result, the same requisition was used to re-tender the procurement, which now shows like those that more time was taken at requisition stage</p> <p>On the evaluation delay, this was as a result of Covid-19 disruptions where</p> |

| No. | Procurement subject | Planned procurement time in days | Actual procurement time in days | Areas of delay | Management Response |
|-----|--|----------------------------------|---------------------------------|--|--|
| | | | | | staff were made to work on rotation basis. |
| 3. | Accessories – supply and delivery of VHF & UHF Communications system worth UGX. 48,874,467 | 66 | 125 | <ul style="list-style-type: none"> ▪ Requisition time – 58 days ▪ Bid submission period – 30 days | <p>This was on e-GP and the requisition was initiated by the User on 13th November 2021 and approved by AO on 16th November 2021.</p> <p>The delay in submission was as a result of festive season and bidders were given ample time to respond.</p> |
| 4. | Provision of cleaning services offices at standard house – food safety lab, Bweyogerere, Katwe and NML – Nakawa Worth UGX. 443,933,031 | 66 | 170 | <ul style="list-style-type: none"> • Delays were noted at bid evaluation - 68 days | <p>There were reviews of the evaluation reports and a number of clarifications issued to bidders (5 times). At the same time staff were working on rotation due to Covid-19 disruptions.</p> |
| 6. | Supply and delivery of seals for legal metrology and surveillance department worth UGX. 25,346,400 | 36 | 130 | <ul style="list-style-type: none"> ▪ Requisition time of 97 days | <p>The management has noted the delay. The requisition was initiated on 19th April, 2021 when there were no funds and therefore the procurement process could not proceed. This was rolled over to the following FY 2021/2022 maintaining the old requisition Form.</p> |
| 7. | Provision of servicing of UNBS generators worth UGX. 71,800,000 | | 141 | <ul style="list-style-type: none"> ▪ Delay of 9 working days for the Ag. Accounting Officer David Ebiru to confirm funding. | <p>The management has noted the delay. However, this has been corrected by the introduction of e-GP.</p> |

| No. | Procurement subject | Planned procurement time in days | Actual procurement time in days | Areas of delay | Management Response |
|-----|---------------------|----------------------------------|---------------------------------|-----------------------------------|---------------------|
| | | | | ▪ Delays of 46 days at evaluation | |

Implication

Delays in the procurement process create a lengthy lead time which consequently impedes service delivery.

Management Response

Management response is in the table above.

Recommendation

The Accounting Officer should ensure efficiency in the procurement processes in accordance with section 43(e) of the PPDA, Act 2003.

2.2.5. Irregularities during the evaluation process

The Authority found irregularities during evaluation in the following three (3) procurements worth UGX. 1,053,177,570 as indicated in Table 8 below:

Table 8: Procurements with irregularities at evaluation

| No | Procurement Subject | Findings | Management response |
|----|--|---|---|
| 1. | Supply and delivery of Christmas voucher for UNBS staff Worth UGX. 158,550,000 | <p>The evaluation methodology and criteria in the solicitation document issued to bidders required a declaration in the bid submission sheet of nationality of bidder. The audit noted that Capital Shoppers Ltd was found compliant to the eligibility criteria to which they did not declare.</p> <p>The audit further noted that Capital Shoppers Ltd did not provide evidence of supply of similar services with contracts in the last 3 years of not less than UGX.100M and was evaluated as compliant to the criterion at post qualification.</p> | <p>This is noted however, management noticed later on that super markets do not participate in tender business and yet the entity needed their service.</p> <p><u>Recommendation</u> <i>The Evaluation Committee should recommend substantively compliant bidders who comply with all the criteria in the bidding document</i></p> |

| No | Procurement Subject | Findings | Management response | | | | | | | | | | | | | | | | |
|-----------------------|--|--|---------------------|-----------|------------------|-----------------|-----------------------|-------------|------------|-------------|-----------------|-------------|------------|-------------|---------------|-------------|------------|-------------|---|
| 2. | Provision of insurance services for group personal Accident worth UGX. 450,694,539 | <p>There was no evidence on the methodology used for the arithmetic corrections at financial evaluation and neither were they communicated to the bidders for any clarifications.</p> <table border="1"> <thead> <tr> <th>Name of bidder</th> <th>Bid Total</th> <th>Corrections made</th> <th>Evaluated Total</th> </tr> </thead> <tbody> <tr> <td>Nic General Insurance</td> <td>380,014,790</td> <td>70,679,749</td> <td>450,694,539</td> </tr> <tr> <td>Excel Insurance</td> <td>395,622,360</td> <td>73,581,197</td> <td>469,203,557</td> </tr> <tr> <td>MUA Insurance</td> <td>428,716,400</td> <td>79,733,379</td> <td>508,449,779</td> </tr> </tbody> </table> | Name of bidder | Bid Total | Corrections made | Evaluated Total | Nic General Insurance | 380,014,790 | 70,679,749 | 450,694,539 | Excel Insurance | 395,622,360 | 73,581,197 | 469,203,557 | MUA Insurance | 428,716,400 | 79,733,379 | 508,449,779 | <p>This was uniform omission by all bidders that responded. VAT being statutory requirement, this was declared on bid submission sheet and not read out to the bidders.</p> <p>The evaluation committee overlooked the need for clarifications since both values (without VAT and VAT) were all quoted by all the bidders.</p> <p>Recommendation <i>The Evaluation committee should document waived criteria and communicate arithmetic corrections to all bidders.</i></p> |
| Name of bidder | Bid Total | Corrections made | Evaluated Total | | | | | | | | | | | | | | | | |
| Nic General Insurance | 380,014,790 | 70,679,749 | 450,694,539 | | | | | | | | | | | | | | | | |
| Excel Insurance | 395,622,360 | 73,581,197 | 469,203,557 | | | | | | | | | | | | | | | | |
| MUA Insurance | 428,716,400 | 79,733,379 | 508,449,779 | | | | | | | | | | | | | | | | |
| 3. | Provision of cleaning services offices at standard house – food safety lab, Bweyogerere, Katwe and NML – Nakawa worth UGX. 443,933,031 | The Evaluation committee recommended a non-compliant bidder M/s Kina Holdings as the Best evaluated bidder as per the Evaluation report dated 31 st May 2021, which was differed by the contracts Committee due to inadequate work experience with Government entities and lack of recommendation letters. | | | | | | | | | | | | | | | | | |

Implication

Unfairness during evaluation leads to contract award to non-compliant bidders and compromises on benefits of maximum competition.

Management Response

The management response is in the table above

Recommendation

The Head, Procurement and Disposal Unit should ensure that the Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulation 7 of the PPDA (Evaluation) Regulations, 2014.

2.2.6. Irregularities at contracting

The Authority found anomalies at contract signing in two (2) sampled procurements worth UGX. 25,355,360 as detailed in the Table 9 below:

Table 9: Procurements with irregularities found at contracting

| No. | Procurement Subject | Contract Amount (UGX) | PPDA Findings | Management Response |
|-----|--|-----------------------|---|--|
| 1. | Provision for promotion items – branded Gold umbrellas, branded caps and branded folders | 16,164,560 | The audit noted that the validity of the bids was extended after expiry. Although the date of expiry of bid validity was 30 th July 2021, the Entity via email requested bidders to extend their bid validity on 13 th August 2021, 10 working days after expiry of the original bid validity period. | The management has noted the concern and promises to follow up with the case file officers at PDU to always follow up on validities before expiry. |
| 2. | Supply of spare for ICP – OES equipment cooler - USD 2,484 2484*3700 | 9,190,800 | The Entity issued the LPO on 10 th August 2021 after expiry of bid validity on 21 st May 2021. | |
| | Total | 25,355,360 | | |

Implication

The signed contract after expiry of bid validity may not be enforceable.

Management response

As in table 11 above.

Recommendations

- The Accounting Officer should take responsibility for signing contracts based on an expired bid.
- The Head, Procurement and Disposal Unit should ensure that bid validity periods are sufficient to cater for the duration of procurement processes. In the event that bids are due to expire, bidders should be requested to extend their bid validity period in accordance with Regulation 52 of the PPDA (Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2014.

2.3. LEVEL OF EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION

2.3.1. Irregularities at contract management

The Authority found anomalies at contract management in four (4) sampled procurements worth UGX. 876,703,898 as detailed in the table below:

Table 10: Irregularities at contract management

| No. | Procurement subject | Contract amount (UGX) | PPDA Findings | Management Response |
|-----|--|-----------------------|---|--|
| 1. | Accessories – supply and delivery of VHF & UHF Communications system | 248,874,467 | <p>Paying 100% before completion of the supply. GCC 16.1 provided a 30% Advance payment against a bank guarantee and 70% after delivery, inspection testing and commissioning. The BEB presented a bank guarantee from I&M Bank Ltd of the full contract amount of UGX 248,874,646.</p> <p>Delayed delivery of the system. There was no proof of delivery, installation. Testing and commissioning of the system.</p> | <p>This is noted. However, this was done in order to secure the funds given that the contract could not be completed before the end of financial year.</p> <p>The delivery was made awaiting installation, testing and commissioning</p> |
| 2. | Supply and delivery of Christmas voucher for UNBS staff | 158,550,000 | <p>Failure by the appointed contract manager Ms.Lynn Muhangi to prepare a contract management report to support payments contrary to GCC 24.2 that provided that invoices and contract managers' report would support payments.</p> <p>Delayed payments to the provider. GCC 24.3 provided that the payment period would be 1 month of receipt of the invoice. The Invoice was received on 9th</p> | <p>The management has noted the concern and promises to follow up with contract managers to always prepare contract management reports.</p> <p>Management has noted the concern; however, the delay was due to the late release of funds of the quarter.</p> |

| No. | Procurement subject | Contract amount (UGX) | PPDA Findings | Management Response |
|-----|---|-----------------------|---|---|
| | | | November 2021 and paid on 11 th January 2022 | |
| 3. | Provision of cleaning services offices at standard house – food safety lab, Bweyogerere, Katwe and NML – Nakawa | 443,933,031 | <p>Failure by the appointed contract manager Ms. Sherinah Uzamukunda to supervise contract implementation by not certifying the job certification cards - for the month of September 2021 – Feb 2022 to confirm if services are rendered satisfactorily.</p> <p>Failure to provide Copy of performance security of 10% of contract price.</p> | <p>This was an oversight by the Contract Manager and it been rectified.</p> <p>As for the performance guarantee, the contract manager has been urged to follow up with the provider given that the contract is ongoing.</p> |
| 4. | Supply and delivery of seals for legal metrology and surveillance department - Dollar Technologies | 25,346,400 | Delayed payment. There was a Payment period over run of 111 days, the supply was delivered on 11 th September 2021 with a contractual payment period of 30 days. however, the entity paid the provider on 24 th May 2022. | Management has noted the concern; however, the delay was due to the late release of funds of the quarter. |
| | Total | 876,703,898 | | |

Implication

- Failure by contract managers to prepare contract management reports raises doubts on whether there was effective and efficient supervision of contracts.
- Delayed payments lead to breach of contractual terms eventually leading to low bidder participation.

Management response

The response is as in table 10 above

Recommendations

- The Accounting Officer should task the Heads of User Departments and Contract Managers to ensure that contracts are implemented within the contractual terms and conditions in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2014.
- The Accounting Officer should task the contract managers to prepare contract management reports and submit them to the PDU and give a copy to the Accounting Officer.
- The Accounting Officer should ensure that providers are given full and timely payment in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations, 2014.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

3.1. Overall Compliance audit Conclusion

The performance of Uganda National Bureau of Standards for the Financial Year 2021/22 was **moderately satisfactory** with overall weighted average risk rating of **36%**.

3.1.1. 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 11: Risk Score

| Risk Rating | No. | %No | Value | %Value | Weights | Total Weighted Score | |
|--------------|-----------|------------|----------------------|------------|----------|----------------------|-----------|
| | | | | | | By No. | By Value |
| High | 1 | 10 | 9,190,800 | 1 | 0.6 | 6 | 1 |
| Medium | 4 | 40 | 789,953,898 | 46 | 0.3 | 12 | 14 |
| Low | 5 | 50 | 908,624,309 | 53 | 0.1 | 5 | 5 |
| Satisfactory | - | - | - | - | - | - | - |
| Total | 10 | 100 | 1,707,769,007 | 100 | 1 | 23 | 20 |

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{23}{60} \times 100 = 38\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{20}{60} \times 100 = 33\%$$

$$\text{Combined Weighted Average} = \frac{38 + 33}{2} = 36\%$$

Table 12: Risk Rating

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

Figure 1: Risk rating by Number

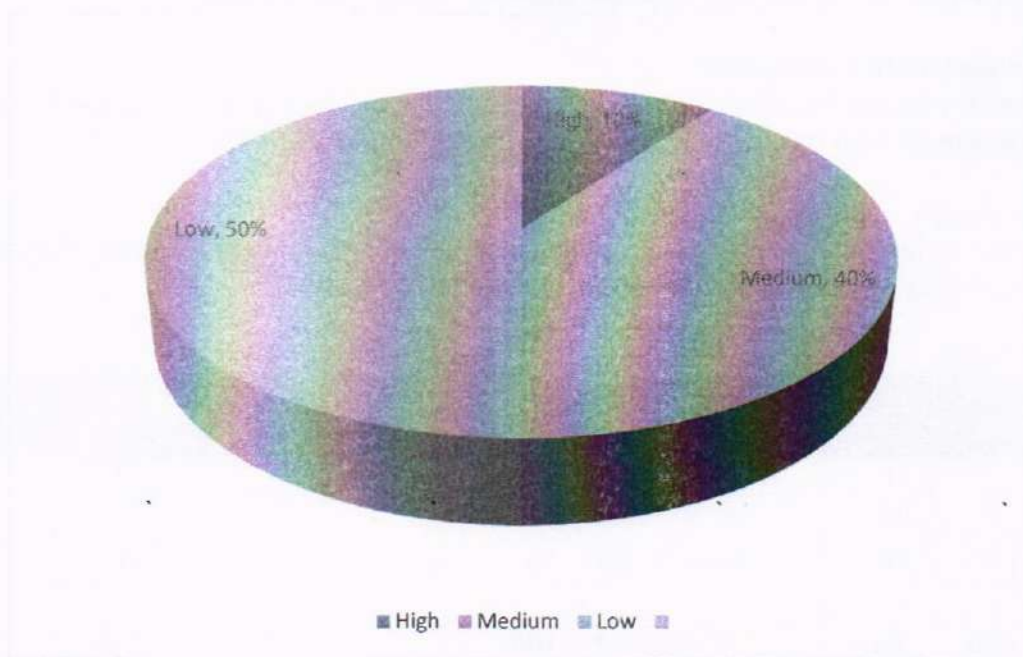
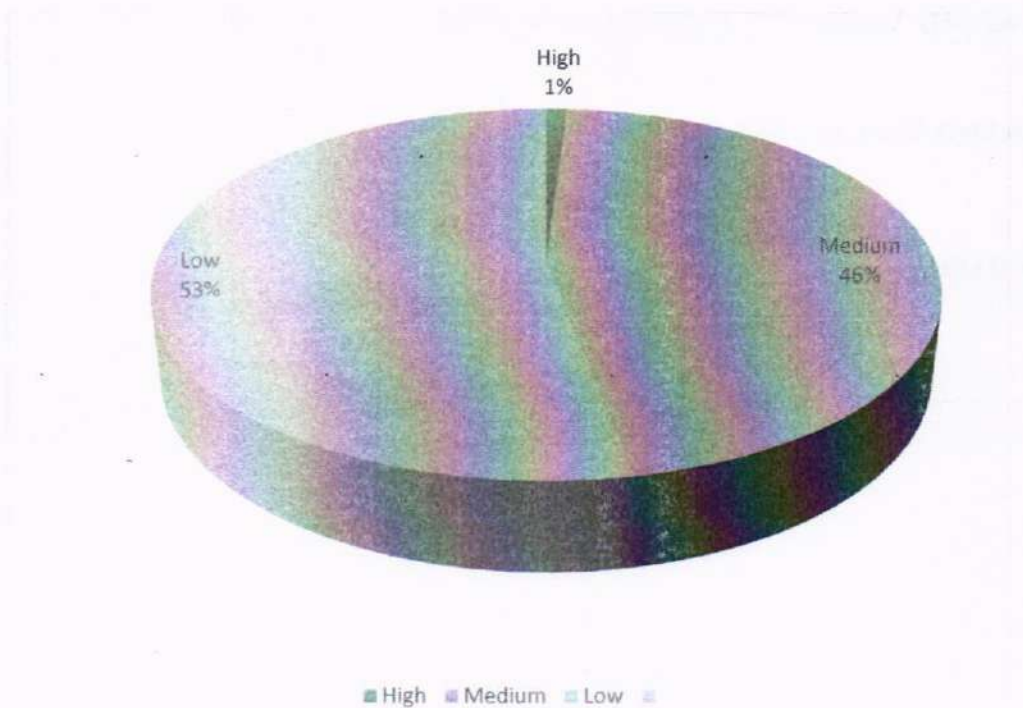


Figure 2: Risk rating by Value



3.1.2. Recommended Action Plan

Uganda National Bureau of Standards should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 13: Action plan

| Origin | Recommended Action | Target Date |
|------------------------------------|--|-------------|
| Accounting Officer | <ol style="list-style-type: none"> 1. The Accounting Officer should ensure that the Entity puts in place mechanisms to implement recommendations made by the Authority to improve on the functionality of the procurement function. 2. The Accounting Officer should task the Heads of Department to complete the funds availability section at initiation to clearly indicate the remaining balance on the vote prior to approving the procurement and disposal requirements. 3. The Accounting Officer should address the issue of low bidder participation since this may affect the level of confidence bidders may have in the procurement function of the Entity. 4. The Accounting Officer should ensure that all procurements are conducted in a fair, transparent and competitive manner in accordance with Section 45 and 46 of the PPDA Act, 2003. 5. The Accounting Officer should ensure efficiency in the procurement processes in accordance with section 43(e) of the PPDA, Act 2003. 6. The Accounting Officer should task the Heads of User Departments and Contract Managers to ensure that contracts are implemented within the contractual terms and conditions in accordance with Regulation 53 of the PPDA (Contracts) Regulations, 2014. 7. The Accounting Officer should task the contract managers to prepare contract management reports and submit them to the PDU and give a copy to the Accounting Officer. 8. The Accounting Officer should ensure that providers are given full and timely payment in accordance with Regulation 49 (3) of the PPDA (Contracts) Regulations, 2014. 9. The Accounting Officer should consider nominating new Contracts Committee members with the ability to take on the responsibility to replace the absent members for the approval by the secretary to the Treasury. | Immediate |
| Head Procurement and Disposal Unit | <ol style="list-style-type: none"> 1. The Head Procurement and Disposal Unit should ensure that all procurement records are maintained on their respective action files in accordance with Section 31(o) of the PPDA Act 2003. | Immediate |

| Origin | Recommended Action | Target Date |
|----------------------|---|-------------|
| | <ol style="list-style-type: none"> 2. The Head Procurement and Disposal Unit should ensure efficiency in the procurement processes in accordance with section 43(e) of the PPDA, Act 2003. 3. The Head, Procurement and Disposal Unit should ensure that the Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulation 7 of the PPDA (Evaluation) Regulations, 2014. 4. The Head, Procurement and Disposal Unit should ensure that bid validity periods are sufficient to cater for the duration of procurement processes. In the event that bids are due to expire, bidders should be requested to extend their bid validity period in accordance with Regulation 52 of the PPDA (Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2014. | |
| Contracts Committee | The Contracts Committee should not approve shortlist of providers that do not give priority to the prequalified providers and equal and fair opportunity to all bidders in accordance with Regulation 43 of the PPDA (Rules and Methods for Procurement of Supplies, Works, & Non-Consultancy Services) Regulations, 2014. | Immediate |
| Evaluation Committee | <ol style="list-style-type: none"> 1. Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulation 7 of the PPDA (Evaluation) Regulations, 2014. 2. The Evaluation committee should document waived criteria and communicate arithmetic corrections to all bidders. | Immediate |

Annex A: Findings and rating on the procurements reviewed

| | HIGH RISK CONTRACTS | Contract Value (UGX) | REASONS FOR HIGH RISK |
|----|--|-----------------------------|---|
| 1. | Supply of spare for ICP – OES equipment cooler - USD 2,484 2484*3700 | USD 2,484 9,190,800 | <ol style="list-style-type: none"> 1. There was no proof of conducting evaluation for the procurement. 2. Noncompetitive procurement method that lead to inefficiencies in the procurement process. The provider was not responsive. There was a delay of 5 months to submit the bid. The provider submitted the bid on 8th June 2021 from date of request of 11th February 2021. The Contracts Committee approved issuance of the LPO to provider on 27th July 2021. 3. The Entity issued the LPO on 10th August 2021 after expiry of bid validity on 21/5/2021. 4. Missing records <ul style="list-style-type: none"> ▪ Evaluation report ▪ Performance reports ▪ Payment records |

| | MEDIUM RISK CONTRACTS | | REASONS FOR MEDIUM RISK |
|----|---|-------------|---|
| 2. | Provision of cleaning services offices at standard house – food safety lab, Bweyogerere, Katwe and NML – Nakawa | 443,933,031 | <ol style="list-style-type: none"> 1. The Evaluation committee recommended a non-compliant bidder M/s Kina Holdings as the Best evaluated bidder as per the Evaluation report signed on 31st May 2021, which was differed by the contracts Committee due to inadequate work experience with Government entities and lack of recommendation letters. 2. Failure to supervise the contract by the appointed contract manager Sherinah Uzamukunda, did not certify the job certification cards - for the month of September 2021 – Feb 2022 to confirm if services are rendered satisfactorily 3. Inefficiencies in the procurement process. Actual procurement time of 170 days. Delays were noted at bid evaluation (68 days) due to the irregularities at evaluation. |
| 3. | Accessories – supply and delivery of VHF & UHF Communications system | 248.874,467 | <ol style="list-style-type: none"> 1. GCC 16.1 provided that the 30% Advance payment against a bank guarantee and 70% after delivery, inspection testing and commissioning. The BEB presented a bank guarantee from I&M Bank Ltd of the full contract amount of UGX 248,874,646. 2. Delayed delivery of the system. |

| | MEDIUM RISK CONTRACTS | | REASONS FOR MEDIUM RISK |
|----|--|------------|--|
| | | | 3. Actual procurement time of 125 days against the planned 66 days planned procurement time. 4. Missing records <ul style="list-style-type: none"> ▪ Inspection and testing reports |
| 4. | Supply and delivery of seals for legal metrology and surveillance department - Dollar Technologies | 25,346,400 | 1. Funds availability section not filled. 2. Delays of 17 working days by the Contracts committee to approve the method, the bidding document and the evaluation committee. The HPDU made a submission to CC on 8 th August 2021 and the CC approved on 26 th August 2021. 3. Usage of non-prequalified firms without justification. Corporate Gifts Ltd, Quartermain suppliers and solution, Pentateuch investments Ltd that were shortlisted were not on the pre-qualification of service providers list. FY 2021/22, 2022/23 and 2023/2024. 4. The CC approved a shortlist that is not on the pre-qualification list on 26/8/2021 5. Inefficiencies in the procurement process. The actual procurement time of 130 days 6. Payment period over run of 111 days, the supply was delivered on 11 th September 2021 with a contractual payment period of 30 days. however, the entity paid the provider on 24 th May 2022 |
| 5. | Provision of servicing of UNBS generators - MAK General services U Ltd | 71,800,000 | 1. The procurement was not on the Entity's procurement plan 2. There was delay of 9 working days for the Ag. AO, David Ebiru to confirm funding. 3. Usage of non-prequalified firms without justification. Achelis Uganda Ltd shortlisted was not on the prequalification list. In addition, Sybyl Ltd was not pre-qualified for generators but rather supply of computers, servers, laptops and accessories (digital cameras, field laptops, drones, GPS, tablets, MIFIS, power banks, printers, desktops, biometric access control equipment, telephony, UPSS, power batteries, ICT network cabling). 4. Low bidder participation. 5. Bid opening was neither witnessed by a CC member nor a user department 6. Criteria for bid securing declaration was not evaluated as documents evidencing eligibility at preliminary evaluation. 7. Actual procurement time of 141 days contrary to the recommended lead time of 51 days |

Annex B: List of Sampled Procurements FY 2021/2022 with risk rating

| No. | Reference Number | Subject of Procurement | Method of procurement | Provider | Contract value (UGX) | Risk Analysis |
|-----|----------------------------|---|-----------------------------|--|----------------------|---------------|
| 1. | UNBS/SUPLS/21-22/00012 | Supply and delivery of Christmas voucher for UNBS staff | Restricted Domestic Bidding | Capital Shoppers Ltd | 158,550,000 | Low Risk |
| 2. | UNBS/NCONS/21-22/00025 | Provision of insurance services for group personal Accident | Open Domestic Bidding | NIC General Insurance Co. Ltd | 450,694,539 | Low Risk |
| 3. | UNBS/NCONS/21-22/00015 | Provision of security guards for UNBS | Open Domestic Bidding | Swatt Security Ltd | 235,764,000 | Low Risk |
| 4. | UNBS/SUPLS/21-22/00005 | Accessories – supply and delivery of VHF & UHF Communications system | Open Domestic Bidding | Spidd Africa Ltd | 248,874,467 | Medium Risk |
| 5. | UNBS/SULPS/20-21/00178 | Supply of spare for ICP – OES equipment cooler - | Direct Procurement | Spectro Analytical Instruments (Pty) Ltd | USD 2,484 | High Risk |
| 6. | UNBS/NCONS/20-21/00205 | Provision of cleaning services offices at standard house – food safety lab, Bweyogerere, Katwe and NML – Nakawa | Open Domestic Bidding | Top Best Cleaning Services | 443,933,031 | Medium Risk |
| 7. | UNBS/SUPLS/2021/22/00013/1 | Supply and delivery of seals for legal metrology and surveillance department – LOT 1 | Request for quotation | Dollar Technologies | 25,346,400 | Medium Risk |
| 8. | UNBS/NCONS/20-21/00278 | Provision of servicing of UNBS generators | Request for quotation | MAK General services U Ltd | 71,800,000 | Medium Risk |
| 9. | UNBS/NCONS/20-21/00279 | Provision of servicing 3 passenger lifts at standards house and food testing labs | Request for quotation | Kone Uganda Limited | 47,451,210 | Low Risk |
| 10. | UNBS/SULPS/20-21/00282/1 | Provision for promotion items – branded Gold umbrellas, branded caps and branded folders | Request for quotation | Graphic systems | 16,164,560 | Low Risk |

Annex C: Contracts Committee Composition:

| No. | Name | Position on Contracts Committee |
|-----|------------------------|---------------------------------|
| 1. | Patricia Ejalu Bageine | Chairperson |
| 2. | Johnson Suubi | Secretary |
| 3. | Moses B. Nahamya | Member |
| 4. | Margret Tushemirirwe | Member |
| 5. | Alfred Watt watuwa | Member |

Annex D: Risk 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. |

| RISK | DESCRIPTION | AREA | IMPLICATION |
|--------|--|--|---|
| | | 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 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. | Planning: Lack of initiation of procurements and confirmation of funds. | This implies committing the Entity without funds thereby causing domestic arrears. |
| | | Bidding Process: 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. | This implies lack of 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. |

| RISK | DESCRIPTION | AREA | IMPLICATION |
|------|---|--|---|
| | | <p>Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.</p> <p>Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.</p> | |
| 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.