



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

**UGANDA REVENUE AUTHORITY FOR THE FINANCIAL  
YEAR 2021/2022**

**SEPTEMBER 2023**

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### **Acronyms**

AO	Accounting Officer
FY	Financial Year
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposing Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings
URA	Uganda Revenue Authority

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority conducted a procurement and disposal audit of Uganda Revenue Authority (URA) that covered 25 sampled procurement transactions worth UGX 70,819,614,260 conducted during Financial Year 2021/22. The audit involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 and Regulations, 2014.

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of the Uganda Revenue Authority procurement system and processes with the provisions of the PPDA Act, 2003 and Regulations, 2014 and assess the level of procurement performance over the audit period.

From the findings of the audit exercise, the performance of the Uganda Revenue Authority for the Financial Year 2021/22 was **satisfactory** with an overall weighted average risk rating of **10.9 %**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the compliance audit report.

Despite the **satisfactory** performance of the Entity, the following key exceptions were noted:

### **Despite the satisfactory performance, the following exceptions were noted:**

1. Seven out of the eight previous audit recommendations were fully implemented while one was partially implemented as evidenced by delays at initiation and contract management. This affects improved performance of the procurement and disposal function.
2. There were delays at the bidding stage as a result of poor planning and failure to timely provide comprehensive Terms of Reference by the User Department in the procurement for support and maintenance for insider threat intelligence and management platform (URA/NCONS/CSD/20-21/02202) worth UGX 1,428,997,973. This causes delays in project implementation and service delivery.
3. There was a delay in certification of the provider's invoice by the Entity in the procurement for the supply and installation of Security Equipment at various URA Stations (URA/SUPLS/2021-2022/02043) worth UGX 360,803,438. Delays in certification of provider's invoices lengthen the overall payment period to providers and may lead to poor bidder participation. It may also encourage bidders to escalate their prices in order to compensate for the delayed payment which increases government expenditure on procurement.
4. The Entity effected payment of UGX 345,858,177 to the provider in the procurement of Conversion of 12-meter gap storage at URA Tower into office space (UR/WRKS/CSD/20-21/02138) based on an expired advance payment guarantee. This exposes the Entity to the risk that the Advance Payment Guarantee is meant to mitigate.

5. The Entity did not to obtain performance securities from providers in five procurements worth UGX 1,870,277,402 although it had been provided for in their respective contracts. This exposes the Entity to a risk of financial loss in the event of non-performance by the providers.
6. The Entity did not appoint Contract Managers in three procurements worth UGX 752,700,000 which meant that there was no one responsible to ensure that the providers meet their contractual obligations specified under the contract in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2014.

**In the light of the above and in accordance with Section 9 of the PPDA Act, 2003, the Authority therefore recommends the following:**

1. The Accounting Officer should ensure that all audit recommendations are implemented so as to improve the Entity's performance.
2. User Departments should improve planning to ensure completion of the procurement in a timely manner in order to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act 2003.
3. All contracts should have appointed Contract Managers to manage the procurements in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations.
4. The Procurement and Disposal Unit should always ensure that where it has been required by the contract, a performance security is furnished to the Entity by the provider in accordance with Regulation 12 of the PPDA (Contracts) Regulations, 2014.
5. The Entity should desist from paying advance payment where advance payment guarantees have expired.

## CHAPTER 1: INTRODUCTION

### 1.1 Background

The Public Procurement and Disposal of Public Assets Authority conducted a procurement and disposal audit of Uganda Revenue Authority that covered 25 sampled procurement transactions conducted during Financial Year 2021/22.

### 1.2 Objective of the compliance audit

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of the Uganda Revenue Authority procurement system and processes with the provisions of the PPDA Act, 2003 and Regulations, 2014 and assess the level of procurement performance over the audit period.

The specific objectives of the audit were to:

- a) Establish the level of compliance by the PDE with the general provisions of the PPDA Act and Regulations;
- b) Establish the level of compliance with the PPDA Act, 2003 in the conduct of procurement and disposal activities; and
- c) Assess the level of efficiency and effectiveness in contract implementation.

### 1.3 Structure and mandate of the Entity

#### a) Mandate of Uganda Revenue Authority

Uganda Revenue Authority is a semi-autonomous agency which was established in 1991 by an Act of Parliament. URA is charged with the primary responsibility of assessing, collecting and accounting for government tax and non-tax revenues to finance and sustain the national recurrent and development expenditure. URA also advises government on Tax policy issues.

#### b) The Accounting Officer

The Accounting Officer of Uganda Revenue Authority is the Commissioner General Mr. John R. Musinguzi.

#### c) User Departments: -The Entity consists of eight departments below:

1. Commissioner General's Office
2. Corporate Services
3. Domestic Taxes
4. Customs
5. Tax Investigations
6. Legal Services & Board Affairs
7. Internal Audit
8. Information Technology and Innovation

#### **1.4 Scope of the Audit**

The audit exercise covered a sample of 25 procurement transactions worth UGX 70,819,614,260 conducted during Financial Year 2021/22. The audit involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 and Regulations, 2014. The list of sampled transactions is contained in *Annex 2*.

#### **1.5 Methodology**

Uganda Revenue Authority was notified about the upcoming exercise on 27<sup>th</sup> March 2023. A sample of 25 procurement transactions was selected based on stratified random sampling using Contracts Committee minutes and monthly procurement and disposal reports. An audit entry meeting was held on 28<sup>th</sup> April 2023 and was attended by the Accounting Officer, Procurement and Disposal Unit staff, User Departments representatives and Contracts Committee members.

Three (3) officers conducted the audit exercise under the supervision of the Manager, Performance Monitoring. During the exercise, the team examined the procurement plan, prequalification list, disposal records and documents in respect to the sampled procurement transactions. The team undertook physical verification of the procurement for renovation works for Fort Portal office building (URA/WRKS/CSD/21-22/00643) and the construction of Masaka Regional office (URA/WRKS/CSD/21-22/00249).

During the audit exercise, the audit team interacted with various stakeholders in the procurement cycle such as the Procurement and Disposal Unit staff, members of User Departments and Contract Managers to get clarifications on some of the preliminary findings.

A Management Letter was issued to the Entity for management's response on 22<sup>nd</sup> August 2023 and the Entity's responses to the raised issues were received on 31<sup>st</sup> August 2023.

An audit exit meeting was held on 31<sup>st</sup> August 2023 at PPDA Head Office Kampala.

## CHAPTER TWO: FINDINGS OF THE AUTHORITY

### 2.1 Level of compliance by the PDE with the general provisions of the PPDA Act, 2003 and Regulations, 2014.

#### 2.1.1 Implementation of the previous audit recommendations

The Entity had been issued its previous audit report for the Financial Year 2018/2019 in March 2021. The audit noted that six of the eight previous audit recommendations were fully implemented while two were partially implemented as indicated in table 1 below:

**Table 1. Implementation of the previous audit recommendations**

	<b>Recommended Action</b>	<b>Status of Implementation</b>
1.	The Accounting Officer should put in place mechanisms to ensure that delays at the contracting stage are minimised so as to promote efficiency in accordance with Section 48 of the PPDA Act, 2003.	Implemented
2.	The Procurement and Disposal Unit should on a quarterly basis or where appropriate update the procurement plan in accordance with Section 58 (1) and (1) of the PPDA Act, 2003.	Implemented
3.	The Procurement and Disposal Unit should always obtain at least three bids under restrictive procurement methods and where necessary engage providers in order to promote competition in accordance with Section 46 of the PPDA Act, 2003.	Implemented
4.	The Procurement and Disposal Unit should minimize delays in the procurement process in order to promote efficiency in service delivery in accordance with Section 48 of the PPDA Act 2003.	Implemented
5.	The Contracts Committee should not award contracts to bidders that have conflict of interest in the procurement.	Implemented
6.	Heads of User Departments should always prepare comprehensive work plans based on the approved budget in accordance with Regulations 3 (2) of the PPDA (procuring and disposing Entities) Regulations 2014.	Implemented
7.	User Departments should minimise delays at initiation and contract management in order to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act 2003.	Partially implemented
8.	Evaluation Committees should conduct evaluations in a timely manner to promote efficiency in public procurement.	Implemented

#### **Implication**

Failure to fully implement audit recommendations affects improved performance of the procurement and disposal function.

#### **Recommendation**

The Accounting Officer should ensure that all audit recommendations are implemented so as to improve the Entity's performance in accordance with Section 9 of the PPDA Act 2003.

### **Management Response**

Management appointed an officer in charge of contracts in Procurement and Disposal Unit who works closely with the Legal team and Solicitor General for quick resolution of contractual matters. Among other assignments for this officer is to follow up on the implementation of audit recommendations.

Procurement and Disposal Unit continues to sensitize User Departments to always initiate the procurements and disposals in accordance with timelines set in the procurement and disposal plan. This is being done by individual procurement officers who are attached to individual departments.

### **Authority's comment**

The Authority notes the Entity's response. However, delays were still noted during procurement initiation and contract implementation in the Financial Year under audit.

## **2.2 Level of compliance with the PPDA Act, 2003 and Regulations, 2014 in the conduct of procurement and disposal activities**

**2.2.1 Delays in the procurement process:** In the procurement for implementation, support and maintenance for insider threat intelligence and management platform (URA/NCONS/CSD/20-21/02202) amounting to UGX 1,428,997,973, the audit noted delays in the bidding process due to lack of proper planning and comprehensive Terms of Reference by the User Department. The following were noted in respect to this procurement:

### **First procurement process**

1. The User Department initiated this procurement on 29<sup>th</sup> March 2021. According to the request for approval for this procurement (Form 5), the service was required by 5<sup>th</sup> April 2021.
2. An advert was placed in the New Vision Newspaper on 15<sup>th</sup> April 2021 with a closing date of Friday 14<sup>th</sup> May 2021.
3. An addendum was issued extending the bid closing for two weeks up to 28<sup>th</sup> May 2021.
4. Only one bidder (Computer Information Systems) submitted the bid. This bid was non-compliant at the preliminary evaluation stage due to submission of invalid Powers of Attorney.

### **Second procurement process**

1. The Entity re-advertised this tender on 13<sup>th</sup> July 2021 in the Monitor Newspaper with a bid closing date of 6<sup>th</sup> August 2021.
2. Seven bidders were issued with the bidding documents and only three bidders submitted bids.
3. During evaluation, a recommendation to retender was made. The reason for a retender was due to the fact that the user needed to amend the Terms of Reference to include certain critical requirements such as a requirement to perform proof of concept which previously had not been included in the Terms of Reference.

### **Third procurement process**

1. The tender was advertised on 19<sup>th</sup> August 2021 with a bid closing on 17<sup>th</sup> September 2021.
2. According to the record of issue of bids (Form 8), seven bidders were issued with bidding document.
3. According to the record of receipt of bids (Form 11), only two bidders submitted bids in respect to this procurement.
4. The contract was signed on 20<sup>th</sup> January 2022.

In light of the above, the Authority noted as follows:

1. There were delays in the procurement process from 29<sup>th</sup> March 2021 to 20<sup>th</sup> January 2022. These delays were occasioned by lack of proper planning by the User Department.
2. The User Department initiated the procurement on 29<sup>th</sup> March 2021 and expected it to be delivered on 5<sup>th</sup> April 2021. A period of one week was unrealistic and could not be attained by the Procurement and Disposal Unit.
3. The User Department also failed in its role of preparing comprehensive Terms of Reference which caused cancellation and retender of the procurement process thus adding more delays.

### **Implications**

Delays in the procurement process cause delays in project implementation and service delivery.

Such re-advertisement of same tender several times discourage bidder participation as observed in the decline from seven bidders in the second procurement process to only two bidders in the third process.

### **Recommendation**

User Departments should improve planning to ensure completion of the procurement in a timely manner in order to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act 2003.

### **Management Response**

The procurement encountered several challenges leading to retender. The re-tender was intended to ensure a competitive process.

In the first procurement process, only one (01) bidder responded. The bid was evaluated and found not to be eligible since the person who signed the bid was different from the authorized representative of the bidder. This is in addition to a request by the bidders for extension of the bidding period and the entity accepted to extend the bidding period by additional two (02) weeks. This situation was beyond the control of the Entity.

In the second procurement process, the Entity ascertained that it was risky to contract a vendor purely on the basis of their responses in the bid without undertaking further due diligence to confirm the that proposed solution can integrate with URA systems.

The above due diligence exercise in form of proof of concept for this solution had cost implications and considering that bidders were unaware of this requirement, it was prudent that for purposes of sourcing for a solution which could integrate with URA system, bidders are notified and they budgeted for the cost to carry out proof of concept. This resulted into the second retender which addressed the risk of procuring a solution which integrates with URA system.

Procurement and Disposal Unit has endeavoured to ensure that users are sensitized on a regular basis through physical engagements. Each PDU Officer is assigned to a department whom they are required to engage on a monthly basis. This has improved timelines for FY 2022/2023.

## **2.3 Level of efficiency and effectiveness in contract implementation**

**2.3.1 Delays in certification of provider's invoice:** Section 48 of the PPDA Act 2003 provides that all procurement and disposal shall be carried out in a manner which promotes economy, efficiency and value for money. However, in the procurement for Supply and Installation of Security Equipment at Various URA Stations (URA/SUPLS/2021-2022/02043) worth UGX 360,803,438, there was a delay in certification of the provider's invoice by the Entity. According to Special Conditions of Contracts (GCC 16.3) in this contract, the payment terms were 30 working days from the date of receipt of the invoice from the provider (Netcon Technologies India Private Limited) and its certification by the Entity. The Authority noted that whereas the invoice was submitted by the provider on 22<sup>nd</sup> September 2022, it was certified for payment by the Entity on 22<sup>nd</sup> November 2022 and payment was effected on 28<sup>th</sup> November 2022. Although payment was done within 30 working days from the date of invoice certification, there were delays of two months in invoice certification. These delays lengthen the overall payment period to providers.

### **Implication**

Delays in certification of provider's invoice lengthen the overall payment period to providers and may lead to poor bidder participation. It can also encourage bidders to escalate their prices in order to compensate for the delayed payment which increases government expenditure on procurement.

### **Recommendations**

- Contract Managers should always manage the duties and obligations of the Procuring and Disposing Entity specified in the contract in a timely manner in order to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act 2003.
- The Accounting Officer should put in place mechanisms to ensure that internal delays in the Entity are minimised to promote efficiency in accordance with Section 48 of the PPDA Act, 2003.

### **Management Response**

Management acknowledges the delay and will undertake the following to improve invoice certification;

1. Enhance our sensitization engagements with contract managers to effectively manage contract obligations.
2. Development and enforcement of Service Level Agreements in the payment process.
3. Use the client relationship tool (URA Touch point) to track the payment process.

### **2.3.2 Effecting advance payment backed up by an expired Advance Payment Guarantee**

Regulation 47(3 c) of the PPDA (Contracts) Regulations, 2014 provides that payment security shall be valid for a specified period beyond the expected final date of completion of a contract or expected release date. In the procurement of Conversion of 12-meter gap storage at URA Tower into office space (UR/WRKS/CSD/20-21/02138), amounting to UGX 345,858,177, the Authority noted that the Entity effected payment based on an expired advance payment guarantee. The following were noted in respect to this procurement:

1. According to the Special Conditions of Contract (GCC 60.1) of this procurement, the provider was required to furnish the Entity with an Advance Payment Guarantee of 20% of the contract value.
2. An Advance Payment Guarantee from Centenary Bank was submitted by the provider (Strucon Limited) to the Entity on 22<sup>nd</sup> September 2021 with an expiry date of 22<sup>nd</sup> October 2021.
3. It was received in the Entity's Finance Department on 25<sup>th</sup> October 2021 and payment was made on 27<sup>th</sup> October 2021 when the guarantee had already expired. This automatically rendered the Advance Payment Guarantee invalid.
4. There was no evidence on file to establish whether this Advance Payment Guarantee had been extended or if another one had been furnished to the Entity before the advance was paid.

#### **Implication**

Effecting advance payment based on an invalid Advance Payment Guarantees exposes the Entity to the risk that the Advance Payment Guarantee is meant to provide.

#### **Recommendation**

The Entity should desist from paying advance payment where advance payment guarantees have expired and should always adhere to the conditions of paying advance set out in Regulations 44 and 47 of the PPDA (Contracts) Regulations, 2014.

#### **Management Response**

Services were successfully offered. However, going forward we will take the necessary action to ensure that payments are made against valid payment guarantee.

### **2.3.3 Failure to obtain performance security from the providers**

Regulation 12 (1) of the PPDA (Contracts) Regulations, 2014 provides that a performance security shall be required to protect the Procuring and Disposing Entity against non-performance of a contract. Regulation 12 (2) of the PPDA (Contracts) Regulations, 2014 provides that the bidding document shall state the requirement for a performance security.

A review of the Special Conditions of Contracts (GCC 61.1) in the bidding documents of five procurements worth UGX 1,870,277,402, indicate that the providers had been required to furnish the Entity with performance securities amounting to 10% of their respective contract values. However, there was no evidence on their respective procurement files to prove that the Entity had been furnished with Performance Securities by these providers. These procurements are detailed in Table 2:

**Table 2: Procurements where the Entity did not obtain Performance Securities from the providers**

No.	Provider	Subject of Procurement	Contract Value (UGX)
1.	Kabbs Technical Services	Construction of a boundary wall around Mutukula staff Quarters. (URA/WRKS/CSD/21-22/01857)	338,443,072
2.	Dansem Construction Co. Ltd.	Renovation of staff Quarters and Toilet Construction works in Lwakhakha (URA/WRKS/CSD/21-22/00645)	488,599,724
3.	Joint Contractors and Technical Services Limited	Renovation works at Busia OSBP (URA /WRKS/CSD/21-22/02014)	349,547,300
4.	Dacosi Limited	Construction of accommodation facilities, gate house, barrier gate and fence at Amudat (URA/WRKS/CSD/21-22/01137)	265,254,381
5.	Africa Power and Equipment Ltd	Supply, Installation, Commission and set to work generators (URA/SUPLS/20-21/01716)	428,432,925
		<b>Total</b>	<b>1,870,277,402</b>

#### **Implication**

Failure to obtain performance security exposes the Entity to a risk of financial loss in the event of non-performance by the providers.

#### **Recommendation**

The Procurement and Disposal Unit should always ensure that where it has been required by the contract, a performance security is furnished to the Entity by the provider in accordance with Regulation 12 of the PPDA (Contracts) Regulations, 2014.

### Management Response

Management has instituted the following to ensure that performance security is submitted:

1. Requiring a performance security before issuing the contract.
2. Requiring a performance security along with the invoice.

#### **2.3.4 Failure to appoint Contract Managers**

Regulation 52 (1) of the PPDA (Contracts) Regulations, 2014 provides that a User Department shall nominate to the Accounting Officer a member of the User Department, with appropriate skills and experience or who is supervised by the member of the User Department who has appropriate skills and experience to be appointed as a Contract Manager.

The Authority noted that in three procurements below worth UGX 752,700,000, there was no evidence of appointment of Contract Managers on their respective files:

**Table 3: Procurements where contract managers were not appointed**

No.	Subject of Procurement	Contract value (UGX)
1.	Supply of 400 Electronic Devices (URA/SUPLS/21-22/01203)	440,000,000
2.	Supply of Laptops and Mobile Phone for Kasaka (URA/CSD/SUPL/21-22/01643)	168,150,000
3	Supply of Cameras for enforcement (URA/DT/SUPLS/21-22/01024)	144,550,000
	<b>Total</b>	<b>752,700,000</b>

#### **Implication**

Failure to appoint a Contract Manager implies that there is no one responsible to ensure that the providers meet their contractual obligations specified under the contract.

#### **Recommendation**

The Accounting Officer should always appoint Contracts Managers to manage the procurements in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2014.

### Management Response

The contracts were properly executed. However, we note this omission and going forward we shall ensure that contract managers are appointed in a timely manner. We are currently reviewing our contract management process with the intent of digitizing it in order to reduce errors that may arise from human oversight.

## **2.4 OTHER OBSERVATIONS**

**2.4.1 Application of Social Health Environmental and Safety issues(SHES) during the construction of URA Masaka Regional office (URA/WRKS/CSD/21-22/00249).**

The Entity entered into a contract with Ambitious Construction Company Limited on 15<sup>th</sup> February 2022 for construction of URA Masaka Regional office block at a total contract value of UGX 9,987,526,981. The project duration was 15 calendar months from the date of site possession/handover. The site handover and project start date was on 1<sup>st</sup> July 2022.

The scope of work for construction of URA Masaka Regional office block comprises of a four-level building with a lower ground floor, upper ground floor, the first and second floor, as well as a gate house. The Supervising Consultant for this project is Symbion Uganda Limited.

According to the consultant's report for the month of May 2023, there were no impediments to the project and work was on schedule with an overall works progress of 63.01% against the planned progress of 64.3%. The consultant's report further detailed works for the next phase which included roofing works, terrazzo works and wall tiling works for the washrooms.

The audit team undertook a physical verification of this project in July 2023. By the physical verification time, the contractor was undertaking roofing works, ceiling framing works, terrazzo works and wall tiling works for the washrooms. **Annex 3**

The audit team noted that the contractor was complying with the Social, Health, Environmental and Safety safeguards (SHES) as detailed in **Annex 3**.

**2.4.2 Disposal of the Entity's assets:** The Entity had undertaken disposal of various assets in the Financial Year 2022/2023. There were no major deviations noted in respect to the disposal as detailed below:

1. The disposal method used was public auction. It was undertaken by Ritchie Bros Debt Collectors and Auctioneering Services on behalf of the Entity in accordance with Regulation 6 of the PPDA (Disposal) Regulations, 2014.
2. Most of the disposed items were of low value and included office chairs, air conditioners, boilers, UPS, computers, scanners, printers, key boards and desk phones.
3. All the disposed items were sold above the reserve prices set by the Board of Survey.
4. The total proceeds from this disposal were UGX 14,565,000.
5. By audit time in May 2023, the disposed items had been paid for and handed over to the respective owners between January to February 2023.

### CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

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

#### 3.1. Overall Compliance conclusion

The performance of Uganda Revenue Authority for the Financial Year 2021/22 was **satisfactory** with overall weighted average risk rating of **10.9%**.

#### 3.2. 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 4: Risk Score**

Risk Rating	No.	%No	Value	%Value	Weights	Total Weighted Score	
						By No.	By Value
High	1	4	345,858,777	0.5	0.6	2.4	0.3
Medium	6	24	3,299,275,375	4.7	0.3	7.2	1.41
Low	4	16	1,113,503,438	1.6	0.1	1.6	0.16
Satisfactory	14	56	66,060,976,670	93.2	0	0	0
<b>Total</b>	<b>25</b>	<b>100</b>	<b>70,819,614,260</b>	<b>100</b>	<b>1</b>	<b>11.2</b>	<b>1.87</b>

$$\text{Weighted Average by number} = \frac{\sum \text{Weighted Score by number}}{60} \times 100 = \frac{11.2 \times 100}{60} = 18.7\%$$

$$\text{Weighted Average by value} = \frac{\sum \text{Weighted Score by value}}{60} \times 100 = \frac{1.87 \times 100}{60} = 3.1\%$$

$$\text{The average weighted risk rating} = \frac{18.7\% + 3.1\%}{2} = 10.9\%$$

Since **10.9%** falls within the **0 - 30 %** risk range, the performance of the Entity is rated **satisfactory** as detailed in Table 6 below:

**Table 5: Risk Rating**

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

Graphical representation of the Entity's performance

Figure 1: Performance by Value of Contracts

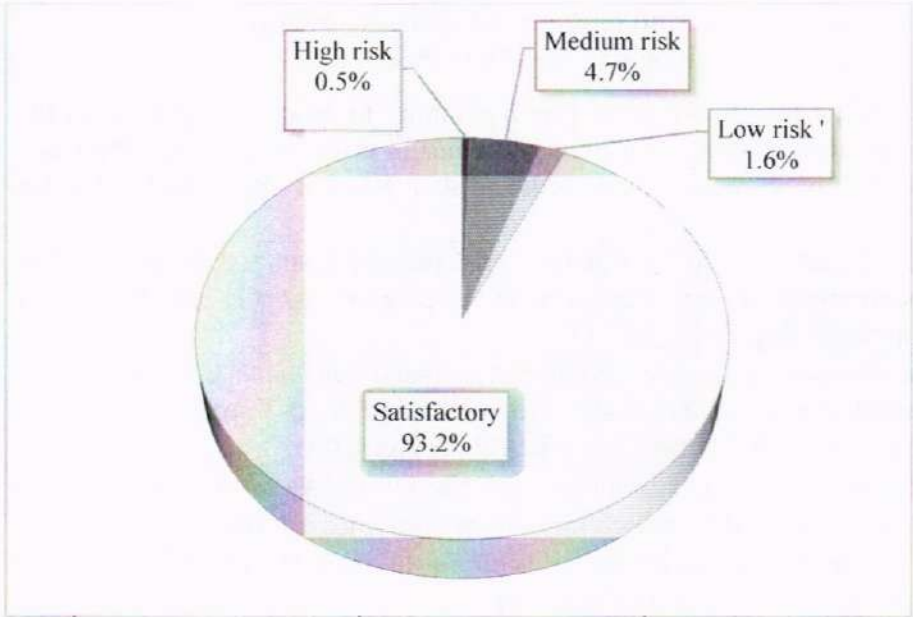
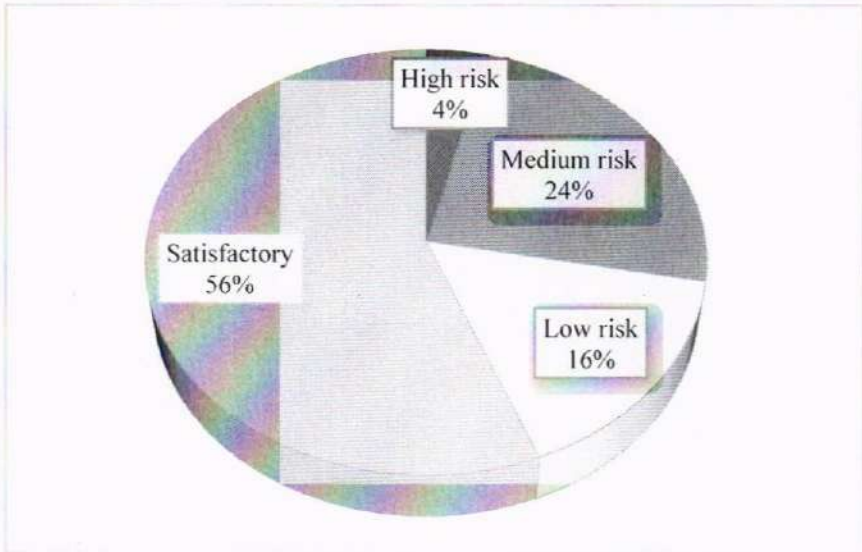


Figure 2: Performance by Number of Contracts



### 3.3 Recommendation Action Plan

The Entity should implement the recommendations below:

**Table 6: Action Plan**

No	Recommendation	Time Frame
1.	The Accounting Officer should ensure that all audit recommendations are implemented so as to improve the Entity's performance in accordance with Section 9 of the PPDA Act 2003.	Continuous
2.	User Departments should improve planning to ensure completion of the procurement process in a timely manner in order to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act 2003.	Continuous
3.	All contracts should have appointed Contract Managers to manage the procurements in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations.	Continuous
4.	The Accounting Officer should put in place mechanisms to ensure that internal delays in the Entity are minimised to promote efficiency in accordance with Section 48 of the PPDA Act, 2003.	Continuous
5.	The Procurement and Disposal Unit should always ensure that where it has been required by the contract, a performance security is furnished to the Entity by the provider in accordance with Regulation 12 of the PPDA (Contracts) Regulations, 2014.	Continuous
6.	The Entity should desist from paying advance payment where advance payment guarantees have expired and should always adhere to the conditions of paying advance set out in Regulations 44 and 47 of the PPDA (Contracts) Regulations, 2014.	Continuous

## ANNEXES:

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

No	Subject of Procurement	Exceptions
<b>HIGH RISK CONTRACT</b>		
1.	<b>Subject of Procurement:</b> Conversion of 12meter gap storage at URA Tower into office space <b>Reference No:</b> UR/WRKS/CSD/20-21/02138 <b>Provider:</b> Strucon Limited <b>Total Contract Value:</b> UGX 345,858,177 <b>Contract signature date:</b> 20 <sup>th</sup> August 2021	Effecting advance payment backed up by an expired Advance Payment Guarantee.
<b>MEDIUM RISK CONTRACTS</b>		
2.	<b>Subject of Procurement:</b> Construction of a boundary wall around Mutukula staff Quarters. <b>Reference No:</b> URA/WRKS/CSD/21-22/01857 <b>Provider:</b> M/S. Kabbs Technical Services <b>Total Contract Value:</b> UGX 338,443,072	Failure to obtain a performance security from the provider.
3.	<b>Subject of Procurement:</b> Renovation of staff Quarters and Toilet Construction works in Lwakhakha . <b>Reference No:</b> URA/WRKS/CSD/21-22/00645 <b>Provider:</b> M/S. Dansem Construction Co. Ltd. <b>Contract signature date:</b> 23 <sup>rd</sup> June 2021 <b>Total Contract Value:</b> UGX 488,599,724	Failure to obtain a performance security from the provider.
4.	<b>Subject of Procurement:</b> Renovation works at Busia OSBP <b>Reference No:</b> URA/WRKS/CSD/21-22/02014 <b>Provider:</b> Joint Contractors and Technical Services Limited <b>Total Contract Value:</b> UGX 349,547,300 <b>Contract signature date:</b> 6 <sup>th</sup> June 2022	Failure to obtain a performance security from the provider
5.	<b>Subject of Procurement:</b> Construction of accommodation facilities, gate house, barrier gate and fence at Amudat <b>Reference No:</b> URA/WRKS/CSD/21-22/01137	Failure to obtain a performance security from the provider

	<b>Provider:</b> Dacosi Limited <b>Total Contract Value:</b> UGX 265,254,381 <b>Contract signature date.</b> 14 <sup>th</sup> April 2022	
6.	<b>Subject of Procurement:</b> Supply, Installation, Commission and set to work generators with the given details. <b>Reference No:</b> URA/SUPLS/20-21/01716 <b>Provider:</b> M/s Africa Power and Equipment Ltd <b>Contract value:</b> UGX 428,432,925 <b>Contract date:</b> 27 <sup>th</sup> January 2022	Failure to obtain a performance security from the provider.
7.	<b>Subject of Procurement:</b> Provision of implementation, support and maintenance for insider threat intelligence and management platform. <b>Reference No:</b> URA/NCONS/CSD/20-21/02202 <b>Provider:</b> Service and Computer Industries (U) Limited <b>Total Contract Value:</b> UGX 1,428,997,973 <b>Contract signature date.:</b> 20 <sup>th</sup> January 2022	Delays in the procurement process due to lack of proper planning and comprehensive Terms of Reference by the User Department.
<b>LOW RISK CONTRACTS</b>		
8.	<b>Subject of Procurement:</b> Supply of 400 Electronic Devices <b>Reference No.</b> URA/SUPLS/21-22/01203 <b>Provider:</b> Aisino Corporation <b>Total Contract Value:</b> UGX 440,000,000 <b>Contract signature date:</b> 24 <sup>th</sup> June 2022	No evidence of appointment of contract manager on file.
9.	<b>Subject of Procurement:</b> Supply of Laptops and Mobile Phone for Kasaka <b>Reference No:</b> URA/CSD/SUPL/21-22/01643 <b>Provider:</b> Nyombiz Limited, Tel Care Ltd <b>Total Contract Value:</b> 168,150,000 <b>Contract signature date:</b> 15 <sup>th</sup> June 2022	No evidence of appointment of contract manager on file .
10.	<b>Subject of Procurement:</b> Supply of Cameras for enforcement <b>Reference No:</b> URA/DT/SUPLS/21-22/01024 <b>Provider:</b> Aspire Digital Ventures	No evidence of appointment of contract manager on file

	<b>Total Contract Value:</b> UGX 144,550,000 <b>Contract signature date:</b> 7 <sup>th</sup> March 2022	
11.	<b>Subject of procurement:</b> Supply and Installation of Security Equipment at Various URA Stations <b>Reference No.:</b> URA/SUPLS/ 2021-2022/02043 (Lot 1) <b>Name of Provider:</b> Netcon Technologies India Private Limited <b>Total Contract Value:</b> UGX 360,803,438	Delays in certification of provider's invoice
<b>SATISFACTORY CONTRACTS (Contracts where no major deviations were noted)</b>		
12.	<b>Subject of Procurement:</b> Renovation works for Fort Portal office building. <b>Reference number:</b> URA/WRKS/CSD/21-22/00643 <b>Provider:</b> Phengobu Technologies Co. Ltd. <b>Contract value:</b> UGX 118,358,580 <b>Contract Signature date:</b> 17 <sup>th</sup> November 2021	No major deviations noted
13.	<b>Subject of Procurement:</b> Upgrade of the V Block Infrastructure <b>Reference No:</b> URA/NCON/CSD/21-22/02326 <b>Provider:</b> Sybyl Limited <b>Total Contract Value:</b> UGX 16,000,818,115 <b>Contract signature date:</b> 23 <sup>rd</sup> June 2021	No major deviations noted
14.	<b>Subject of Procurement:</b> Application of floor finish to the existing car park building at the URA Tower. <b>Reference No:</b> URA/CSD/WRKS/21-22/00393 <b>Provider:</b> M/S. vertical world limited <b>Total Contract Value:</b> UGX 1,148,865,844 <b>Contract signature date:</b> 10 <sup>th</sup> February 2022	No major deviations noted
15.	<b>Subject of Procurement:</b> Construction of Masaka Regional office <b>Reference No:</b> URA/WRKS/CSD/21-22/00249 <b>Provider:</b> Ambitious Construction Company Limited <b>Total Contract Value:</b> UGX 9,987,526,981 <b>Contract signature date:</b> 15 <sup>th</sup> February 2022	No major deviations noted

16.	<p><b>Subject of Procurement:</b> Design Migration, Testing and Certification of the URA data Centre.</p> <p><b>Reference No:</b> URA/SRVCS/ 2020- 2021/00320</p> <p><b>Provider:</b>Sybyl Ltd in Joint Venture with Encapsulated E.A. Ltd, Prand Engineering Ltd and Onezero Consulting (PTY) Ltd</p> <p><b>Total Contract Value:</b>UGX joint 18,913,741,405</p> <p><b>Contract signature date:</b> 21<sup>st</sup> April 2022</p>	No major deviations noted
17.	<p><b>Subject of Procurement:</b> Supply of e- seals and sim cards for customs</p> <p><b>Reference No:</b> URA/ITIP//SUPLS/21-22/01917</p> <p><b>Provider:</b> Bsmart Technology SBD BHD</p> <p><b>Contract value:</b> UGX 10,365,754,000</p>	No major deviations noted
18.	<p><b>Subject:</b> Provision of Consultancy Services for the construction Supervision of the URA Regional Offices and Staff Residences.</p> <p><b>Reference No:</b> URA/CSD//CONS/21-22/000248</p> <p><b>Contract value:</b>UGX 2,591,230,440</p> <p><b>Provider:</b> Symbion Uganda Ltd</p> <p><b>Contract date:</b> 6<sup>th</sup> June 2022</p>	No major deviations noted
19.	<p><b>Subject of procurement:</b> Renovation works for Elegu OSBP</p> <p><b>Reference No.</b> URA/WRKS/2021-2022/00398</p> <p><b>Provider:</b> De-Watts Company Ltd</p> <p><b>Total Contract Value:</b>108,079,209</p>	No major deviations noted
20.	<p><b>Subject of Procurement:</b> Cleaning Services for URA Towers</p> <p><b>Reference number:</b> URA/SUPLS/20-21/00746</p> <p><b>Provider:</b> A &amp; M Executive Cleaning Services Co.</p> <p><b>Contract value:</b> UGX 934,251,255</p> <p><b>Contract date:</b> 11<sup>th</sup> April 2022</p>	No major deviations noted.

21.	<p><b>Subject of procurement:</b> Erecting of Permanent Billboards at URA Boarder Stations  <b>Reference No.</b> URA/WRKS/2020-2021/02743  <b>Provider:</b> Image Crusade Advertising PR Limited  <b>Contract Value:</b> UGX 455,461,120</p>	No major deviations noted.
22.	<p><b>Subject of Procurement:</b> Application of epoxy and floor finish at DPC, NIP building and fleet office  <b>Reference No:</b> URA/CSD/WRKS/21-22/01802  <b>Provider:</b> Strucon Ltd  <b>Total Contract:</b> UGX 369,966,760  <b>Contract signature date:</b> 14<sup>th</sup> June 2022</p>	No major deviations noted.
23.	<p><b>Subject of Procurement:</b> Renovation and Face lifts at Malaba  <b>Reference No:</b>URA/CSD/WRKS/21-22/00568  <b>Provider:</b> CMD Investments Limited  <b>Total Contract:</b>UGX 165,281,868  <b>Contract signature date:</b> 2<sup>nd</sup> December 2021</p>	No major deviations noted.
24.	<p><b>Subject of Procurement:</b> Supply of Promotion Items for the corporate change  <b>Reference No.</b> URA/SUPL/CSD/21-22/00983  <b>Name of Provider:</b> Pentateuch Investments Limited  <b>Total. Contract Value:</b> UGX 140,900,000</p>	No major deviations noted
25.	<p><b>Subject of Procurement:</b> Provision of Support and Maintenance for Unified Threat Management Solution for Primary and Disaster Recovery Site,  <b>Reference No:</b> (URA/CSD/NCONS/20-21/01629)  <b>Provider:</b> Elaab Ltd  <b>Contract value:</b> UGX 4,780,735,100  <b>Contract signature date:</b> on 27<sup>th</sup> July 2021</p>	No major deviations noted

**Annex 2: List of sampled procurements for Uganda Revenue Authority for Financial Year 2021/2022**








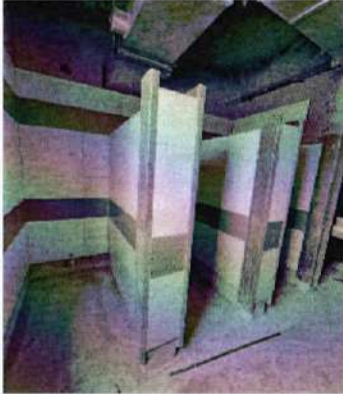
No.	Procurement ReferenceNumber	Subject of procurement	Method of procurement	Provider	Contract value (UGX)
1	URA/NONCONS/2020-2021/02202	Provision of implementation, support and maintenance of insider threat intelligence and management platform (retender)	Open Domestic Bidding	Service & Computer Industries (U) Ltd	1,428,997,973
2	URA/ITD/SUPLS/2021-2022/01917	Supply of e-Seals and SIM Cards for customs	Open Domestic Bidding(Framework)	Bsmart Technology SDN BHD	10,365,754,000
3	URA/WRKS/2021-2022/00393	Application of floor finish to the existing car park building at the URA Tower	Open Domestic Bidding	Vertical World Ltd	1,148,865,844
4	URA/WRKS/2021-2022/00249	Construction of Masaka Regional Office	Open Domestic Bidding	Ambitious Construction Co. Ltd	9,987,526,981
5	URA /ITD/ SUPLS /21-22 / 02326	Upgrade of V-Block infrastructure	Open Domestic Bidding(Frameworks)	Sybyl Ltd	16,000,818,115
6	URA/NONCONS/2021-2022/00746	Provision of Cleaning Services for URA Tower	Open Domestic Bidding	A&M Executive Cleaning Services Co. Ltd	934,251,255
7	URA/SRVCS/2020-2021/00320	Expression of Interest for Design Migration, Testing and Certification of the URA data Centre.	Expression of Interest	Sybyl Limited in JV with Onezero Consulting (PTY) Limited, Encapsulated E. A	18,913,741,405
8	URA/WRKS/2021-2022/02014	Renovation Works at Busia OSBP	Restricted Domestic Bidding (RDB)	Joint Contractors & Technical Services Ltd	349,547,300
9	URA/SRVCS/2021-2022/00248	Provision of Consultancy Services for the Supervision of the construction of URA Regional Offices & Staff Residences	Expression of Interest	Symbion Uganda Limited	2,591,230,440

10	URA/WRKS/2021-2022/01802	Application of Epoxy Floor Finish at DPC, AC-FS and Fleet Office	Restricted Domestic Bidding (RDB)	Strucon Limited	349,966,760
11	URA/SUPLS/2021-2022/02043	Supply and Installation of Security Equipment at Various URA Stations	Open Domestic Bidding	Netcon Technologies India Private Ltd	360,803,438
12	URA/NONCONS/2020-2021/01629	Provision of support and maintenance for Unified Threat Management Solution for primary and secondary disaster recovery sites	Open Domestic Bidding	Elaab Limited	4,780,734,702
13	URA/WRKS/2020-2021/02138	Conversion of 12m Gap Storage Space into Office at URA Tower	Restricted Domestic Bidding	Strucon Limited	345,858,777
14	URA/WRKS/2021-2022/00398	Renovation works for Elegu OSBP	Request For Quotation	De-Watts Company Ltd	108,079,209
15	URA/WRKS/2021-2022	Proposed Renovation to Fort Portal office building	Request For Quotation	Phengobu Technologies Company Ltd	118,358,573
16	URA/WRKS/2020-2021/02743	Erecting of Permanent Billboards at URA Boarder Stations	Restricted Domestic Bidding (RDB)	Image Crusade Advertising PR Limited	455,461,120
17	URA/WRKS/2021-2022/00568	Renovation and facelift works at Malaba	Request For Quotation	CMD Investments Ltd	165,287,868
18	URA/SUPLS/2021-2022/00982/00983	Supply of Promotional items for corporate change leadership project initiatives	Request For Quotation	The Pentateuch investments limited	140,900,000
19	URA/WRKS/2021-2022/00645	Renovation of URA Staff Quarters and Toilet Construction works in Lwakhakha	Open Domestic Bidding	Dansem Construction Company Limited	488,599,724
20	URA/SUPLS/2020	Supply, installation and	Open Domestic	Africa Power &	428,432,925

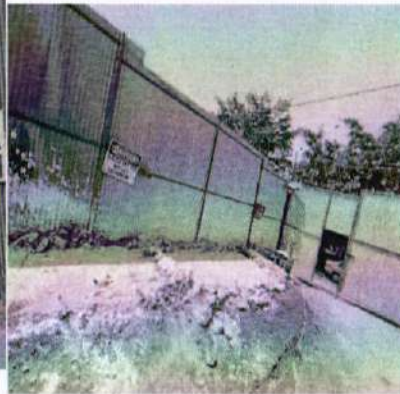
				Bidding	Equipment Limited	
21	-2021/01716 URA/SUPLS/2021-2022/01024	Commissioning of Generators for Supply of Cameras for enforcement	Request For Quotation	Equipment Limited Aspire Capital Ventures Ltd	144,550,000	
22	URA/WRKS/2251-2022/01137	Construction of accommodation facilities, gate house, barrier gate and fence at Amudat CUE	Restricted Bidding	Dacosi Limited	265,254,381	
23	URA/WRKS/2021-2022/01857	Construction of Boundary wall around Mutukula Staff Quarters	Restricted Bidding	Kabbs Technical Services Ltd	338,443,072	
24	URA/SUPLS/2021-2022/01643	Supply of laptops and mobile phones for Kakasa Campaign	Request For Quotation	Nyombiz Limited	168,150,000	
25	URA/SUPLS/2021-2022/01203	Supply of Electronic Fiscal Devices	Direct Procurement	Aisino Corporation	440,000,000	
<b>Total</b>					<b>70,819,614,260</b>	

Annex 3: Physical Verification of the URA Masaka Regional office under construction

ON GOING WORKS

			
			
Roofing works in progress	Ceiling frameworks in progress	Terrazo works in progress	Wall tiling works for washrooms

**SOCIAL, HEALTH, ENVIRONMENTAL AND SAFETY SAFEGUARDS**



Project sign posts and site hoarding



Stores

Toilets






Site office with monitoring CCTV



Warning signages



Safety warnings	Warning tapes	Fire warning and extiguisher	Protective wear
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Health status	Drinking water	Hand washing facility	First aid box

**Annex 4: List of Contracts Committee members for Uganda Revenue Authority.**

No	Name	Job Title	Position on Contracts Committee	Appointment Date
1.	Ms. Irene Muliika	Ag. Assistant Commissioner Trade	Chairperson	16 <sup>th</sup> May2022
2.	Ms. Gloria Twinomugisha Akatuhurira	Supervisor, Legal	Legal Advisor	7 <sup>th</sup> October2022
3.	Ms. Rose Kihika	Supervisor Customs	Secretary	2 <sup>nd</sup> October2022
4.	Mr. Brian Newton Ajuna	Manager, Information Technology	Member	1 <sup>st</sup> -July2022
5.	Ms. Catherine Atim Gwoktcho	Officer, Domestic Taxes	Member	7 <sup>th</sup> October 2022

**Annex 5: Procurement and Disposal Unit staff**

No.	Name	Job Title	Academic Qualification	Procurement Certification
1.	Ms. Ruth Chebet	Manager, Procurement and Disposal Unit	Masters of Business Administration Bachelor of Commerce	MCIPS
2.	Mr. Jibril Kinyiri	Supervisor, Procurement and Disposal Unit	Masters of Science in Procurement and Supply Chain Management Bachelors of Business Administration	CIPS – Level 5
3.	Ms. Ritah M. Kasadha	Supervisor, Procurement and Disposal Unit	Bachelors of Procurement and Logistic Management	MCIPS
4.	Ms. Dorothy Nakimera	Procurement Officer	Bachelors of Procurement and Logistic Management	CIPS - Level 5
5.	Mr. Rogers Bikumbi	Procurement Officer	Master’s in Public Procurement. Bachelors of Procurement and Logistic Management	CIPS - Level 5
6.	Mr. Anthony Mikka	Procurement Officer	Bachelors of Science in Procurement and Supply Chain Management	MCIPS
7.	Ms. Betty Ezatiru	Procurement Officer	Bachelors of Procurement and Logistic Management	CIPS Level 5
8.	Mr. Daniel Ogwang	Procurement Officer	Post Graduate Diploma in Supply Management Post Graduate Diploma in Financial Management Bachelor of Commerce	MCIPS
9.	Ms. Flavia Nabunnya	Procurement Officer	Bachelors of Procurement and Logistic Management	MCIPS
10.	Mrs. Gloria Natukunda	Procurement Officer	Masters of Business Administration Bachelor of Commerce	MCIPS
11.	Mr. Isaac Sakari	Procurement Officer	Bachelors of Procurement and Logistic Management	-
12.	Ms. Christine Akugizibwe	Procurement Officer	Bachelor in Procurement and Supply Chain Management	MCIPS
13.	Mr. Alex Barigye	Procurement Officer	Bachelors of Procurement and Logistic Management Masters in Project Management	-
14.	Ms. Patricia Angwet	Administrative Officer	Bachelor of Administration and Secretarial Services. Post Graduate Diploma in Public Administration	-

No.	Name	Job Title	Academic Qualification	Procurement Certification
15.	Mr. Pius Ssebandeke	Office Assistant.	Bachelors of Accounting and Finance	-
16.	Mr. Umar Sserumaga	Fleet Assistant	Bachelors of Procurement and Logistic Management	-

#### Annex 6: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry a 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".	<b>Planning:</b> Lack of or failure to procure within the approved plan	This implies emergencies and the use of the direct procurement method which affects competition and value for money.
		<b>Bidding Process:</b> Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals, and usurping the powers of the PDU.	This implies the use of less competitive methods which affects transparency, accountability, and value for money.
		<b>Evaluation:</b> Use of inappropriate evaluation methodologies or failure to conduct an 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.
		<b>Record Keeping:</b> 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.
		<b>Fraud/forgery:</b> Falsification of Documents	This implies a lack of transparency and value for money.

RISK	DESCRIPTION	AREA	IMPLICATION
		<b>Contract Management:</b> 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.	<b>Planning:</b> Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		<b>Bidding Process:</b> 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 a lack of efficiency, standardization, and avoiding competition.
		<b>Procurement Structures:</b> Lack of procurement structures	This implies a lack of independence of functions and powers and interference in the procurement process.
		<b>Record Keeping:</b> 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.
		<b>Contract and Contract Management:</b> 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	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>Evaluated Bidders.</p> <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 are 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 practices. 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.	<p><b>Planning:</b> Lack of procurement reference numbers.</p> <p><b>Bidding Process:</b> Not signing the Ethical Code of Conduct</p>	<p>This leads to failure to track the procurements which leads to poor record-keeping.</p> <p>This leads to failure to declare a conflict of interest and a lack of transparency.</p>
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.		