



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

**REPORT ON COMPLIANCE AUDIT FOR PRIDE
MICROFINANCE LIMITED FOR THE YEARS 2021 AND 2022**

SEPTEMBER 2022

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Acronyms

AO	Accounting Officer
CC	Contracts Committee
EC	Evaluation Committee
FY	Financial Year
HPDU	Head, Procurement and Disposal Unit
PML	Pride Microfinance Ltd
NOBEB	Notice of the Best Evaluated Bidder
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
RFP	Request for Proposals
RFQ	Request for Quotation
SBD	Standard Bidding Document

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a compliance audit of your Entity that covered ten (10) procurement transactions for the years 2021 and 2022. The overall objective of the audit was to assess and establish the degree of compliance of Pride Microfinance Limited's procurement and disposal system and processes with the provisions of the PPDA Act, 2003 and PPDA Regulations, 2014 and assess the level of procurement performance over the period under review.

From the findings of the procurement and disposal audit exercise, the performance of Pride Microfinance Ltd (PML) for the years 2021 and 2022 was **highly satisfactory** with an overall weighted average risk rating of **17.09%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

Despite the highly satisfactory performance, the following exceptions were noted:

1. Delays in the procurement process in five (5) procurements worth Ugx 637,847,229.43 which creates lengthy lead times and consequently impedes timely service delivery.
2. Lack of due care in the conduct of evaluation in two (2) procurements worth Ugx 104,514,560 which could result in contracting with a provider who may not fulfil the contractual obligations.

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

1. The Accounting Officer should ensure that all procurements are conducted in a manner that promotes economy, efficiency, and value for money in accordance with Section 48 of the PPDA Act, 2003.
2. The Evaluation Committees should ensure the accuracy, validity, and authenticity of documents submitted by consultants/bidders during the evaluation process.

CHAPTER 1: INTRODUCTION

1.1 Structure of the Entity

Pride Microfinance Limited (PML) is a Microfinance Deposit-taking Institution (MDI) in Uganda. It is licensed by the Bank of Uganda, the Central Bank and National Banking Regulator. PML provides financial services to that segment of the Ugandan population who are not served or are unable to access financial services through Ugandan Commercial Banks. PML's focus are the micro, small, and medium size Entrepreneurs.

According to Section 26 of the PPDA Act, 2003, the overall responsibility for the successful execution of procurement, disposal, and contract management in the Procuring and Disposing Entity is the Accounting Officer. The Accounting Officer of Pride Microfinance Limited during the financial year under review was Ms. Veronica Gladys Namagembe.

The Permanent Secretary/Secretary to Treasury of Ministry of Finance, Planning & Economic Development approved the following members of the Contracts Committee who also acted during the period under review:

Table 1: List of Contracts Committee members

No	Name	Date of Appointment	Committee Position
1	Bob Paul Lusembo	2 nd December 2020	Chairperson
2	Yodesi Masika	2 nd December 2020	Member
3	Grace Harold Muzira	6 th February 2021	Member
4	Gladys Kafureeka	6 th February, 2021	Secretary
5	Esther Kahumuza	26 th August, 2020	Member

According to Section 31 (a) of the PPDA Act, 2003 all procurement or disposal activities of the Procuring and Disposing Entity except adjudication and the award of contract are to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the financial year under review was headed by Mr. Robert Maganda.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out the compliance audit of Pride Microfinance Limited that covered a representative sample of ten (10) procurement transactions under the years 2021 and 2022. The audit involved a review of the procurement structures, procurement processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, 2003 and Central Governments (PPDA) Regulations, 2014.

1.3 Main Objectives

The overall objective of the compliance audit was to assess and establish the degree of compliance of Pride Microfinance Limited's procurement system and processes with the

provisions of the PPDA Act, 2003 and the Central Governments (PPDA) Regulations, 2014 and assess the level of procurement and disposal performance over the period.

The specific objectives were to establish:

- The level of compliance by the Entity with the general provisions of the PPDA Act and Regulations;
- The level of compliance with the PPDA Act, 2003 in the conduct of procurement and disposal activities; and
- The level of efficiency and effectiveness in contract implementation.

1.4 Compliance Audit Scope

The audit involved a review of the procurement process, general compliance issues and contract implementation on sample basis. The audit covered a representative sample of ten (10) procurement transactions under the years 2021 and 2022. The list of sampled transactions is contained in Appendix 2.

1.5 Compliance Audit Methodology

Records and documents for each sampled procurement and disposal transaction were examined and relevant evidence obtained to derive audit conclusions. This involved a review of the Entity's procurement planning, initiation, bidding, evaluation, contract placement and implementation.

During the exercise, the auditors held interviews with the staff from the Procurement and Disposal Unit (PDU) and User Departments that were necessary in obtaining crucial qualitative information about the internal control system and processes in place.

The audit exercise commenced with an entry meeting on 15th August 2022. A debrief meeting to clear all pending issues that arose during the audit was held with the Entity's representatives on 13th September 2022 before the auditors could embark on preparation of the management letter. Management responses were submitted on 16th September 2022.

The report presents the key findings and conclusions arising from the compliance audit.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.1 Compliance by the Entity with the general provisions of the PPDA Act, 2003 and Regulations, 2014

2.1.1 Procurement plan implementation

Assessment of the procurement plan and utilization of funds revealed that the procurement plan implementation rate of the Entity under the year 2021 and 2022 was 62.42% and 49.3% respectively as summarized in Tables 2 and 3 below:

Table 2: Analysis of procurement spend for the year 2021

Total procurement plan value inclusive of VAT (Ugx)	27,620,937,851
Total procurement spend value inclusive of VAT (Ugx)	17,243,347,813
Procurement plan implementation rate (%)	62.42%
Variance (Ugx)	10,377,590,038

Table 3: Analysis of procurement spend for ½ year period (January-June) 2022

Total procurement plan value inclusive of VAT (Ugx)	24,246,390,844
Total procurement spend value inclusive of VAT (Ugx)	11,945,652,511
Procurement plan implementation rate (%)	49.3%
Variance (Ugx)	12,300,738,333

The variance for 2022 had been derived from the half-year expected total spend (January –June 2022) since Pride Microfinance Limited's financial year runs from January to December.

Implication

Procurements worth Ugx 10,377,590,038 were not implemented for the year 2021 which deprived service delivery to the intended beneficiaries.

Management response

The Board and Management of Pride agreed to suspend /minimise expenditure during the FY 2021 due to the negative effects of COVID-19 on Pride's business. This was aimed at ensuring that the institution reserved its liquidity to be able to keep the institution afloat

Pride is self-reliant and does not access any resources from the Consolidated Fund to run its budget activities/operations and depends mainly on internally generated profits, retained earnings, borrowed funds from social and commercial lenders coupled with intermediation of savings deposits to conduct its business operations. Therefore, in order to remain competitive in the industry, a lot of emphasis is put on efficiency initiatives which has an impact on the bottom line. Therefore, much as items are budgeted for in a given financial year, not all are procured because procurement is done on an actual need basis. The emphasis is on cost efficiency and not spend.

From the above, Pride requests the Authority to take into consideration the following when measuring its procurement plan implementation:

- a) *Being profit-oriented, operational efficiency is central to the success of Pride, in order to remain competitive in the financial sector. The emphasis on spend in regards to the procurement plan is a lost opportunity for cost reductions and savings that would be utilised for on-lending to customers through short term loans so as to grow portfolio while enhancing financial inclusion.*
- b) *Various items budgeted for in the procurement plan are tied to attainment of projected business growth or targets within the financial year. Given the unpredictable economic conditions, whenever, Pride is unable to meet its projected targets, some of the assets that had been planned to support such anticipated growth will not be purchased.*
- c) *Pride has accreditation to request best and final offers from all bidders who passed the technical evaluation stage and usually bidders give Pride reduced or discounted prices hence variance between actual spend and planned expenditure.*

The procurement plan is reviewed and updated quarterly and copies are on file. As and when there are supplementary and/or budget virements, the entity updates its plan and submits copies to the authority and PSSST.

Recommendation

The Authority noted the Entity's response and hence recommends that, the Entity should on a quarterly basis and in any other case, wherever necessary, review and update its procurement plan and should notify the Secretary to Treasury and the Authority of any changes made to its procurement plan and submit the updated and approved plan to the Authority in accordance with Section 58 (4) and (5) of the PPDA Act, 2003.

2.1.2 Implementation of recommendations from the Compliance Audit for the years 2020 and 2021

The Authority conducted a compliance audit for the years 2019 and 2020. Out of the five (5) recommendations made, four (4) were fully implemented representing 80% while one (1) was partially implemented, representing 20%. This was in the evaluation of bids where it was noted that the Evaluation Committees in some cases did not adhere to the evaluation criteria stated in the Bidding Documents. This is contrary to Section 71 (3) of the PPDA Act, 2003 which requires that no evaluation criteria other than that stated in the bidding documents shall be taken into account.

Implication

Failure to fully implement the Authority's recommendations affects the performance of the procurement and disposal function in the Entity.

Management response

Management stated that the Evaluations were conducted in accordance with the criteria provided in the Bidding Document. However, Evaluation Committees erred when they did not exercise due care to verify the accuracy, validity and authenticity of some documents submitted. Going forward, the Evaluation Committees shall take due care to verify all the documents during evaluations and seek clarity as and when required to prevent a re-occurrence of the same.

Recommendation

The Accounting Officer should ensure that all the Authority's recommendations are fully implemented in accordance with Section 9 (1) (a) of the PPDA Act, 2003.

2.1.3 Inefficiency in the procurement process

Section 43 (e) of the PPDA Act, 2003 provides that all procurements should be conducted in a manner that promotes economy and efficiency. The Accounting Officer is charged with the overall responsibility for the execution of the procurement and disposal process in the Entity. In 5 (five) procurements worth Ugx 637,847,229.43, the Authority observed that there were delays across the different stages of the procurement process as shown in Table 4 below:

Table 4: Delays in the Procurement Process

No	Subject of Procurement	Contract Value (Ugx)	PPDA Findings	Management Response
1.	Supply, delivery, installation and commissioning of 20kva generator for Nakawa Branch Request for Quotation Joshi Electricals & General Services	52,805,000	Delayed evaluation of bids; The Evaluation Committee took 28 working days to complete the evaluation process contrary to the required 20 working days for procurement of supplies under Request For Quotation method. Bids were opened on 6 th March 2020 and the evaluation was concluded on 17 th April 2020 causing a delay of 8 working days.	<i>The evaluation took longer due to the COVID-19 pandemic that resulted into a Nationwide lock down which restricted movement of employees and service providers. As such, the evaluation process was halted and a notification sent to Bidders to halt the submission of Best and Final Offers/clarifications and new dates would be communicated in due course. This followed guidance from PPDA in a circular dated 1st April, 2020 to suspend all submissions within the lock down period.</i>
2.	Construction of Counter tills for Hoima Branch Request for Quotation Deluxe Aluminium Systems Ltd	29,466,560	<ul style="list-style-type: none"> • Delayed confirmation of availability of funding by the Accounting Officer. A delay of 15 working days (from 30th April 2021 to 25th May 2021) • Delayed 	<i>The delay in approval of the Form 5 was caused by the need for further analysis and justification of the need prior to approval. The contractor took longer than the initially anticipated one month because construction works had to be done only on Sundays in order not to disrupt operations and customers.</i>

No	Subject of Procurement	Contract Value (Ugx)	PPDA Findings	Management Response
			<p>completion of works; The intended completion period according to the solicitation document was 1 month from the date of issue of the Local Purchase Order (LPO) dated 12th August 2021; however, the contractor took 2.9 months (6th November 2021) to complete the works, causing a delay of 1.9 months.</p>	<p><i>Change orders shall be implemented going forward.</i></p>
3.	<p>Provision of branded corporate wear for new Pride Microfinance Ltd staff</p> <p>Open Domestic Bidding</p> <p>Dataline Graphics Ltd</p>	29,820,960	<p>Gross delays during evaluation; Bids were opened on 7th February 2019 however, evaluation was concluded on 24th June 2019 after 4.9 months (91 working days) contrary to the required 20 working days for evaluation of bids for supplies under open domestic bidding. Hence causing a delay of 71 working days.</p>	<p><i>The evaluation took longer due to some extenuating circumstances. First, the Procurement Officer handling the procurement was dismissed and it had to be taken over by another procurement officer who had to request for a change in EC and abreast himself with the procurement, then the procurement was deferred by CC in May 2019 and referred to the EC to re-evaluate and this increased the timeframe since there were 22 bids involved. Lastly, there is the period for best and final offer where firms have to be given sufficient notice to respond to the request re-submit financial offers and the EC to analyse these</i></p>

No	Subject of Procurement	Contract Value (Ugx)	PPDA Findings	Management Response
4.	Supply of motorcycles for Mukono branch Request for Quotation Toyota (U) Ltd	34,500,000	Delay in approving request: The requisition was raised on 30 th July 2019, the Head of Department confirmed the request on 26 th September 2019, and the Accounting Officer approved to procure on 4 th November 2019. Hence it took 68 working days to approve the requisition. These delays were caused by both the Head of User Department and the Accounting Officer.	<i>offers and submit a report.</i> <i>The delay in approval of the Form 5 was caused by the need to further analyse and justify the need prior to approval.</i>
5.	Supply, delivery, installation of 15 CISCO switches The Copy Cat (U) Ltd Open Domestic Bidding	349,000,000	<ul style="list-style-type: none"> • Form 5 was raised on 29th July 2020. The Accounting Officer confirmed on 28th August 2020. It took a month before the Accounting Officer approved. • Long procurement lead time. The requisition was raised on 29th July 2020 and the Contract was finally signed on 7th September 2021 after 13 months and 9 days. 	<p><i>The delay in approval of the Form 5 was caused by the need to further analyze and justify the need prior to approval.</i></p> <p><i>The long procurement lead time was as a result of the procurement being retendered following the failure of the supplier to deliver the items within the initial scheduled delivery period citing challenges from the manufacturer's supply chain which was affected by COVID-19. Following the Attorney General's advice to retender under direct procurement using the same provider since the switches had been manufactured and were now in the country, the</i></p>

No	Subject of Procurement	Contract Value (Ugx)	PPDA Findings	Management Response
				<i>procurement was retendered.</i>
	Total	637,847,229.43		

Implication

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

Recommendation

The Accounting Officer should ensure that all procurements are conducted in a manner which promotes economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003.

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

2.2.1 Lack of due care in the conduct of evaluation

The Authority observed that in the following two (2) procurements worth Ugx 104,514,560; the Evaluation Committee did not exercise due care to verify the accuracy, validity and authenticity of the documents submitted by bidders. The procurements are listed in Table 5 below:

Table 5: Evaluations where there was lack of due care

No.	Subject of Procurement	Contract Value (Ugx)	Observations	Management response
1.	Construction of Counter tills for Hoima Branch Request for Quotations Deluxe Aluminium Systems Ltd	29,466,560	<ul style="list-style-type: none"> The Powers of Attorney for Vasuca Engineering appointed any 2 members to sign, execute bids and documents for and on its behalf. The appointed were KibazoKatende Edward, Nakijoba Linda Esther, Majalaba Martin Luke and Nakitende Rachael. However, the submitted bid was signed by only 1 person (Kibazo Katende Edward) but this criterion was marked compliant. Bullen Construction and 	<p><i>The Evaluations were conducted in accordance with the criteria provided in the bidding document. However, the EC erred when they did not exercise due care to verify the accuracy, validity and authenticity of the documents submitted.</i></p> <p><i>Going forward, the ECs shall be advised to exercise take due care during evaluations, verify the documents or seek clarity as and when required.</i></p>

No.	Subject of Procurement	Contract Value (Ugx)	Observations	Management response
			<p>Supplies Ltd submitted a Tax Clearance Certificate that was addressed to National Animal Genetic Resources Centre and Data Bank but was marked as compliant.</p> <ul style="list-style-type: none"> Vasuca Engineering Ltd submitted a Tax Clearance Certificate that was addressed to Infectious Disease Institute but was assessed as compliant on the criterion. 	<i>The requirement to submit a tax clearance certificates in the names of Pride was not specifically stated or required in the document which is why it was waived and marked as compliant.</i>
2.	<p>Supply and Installation of biometric machines for selected Pride Microfinance Ltd locations</p> <p>Request For Quotation</p> <p>Charter Africa Ltd</p>	75,048,000	<p>Charter Africa Ltd, the Best Evaluated Bidder, submitted a Tax Clearance Certificate that was addressed to NWSC but was marked as compliant. (CR01200132916)</p>	<i>The requirement to submit a Tax Clearance Certificate in the names of Pride Micro Finance Ltd was not specifically stated or required in the document which is why it was waived and marked as compliant.</i>
	TOTAL	104,514,560		

Implication

Failure by the Evaluation Committee to confirm, verify, validate and ascertain the worthiness of all the statements made and documents submitted by the bidder could lead to contracting with a provider who may not fulfil the contractual obligations.

Recommendation

The Authority noted the Entity's response and recommends that Evaluation Committees should ensure the accuracy, validity and authenticity of documents submitted by consultants/bidders during the evaluation process.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This Section presents graphically the scores per area assessed under different compliance audit questions

1.1 Overall Compliance Audit Conclusion

The performance of Pride Microfinance Ltd for the years 2021 and 2022 was **highly satisfactory** with overall weighted average risk rating of **17.09%**.

The risk rating is as follows:

Risk Rating

Risk Rating	Description of Performance
0-20%	Highly Satisfactory
21-50%	Satisfactory
51-80%	Unsatisfactory
80-100%	Highly Unsatisfactory

Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in Table 7 below: -

Table 6: Risk Rating

Risk category	No.	No. %	Value (Ugx)	Value %	Weights	Total weighted Average	
						By No.	By Value
High	0	0	0	0	0.6	0	0
Medium	2	20	378,820,960	30	0.3	6	9
Low	4	40	191,819,560	15	0.1	4	1.5
Satisfactory	4	40	708,015,029	55	0	0	0
Total	10	100	1,278,655,549	100	1.0	10	10.5

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{10}{60} \times 100 = 16.67\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{10.5}{60} \times 100 = 17.5\%$$

$$\text{Combined Weighted Average} = \frac{16.67+17.5}{2} = 17.09\%$$

Figure 1: Risk Rating by Number

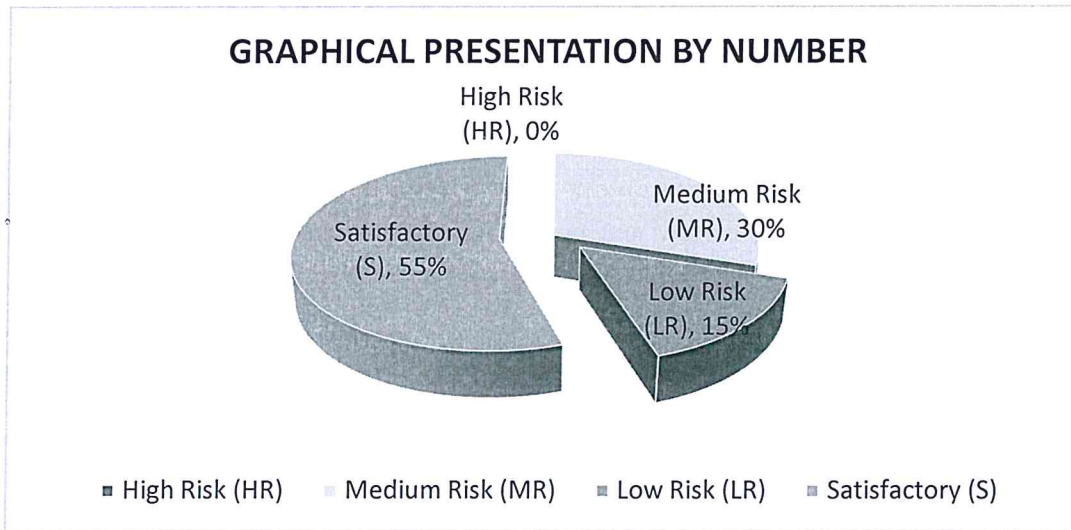
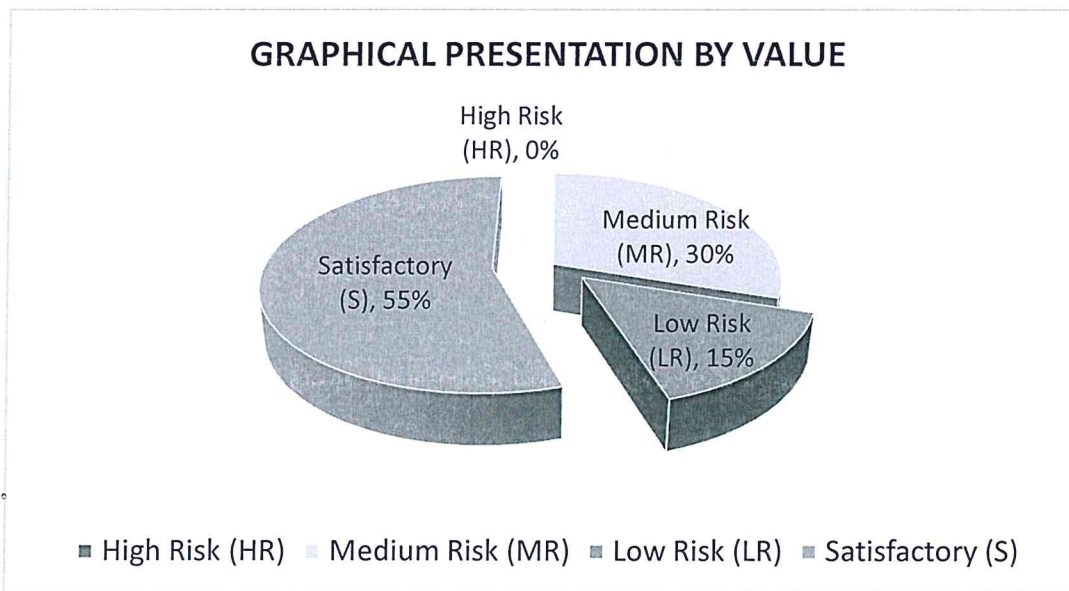


Figure 2: Risk Rating by Value



Pride Microfinance Ltd should implement the recommended action plan on page 16.

1.2 Recommended Action Plan

Pride Microfinance Ltd should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 7: Action Plan

No.	Recommended Action	Target Date
1.	The Entity should on a quarterly basis and in any other case, wherever necessary, review and update its procurement plan and should notify the Secretary to the Treasury and the Authority of any changes made to its procurement plan and submit the updated and approved plan to the Authority in accordance with Section 58 (4) and (5) of the PPDA Act, 2003.	Continuous
2.	The Accounting Officer should ensure that all procurements are conducted in a manner which promotes economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003.	Continuous
3.	Evaluation Committees should ensure the accuracy, validity and authenticity of documents submitted by consultants/bidders during the evaluation process.	Continuous

Appendix 1: Summary of case by case

MEDIUM RISK CASES

1.	Supply, delivery, installation of 15 CISCO switches The Copy Cat (U) Ltd Open Domestic Bidding Ugx 349,000,000	Long procurement lead time of 13 months and 9 days.
2.	Provision of branded corporate wear for new pride staff Open Domestic Bidding Dataline Graphics Ltd Ugx 29,820,960	Gross delays during evaluation; a delay of 71 working days.

LOW RISK CASES

No	Subject of Procurement	PPDA Findings
1.	Supply, delivery, installation and commissioning of 20kva generator for Nakawa Branch Request for Quotation Joshi Electricals & General Services Ugx 52,805,000	<ul style="list-style-type: none"> Delayed evaluation of bids; The Evaluation Committee took 28 working days to complete the evaluation process contrary to the required 20 working days for procurement of supplies under RFQ method.
2.	Construction of Counter Tills for Hoima Branch Request for Quotation Deluxe Aluminium Systems Ltd Ugx 29,466,560	<ul style="list-style-type: none"> Delayed confirmation of funding by the Accounting Officer, a delay of 15 working days Delayed completion of works; a delay of 1.9 months. The Powers of Attorney for Vasuca Engineering appointed any 2 members to sign, execute bids and documents for and on its behalf. However, the submitted bid was signed by only 1 person (Kibazo Katende Edward) but this criterion was marked compliant. Bullen Construction and supplies Ltd submitted a Tax Clearance Certificate that was addressed to National Animal Genetic Resources Centre and Data Bank but was marked as compliant. Vasuca Engineering Ltd submitted a Tax Clearance Certificate that was addressed to Infectious Disease Institute but was assessed as compliant.
3.	Supply of motorcycles for Mukono Request for Quotation Toyota (U) Ltd Ugx 34,500,000	Delay in approving request: it took 68 working days to approve the requisition.
4.	Supply and Installation of biometric machines for selected	<ul style="list-style-type: none"> Charter Africa Ltd, the BEB, submitted a Tax Clearance Certificate that was addressed to NWSC

No	Subject of Procurement	PPDA Findings
	pride locations RFQ Awarded to Charter Africa Ltd Ugx 75,048,000	but was marked as compliant. (CR01200132916)

SATISFACTORY CASES

No	Subject of Procurement
1.	Provision of maintenance and support services for ATMs, EFT switch and debit card management system software, ATM cards
2.	Consultancy services for IT audit
3.	Supply and delivery of two double cabin pick ups
4.	Procurement of an individual digital transformation consultant to support Pride in the assessment of its current IT infrastructure and business application and their alignment with Pride's digital strategy

Appendix 2: List of sampled procurements for Pride Microfinance Ltd for the years 2021 and 2022.

No	Reference No.	Subject of Procurement	Method	Provider	Provider Category	Contract Date	Contract Amount	Risk Rating
1.	Contract	Provision of maintenance and support services for ATMs, EFT switch and debit card management system software, ATM cards		Service and Computer Industries (U) Ltd	National	16 Jan 2020	142,254,709.43	Satisfactory
2.	PML/SRVCS/2021/00717	Consultancy services for IT audit		Ernest and Young	Resident	12/04/2022	92,050,816	Satisfactory
3.	PML/	Supply and delivery of two double cabin pick ups	Open Domestic Bidding	The Cooper Motors Corporation (U) Ltd	Resident	02/06/2020	375,184,504	Satisfactory
4.	PML/SUPLS/20/00211	Supply and installation of biometric machines for selected Pride locations	Request for Quotation	Charter Africa	National	19/06/2020	75,048,000	Low
5.	PML/SUPLS/20/00181	Supply, delivery, installation and commissioning of 20kva generator for Nakawa Branch	Request for Quotation	Joshi Electricals & General Services	Resident	08/06/20	52,805,000	Low
6.	PML/SUPLS/20/01171	Supply of motorcycles for Mukono	Request for Quotations	Toyota (U) Ltd	Resident	14/01/20	34,500,000	Low

No	Reference No.	Subject of Procurement	Method	Provider	Provider Category	Contract Date	Contract Amount	Risk Rating
7.	PML/SUPLS/20/00158	Provision of branded corporate wear for new pride staff	Request for Quotations	Dataline Graphics (U) Ltd	National	18/11/20	29,820,960	Medium
8.	PML/SUPLS/20/00651	Supply, delivery, installation of 15 CISCO switches	Open Domestic Bidding	The Copy cat (U) Ltd	Resident	04/01/21	349,000,000	Medium
9.	PML/SVCS/20/00681	Procurement of an individual digital transformation consultant to support Pride in the assessment of its current IT infrastructure and business application and their alignment with Pride's digital strategy	Publication of a notice inviting EOI and developing a shortlist (Individual Consultancy)	Mr. Nasser Abudu Ntege	National	04/01/21	98,525,000	Satisfactory
10.	PML/WRKS/21/00575	Construction of counter tills for Hoima Branch	Request for Quotation	Deluxe Aluminium Systems Ltd	National	06/08/21	29,466,560	Low
					TOTAL		1,278,655,549.43	

Appendix 3: Risk Rating Criteria

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

RISK	DESCRIPTION	AREA	IMPLICATION
	<p>would normally be graded “medium” provided that there is sufficient evidence of “hands on management control and oversight” at an appropriate level of seniority.</p>	<p>Record Keeping: Missing Contracts Committee records and incomplete contract management records.</p>	<p>This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.</p>
		<p>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.</p>	<p>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.</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 not covered by the contractor during contract implementation.</p>	
LOW	<p>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.</p>	<p>Planning: Lack of procurement reference numbers.</p>	<p>This leads to failure to track the procurements which leads to poor record keeping.</p>
		<p>Bidding Process: Not signing the Ethical Code of Conduct</p>	<p>This leads to failure to declare conflict of interest and 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.