



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR THE UGANDA
ELECTRICITY TRANSMISSION COMPANY LTD FOR THE FINANCIAL YEAR
2022/2023**

SEPTEMBER 2024

TABLE OF CONTENTS

ACRONYMS.....	ii
CHAPTER 1: INTRODUCTION.....	1
1.1 Structure of the Entity.....	1
1.2 Background.....	1
1.3 Main Audit Objectives.....	1
1.4 Audit Scope.....	2
1.5 Audit Methodology.....	2
CHAPTER 2: AUDIT FINDINGS.....	3
2.1 Compliance with the PPDA Act, Cap 205 and PPDA Regulations, 2014 in the conduct of procurement activities in FY 2022/2023.....	3
2.2 Compliance with the PPDA Act, Cap 205 and PPDA Regulations, 2014 in the conduct of disposal activities for FY 2021/2022 & 2022/2023.....	9
2.3 Efficiency and effectiveness in contract implementation of the procurement and disposal activities undertaken in FY 2021/2022 & 2022/2023 including the application of Environmental, Social, Health, and Social safeguards (ESHS) where applicable.	12
3.0 Overall Performance Audit Conclusion.....	14
3.1 Entity’s Performance.....	14
3.2 Risk Computation.....	14
3.3 Chart Representation of Risk Rating.....	15
3.4 Recommended Action Plan.....	16
ANNEX A: CASE BY CASE ANALYSIS.....	17
ANNEX B: TRANSACTION LIST AND RATING PER CASE.....	20
ANNEX C PHYSICAL VERIFICATION.....	23
ANNEX D: RISK RATING CRITERIA.....	25
 List of Figures	
Figure 1: Chart Representation of Risk Rating by Number.....	15
Figure 2: Chart Representation of Risk Rating by Value.....	15

ACRONYMS

AO	Accounting Officer
CC	Contracts Committee
EC	Evaluation Committee
FY	Financial Year
HPDU	Head, Procurement and Disposal Unit
UETCL	Uganda Electricity Transmission Company Ltd
LPO	Local Purchase Order
NOBEB	Notice of Best Evaluated Bidder
ODB	Open Domestic Bidding
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
SBD	Standard Bidding Document

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a procurement and disposal audit of the Uganda Electricity Transmission Company Ltd (UETCL).

The audit covered a representative sample of 13 procurement transactions for the Financial Year 2022/2023. This included nine completed procurements, three contract audits, and one NDP III project.

The overall objective of the audit was to assess and establish the degree of compliance of Uganda Electricity Transmission Company Ltd's procurement system, process, and disposal process with the provisions of the PPDA Act, Cap 205, PPDA Regulations 2014, and PPDA Guidelines and assess the level of procurement performance over the audit period.

From the findings of the performance audit exercise, the performance of Uganda Electricity Transmission Company Ltd in the Financial Year 2022/2023 was **Satisfactory** with an overall weighted average risk rating of **29%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

During the course of the procurement and disposal audit, the Authority identified a number of key positives and best practices exhibited by the Entity in the conduct of procurement and disposal processes. These included:

Positive findings

1. Vibrant, robust, and competent Contracts Committee;
The Authority noted that the Entity has a very active Contracts Committee that meets regularly to consider submissions from the Procurement and Disposal Unit. Contracts Committee decisions are made only after a proper interrogation of facts and understanding of requirements.
2. Existence of functional procurement structures;
Each stakeholder in the procurement process plays their role without usurping the powers of another or interfering in another stakeholder's role, starting from the Accounting Officer, User Departments, Procurement and Disposal Unit, Contracts Committee, and Evaluation Committees.
3. Professionalism in the Procurement and Disposal Unit;
The staff in the Procurement and Disposal Unit are qualified, exhibit knowledge of public procurement, adhere to procurement procedures, and are good at communication and stakeholder management. They also have great teamwork and are willing to support each other while executing their tasks as observed during the audit exercise.

4. The Entity full implementation of the previous audit recommendations for the FY 2021/2022; In September 2023, the Entity received a performance audit report for the Financial Year 2021/22. The Authority found that the Entity implemented all its five audit recommendations in the report. The Authority commends the Entity for its diligent efforts and unwavering commitment to continuous improvement in its operations.

The following key exceptions were noted:

1. Failure to update the procurement plan. The Authority noted that the procurement plan implementation rate was 46%. Consequently, procurements worth UGX 656,543,213,579 were not implemented which deprived service delivery to the intended beneficiaries and thus in breach of Section 60 (7) of the PPDA Act, Cap 205;
2. Failure to follow planned timelines in the procurement for completion of the pending 34.7 km of the Tororo – Lira 132kV Transmission Line by Kalpataru Projects International Ltd valued at USD 5,359,246 and UGX 8,226,614,019. The User Department delayed by three months to initiate the procurement which could have resulted into delayed service delivery and thus contrary to the principle of economy and efficiency as enshrined in Section 51 of the PPDA Act, Cap 205;
3. Inadequate needs assessment and development of the statement of requirements in the procurement for completion of the pending 34.7 km Tororo – Lira 132kV Transmission Line by Kalpataru Projects International Ltd, valued at USD 5,359,246 and UGX 8,226,614,019. The User Department did not conduct a comprehensive needs assessment contrary to Regulation 37 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2013 which resulted into having inaccurate Bills of Quantities (BoQs) that lacked items like mobilization, demobilization, and soil investigation. Whereas these items were later added onto the bidder's BoQs, it increased costs which could potentially lead to domestic arrears;
4. Delays at various stages in the procurement process were observed in four procurements worth UGX 360,026,533,579.69 which undermined the principle of efficiency as enshrined under Section 51 of the PPDA Act, Cap 205. The delays significantly extended the overall project timelines, postponing the delivery of critical services and infrastructure. Similarly, the contract for Way Leaves Demarcation along the Hoima-Nkenda 220 KV Transmission Line, valued at UGX 2,199,527,316, was delayed by four months. Despite receiving clearance from the Solicitor General on 17th May 2023, the contract was not signed until 22nd September 2023. This adversely affected various stakeholders and beneficiaries which resulted into disruptions in project timeline and service delivery;
5. Failure to conduct asset disposal. Several items were found lying idle at the Entity's storage yard at Lugogo, including old storage containers for transformer oils that pose environmental and health risks which was in reach of Regulation 2 of the PPDA (Disposal) Regulations 2014. These items had been there for years without being included in previous board of survey reports or planned for disposal in FY 2022/2023 posing a risk of further deterioration of assets thus diminishing their potential sale value and remaining a health hazard for the population which lives around them; and

6. Delays in contract implementation for the Engineering, Procurement and Construction (EPC) project of the 132 KV Mirama-Kabale Double Circuit Transmission Line & Associated Substation consequently leading to multiple contract extensions. At, the time of audit i.e April 2024, physical progress was at 78.4% against time progress of 72.2%. These delays hinder timely project completion and subsequent service delivery.

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

1. The Accounting Officer should;
 - i. Regularly review, update and a copy submitted to the Authority in accordance with Section 60 (7) and (8) of the PPDA Act, Cap 205;
 - ii. Put in place a mechanism of eliminating delays in the procurement processes so as to promote economy, efficiency and value for money in accordance with Section 51 of the PPDA Act, Cap 205.
 - iii. Ensure that the disposal of assets identified is finalized within the Financial Year 2024/2025 and submit a disposal report to the Authority by December 2024 in accordance with Regulation 3 of the PPDA (Disposal) Regulations, 2023.
 - iv. Through the Contract Management Team closely supervise and monitor the project to ensure that key project activities (Engineering, Procurement and Construction) are substantially completed before project closure.
2. The Head of the Procurement and Disposal Unit must include all assets recommended in the Board of Survey report in the disposal plan, in accordance with Section 60 (2) of the PPDA Act, Cap 205.
3. The Heads of User Departments should;
 - i. Ensure that the technical inputs for procurement requirements in the statements of requirements are thorough and accurately reflect the intended needs in accordance with Section 36 (1) of the PPDA Act, Cap 205; and
 - ii. Conduct adequate needs assessment and produce a report that would guide in preparation of adequate Statements of Requirements in accordance with Regulation 37 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

This is to communicate to you the findings and recommendations of the Authority that are detailed in the Audit Report attached hereto. As the Accounting Officer, you are responsible for the overall procurement process in your Entity and you are therefore required to ensure that all recommendations are fully implemented.

Uganda Electricity Transmission Company Ltd should implement the recommended action plan on **page 16**

CHAPTER 1: INTRODUCTION

1.1 Structure of the Entity

According to Section 28 of the PPDA Act, Cap 205, Mr. Joshua Karamagi the Accounting Officer had the overall responsibility for the successful execution of procurement, disposal, and contract management in a Procuring and Disposing Entity.

The Permanent Secretary/Secretary to the Treasury of the Ministry of Finance, Planning & Economic Development approved the members of the Contracts Committee listed in Table 1 below.

Table 1: Membership of the Contracts Committee

No.	Name	Position on Committee	Title	Date of appointment
1.	Eng George Alioka	Chairperson	Communication Engineer	1 st December 2022
2.	Mr. Stuart Muhanguzi	Member	Control Engineer	1 st December 2022
3.	Ms. Hadijah Nakafeero	Member	Inventory Accountant	1 st December 2022
4.	Ms. Annet Mbabazi	Member	Principal State Attorney- Office of the Solicitor General	15 th December 2023
5.	Ms. Gloria Imalingant	Secretary	Legal Officer	19 th August 2022

According to Section 33 (a) of the PPDA Act, Cap 205, 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 & Disposal Unit. The Procurement and Disposal Unit during the financial year under review was headed by Mr. Martin Byamukama.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal audit of the Uganda Electricity Transmission Company Ltd that covered a representative sample of thirteen (13) procurement transactions. This included nine completed procurements, three contract audits, and one NDP III project.

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 PPDA Regulations, 2014.

1.3 Main Audit Objectives

The overall objective of the performance audit was to assess and establish the degree of compliance of UETCL's procurement and disposal system and processes with the provisions of

the PPDA Act, Cap 205, and the PPDA Regulations, 2014 and to assess the level of procurement performance over the audit period.

The specific objectives of the audit of the Uganda Electricity Transmission Company Limited (UETCL) were to assess the level of compliance with the PPDA Act, Cap 205, and PPDA Regulations, 2014 in:

- i. The conduct of procurement activities for FY 2022/2023;
- ii. The conduct of disposal activities for FY 2022/2023;
- iii. Contract implementation including the application of Environmental, Social, Health, and Safety (ESHS) requirements where applicable; and
- iv. The management of the National Development Plan (NDP III) projects.

1.4 Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues, and contract implementation of the thirteen transactions under Financial Year 2022/23 contained in **Annex B**.

1.5 Audit Methodology

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

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on **26th June 2024** before the auditors could embark on the preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on **3rd July 2024** with a request to submit a management response by **9th July 2024**, which was submitted on **22nd July 2024**. The exit meeting was held on **22nd July 2024** at PPDA Head Office, PPDA-URF Tower, Nakasero Road, Kampala.

On completion of data collection and before writing the report, the Audit Manager reviewed the working papers for completeness. The working papers contain a detailed chronology of findings on each of the sampled transactions. The audit report presents the key findings and conclusions arising from the audit.

CHAPTER 2: AUDIT FINDINGS

2.1 Compliance with the PPDA Act, Cap 205 and PPDA Regulations, 2014 in the conduct of procurement activities in FY 2022/2023

Procuring and Disposing Entities are required to apply the public procurement and disposal rules set out in the PPDA Act, Cap 205, Regulations, 2014, and Guidelines, 2014. The following areas of non-compliance were noted during the audit:

2.1.1 Procurement planning and procurement plan management

2.1.1.1 Procurement Plan Implementation

The Authority assessed the Entity's procurement plan for the FY 2022-23. Table 2 below details information about the plan and its implementation as provided by the Entity. The procurement plan implementation rate was 46% with a variance of UGX 656,543,213,579.02.

Table 2: Procurement plan implementation

<i>Analysis of procurement spend</i>	
Total procurement budget/plan value inclusive VAT (UGX)	1,205,715,672,337
Total procurement spend value inclusive VAT (UGX)	549,172,458,757.98
Procurement plan implementation (%)	46%
Budget Variance (UGX)	656,543,213,579.02

Risk implication

Procurements worth UGX 656,543,213,579.02 (54%) were not implemented which deprived service delivery to the intended beneficiaries.

Management Response

Management would like to clarify that the updated annual consolidated procurement plan as at the end of the Financial Year 2022-2023 was valued UGX 1,205,715,672,337 and the awarded contracts were valued at UGX 549,172,458,757.98 representing 46% of the total procurement plan. The uncompleted procurements were rolled over to Financial Year 2023-2024.

Recommendation

The Authority acknowledges the Entity's response and the observation updated the audit finding as indicated in Table 2 above. The Accounting Officer is recommended to ensure that the procurement plan is regularly reviewed, updated and a copy submitted to the Authority in accordance with Section 60 (7) and (8) of the PPDA Act, Cap 205.

2.1.2 Failure to follow planned timelines

The procurement process for completing the pending 34.7 km of the Tororo – Lira 132KV Transmission Line by Kalpataru Projects International Ltd valued at USD 5,359,246 and UGX 8,226,614,019, had the bid invitation date scheduled for 13th February 2023 in the procurement plan. However, the User Department raised the procurement requisition (PP Form 5) on 8th

February 2023, PDU submitted the request for approval of the procurement method and bidding document to the Contract Committee (CC) on 10th May 2023, and received CC approval of the method and the bidding document on 22nd May 2023. The Entity invited bidders on 24th May 2023, resulting in a three-month delay from the planned date.

Risk implication

Delays in the procurement process create lengthy lead times which consequently impede timely service delivery.

Management response

After initiation of the procurement, it was reviewed and established that the statement of requirements prepared needed to be improved. This being completion works (34km out of over 260km), it required further site visits to establish additional information and thus the cited delay. Management takes note of the audit observations and shall ensure that the User Departments initiate procurements with detailed statement of requirement and in a timely manner.

Recommendation

The Authority takes note of the Entity's response and recommends that,

- User Departments must ensure that the technical inputs for procurement requirements in the statements of requirements are thorough and accurately reflect the intended needs in accordance with Section 36 (1) (c) of the PPDA Act, Cap 205 early enough so as to promote efficiency in the procurement process.
- The Entity should not commence a procurement process for an item whose Statement of Requirements are incomplete.

2.1.3 Inadequate needs assessment and development of the statement of requirements

There was an inadequate needs assessment in the completion of the pending 34.7 km Tororo – Lira 132kV Transmission Line by Kalpataru Projects International Ltd, valued at USD 5,359,246 and UGX 8,226,614,019 inclusive of all taxes. The User Department did not conduct a comprehensive assessment to come up with the Bills of Quantities (BoQs) and as a result, crucial elements such as mobilization, demobilization, and soil investigation due to changes in the corridor and site requirements were not catered for in the original BoQs. These items were later added to the bidder's BoQs as items L (Site mobilization), M (General works), and N (foundations).

Risk implication

Inappropriate needs assessment can result into increased costs that exceed allocated budgets thus potentially leading to domestic arrears.

Management response

Initially, the understanding was that the required Contractor's equipment and resources were already mobilised in country and thus the mobilisation cost would be avoided. However, when

the Bidding Document was issued to the Bidder, the returned Bid Price included these items. Detailed technical discussions were held with contractor and the Contractor indicated that the equipment was out of the country and costs such as mobilisation, soil investigations, demobilisation could not be avoided. However, Management takes note of the audit observation and shall continuously ensure that User Departments conducts adequate needs assessment in order to prepare a sufficient statement of requirements.

Recommendation

The Authority acknowledges the Entity's response and recommends that; User Departments should conduct adequate needs assessment and produce a report that would guide in preparation of adequate Statements of Requirements in accordance with Regulation 37 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.4 Procurement process delays

Section 51 of the PPDA Act, Cap 205, states that *"All procurement and disposal shall be conducted in a manner which promotes economy, efficiency, and value for money."* Table 3 below provides details of procurement process delays at various stages.

Table 3: Delayed procurements at the different stages

S/N	Subject of procurement	Issues noted	Management response
1.	Provision of Way Leaves Demarcation along Hoima-Nkenda 220 Kv Transmission Line UETCL/Works/22-23/00145 ODB Geosam & Josh Consulting Engineers and Contractors UGX 2,199,527,316	<ul style="list-style-type: none"> • Delayed PDU's submission of the method and bidding document to the CC for approval. Whereas the Accounting Officer approved the procurement on 29th June 2022, the PDU's submission to CC for approval of procurement method and bidding document was on 24th August 2022 creating a delay of two months. • Delayed evaluation; Whereas bids were opened on 19th October 2022, evaluation was concluded on 17th February 2023. This implies that evaluation lasted for four months. 	<p><i>Management takes note of the delays and is committed to improve on the timelines.</i></p> <p><i>The delay was encountered because the statement of requirement (specifications and Bills of Quantities) needed review for completeness before submission to contract committee for approval.</i></p> <p><i>Management takes note of this and improvements have been already instituted. Before approval of evaluation committees, the Heads of Departments confirm availability of the staff and formal letters issued to the evaluators and timelines tracked.</i></p> <p><i>There was a delay in</i></p>

S/N	Subject of procurement	Issues noted	Management response
			<p>concluding the evaluation because it involved doing a first evaluation that was concluded on 9th December 2022. Due diligence letters on 1st ranked bidder- JUCO were sent to Entities on 19/12/2022 and responses received on 4th and 6th January, 2023 with compelling results.</p> <p>The Evaluation Committee re-convened and conducted another evaluation on the 2nd ranked bidder- GEOSAM and Due Diligence letters were sent on 25/01/2023 and responses received on 27th and 30th January 2023. As a result, the evaluation was completed on 14th February 2023.</p>
2.	<p>Lot 2: Design, Manufacture, Supply, Installation, Testing, and Commissioning of 40/MVA 132KV variable shunt reactor at Fort portal and 20 MVAR Variable shunt reactor at Hoima Substation power transformer at Nkenda Substation UETCL/SUPLS/21-22/00154 Siemens Energy Pty Ltd UGX 10,188,459,861 inclusive of all taxes. Restricted International Bidding</p>	<ul style="list-style-type: none"> • Delay by CC to approval the Evaluation Committee. The submission was made on 12th October 2022 and approval was given on 10th November 2022 i.e. 29 days later. • Delay to commence evaluation. Whereas bid closure was on 12th October 2022, evaluation commenced on 19th January, 2023 creating unnecessary delay of three months. • Delay to submit the draft contract to Solicitor General for approval; Whereas the Contracts Committee approved the 	<p>Management takes note of this and will implement the recommendations to improve the timelines.</p>

S/N	Subject of procurement	Issues noted	Management response
		<p>award decision on 26th June 2023 and NoBEB expired on 13th July 2023, the letter to Solicitor General (SG) seeking clearance was sent on 31st August 2023 i.e. one month and 18 days later.</p> <ul style="list-style-type: none"> • Delayed contract signing; SG approved the Contract on 31st August 2023, and the contract was signed on 15th December 2023 creating a delay of three and a half months. 	
3.	<p>Design, supply, installation, testing, and commissioning of comprehensive substation fire detection and suppression system from Mutundwe substation – Retender UETCL/SUPLS/21-22/00629 IET (U) Ltd UGX 5,202,274,411 inclusive of all taxes.</p>	<ul style="list-style-type: none"> • Delay in confirming availability of funds by the Accounting Officer. The procurement was initiated on 18th February 2021 and the Accounting Officer confirmed funding on 3rd September 2021 i.e. six months later. • Delayed publication of the advert. The procurement was approved by CC on 23rd May 2022 and the advert was published on 30th June 2022 i.e. one month later. • Delay by the CC to approve the Evaluation Committee. The bid closing date was 31st August 2022, however, the CC approved the Evaluation Committee on 22nd September 2022 i.e. three weeks later. 	<p><i>During the same period, the Entity was undertaking similar interventions on 2 other substations and it required confirming actual commitments before confirmation of the funds.</i></p> <p><i>Delayed publication of the advert; Funds for running the advert had to be confirmed and a Local Purchase Ordered processed and issued out before the advert was to be published. Attached are documents related to confirmation of Funds for the advert.</i></p> <p><i>This has been noted and Management will improve on this.</i></p> <p><i>Attached are the relevant documents. (Submission to CC and approval of CC of</i></p>

S/N	Subject of procurement	Issues noted	Management response
			<i>the Evaluation Committee)</i>
6.	Engineering, Procurement, and Construction (EPC) project of the Kampala Metropolitan Transmission System covering Mukono, Bujagali, Mutundwe, Kawaala (Namungoona), and Buloba Lot 1 & 2 estimated at JPY 11,191,000,000	The procurement process took two years from the initial requisition by the User Department on 12 th July 2021 to the contract signing date on 7 th August 2023.	<p><i>Management noted the delay which were occasioned by the following;</i></p> <ol style="list-style-type: none"> <i>1. Eight Months review of the voluminous Bidding document by the both the Consultant and the funder.</i> <i>2. Four Months tendering which was characterized by many clarifications sent by potential Bidders and 3 Addenda for time extensions and amendments were issued on that effect.</i> <i>3. Two Months Evaluation were there was the two-stage envelope evaluation; Technical evaluation and Price bid evaluation under JICA guidelines.</i> <i>4. Henceforth the EPC project is covering the Metropolitan infrastructure development of Kampala with a wide scope being the urban area which is densely populated, many challenges were experienced at preparation of the Bidding documents and reviewing as safety was a key factor</i> <i>5. Two months' delay at SG to obtain clearance, the contract was submitted on 11/05/2023 and cleared on 12/07/2023</i>
7.	Way Leaves	The draft contract was cleared	<i>Management takes note of</i>

S/N	Subject of procurement	Issues noted	Management response
	Demarcation along the Hoima-Nkenda 220 Kv Transmission Line, awarded to Geosam & Josh Consulting Engineers and Contractors for UGX 2,199,527,316,	by the Solicitor General on 17 th May 2023, however, the contract was on 22 nd September 2023 i.e four months later, on 22 nd September 2023.	<i>the audit observations and wishes to provide response/clarifications as follows: The contract was cleared by SG on 17th May 2023. Considering that the contract value was above Board threshold (UGX 300,000,000), this required their approval which is a two staged (UETCL Finance Administration Committee, then Full Board). The Full Board approved the expenditure and award on 11th August 2023 and the thereafter the contract was compiled and forwarded to the contractor for signing.</i>

Risk implication

Delays in the procurement process significantly extend the overall project timeline, postponing the delivery of critical services or infrastructure which adversely affects various stakeholders and beneficiaries, thereby undermining the principle of efficiency as stated under 46 (e) and 51 of the PPDA Act, Cap 205.

Recommendation

The Authority notes the Entity's response and recommends that the Accounting Officer should put in place a mechanism of eliminating delays in the procurement processes so as to promote economy, efficiency and value for money in accordance with Section 51 of the PPDA Act, Cap 205.

2.2 Compliance with the PPDA Act, Cap 205 and PPDA Regulations, 2014 in the conduct of disposal activities for FY 2021/2022 & 2022/2023

2.2.1 Failure to conduct asset disposal

Regulation 2 of the PPDA (Disposal) Regulations, 2014 provided that; an Accounting Officer, in each financial year, must review the public assets of a Procuring and Disposing Entity to identify assets to be disposed of in the following year.

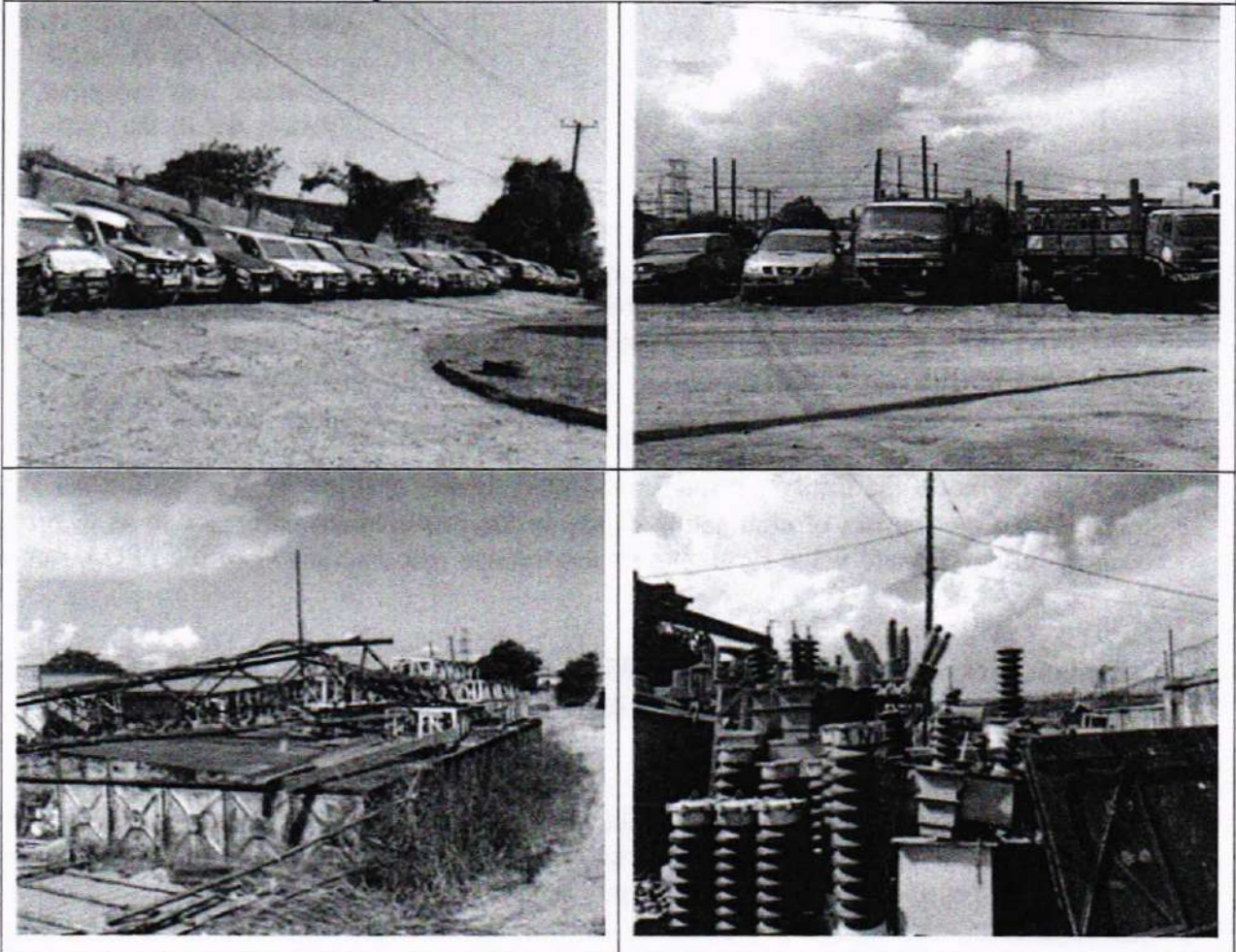
Previously, the Entity conducted disposal of used items for FY 2021/2022, generating proceeds amounting to UGX 372,087,502 from the sale of 17 motor vehicles, 9 motorcycles, 140 pieces of furniture and fittings, and communication equipment (4 generators).

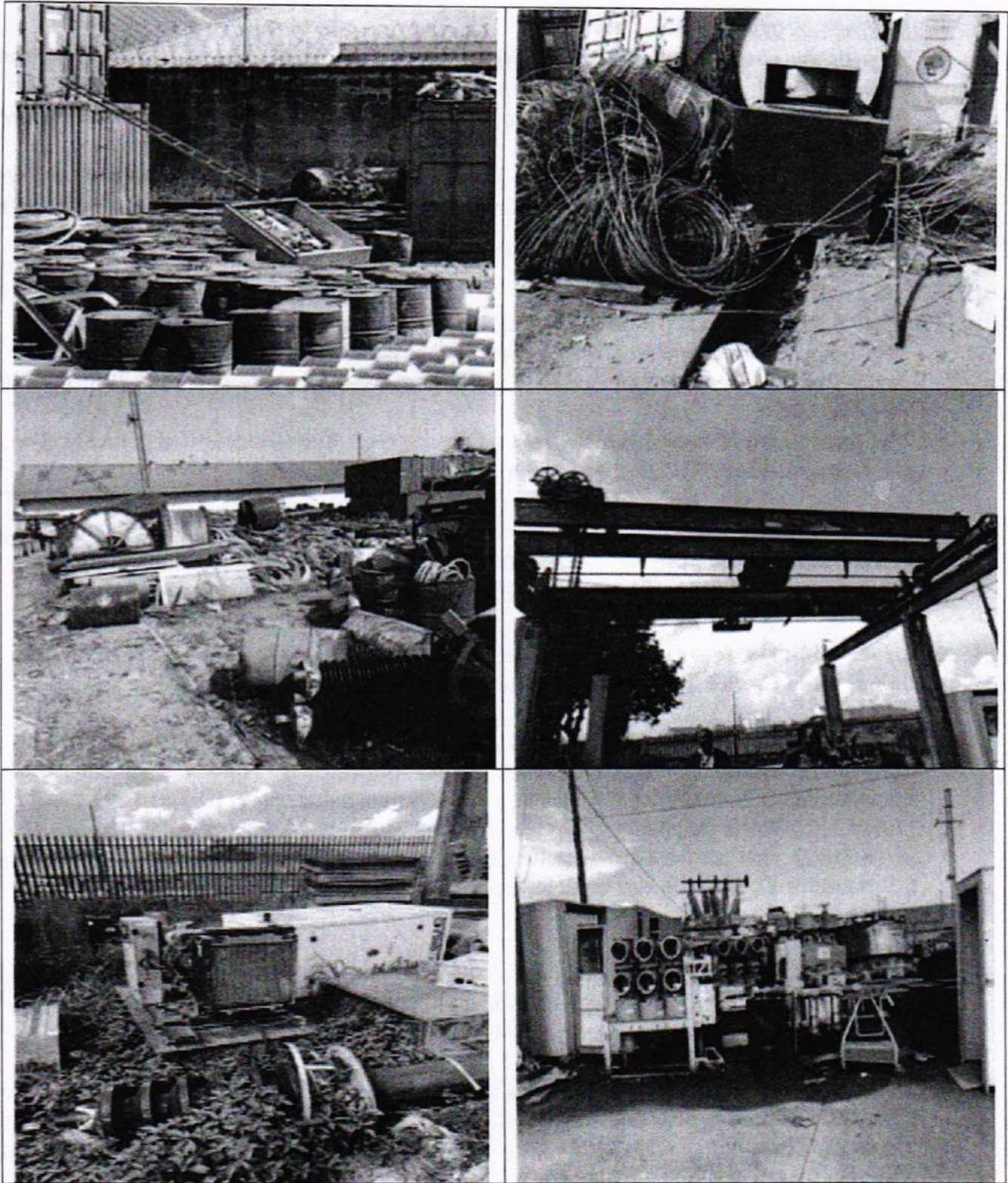
However, during physical verification in June 2024, several items were found lying idle and depreciating at the Entity's storage yard at Lugogo. Many of these items had been there for years but were neither included in the previous Board of Survey report nor planned for disposal in FY 2022/2023. Among these items were old storage containers for transformer oils, which pose an environmental hazard as they emit dangerous chemicals when exposed to excessive heat, posing a health risk to surrounding communities. Despite this, no initiatives were undertaken to dispose of the assets.

The Authority further revealed that although UETCL had numerous items due for disposal in FY 2022/2023, the Head of the Procurement and Disposal Unit did not prepare the Entity's disposal plan for FY 2022/2023 contrary to Section 60 (2) of the PPDA Act, Cap 205. The images in Table 4 below show some of the Entity's assets that were not disposed of:

Table 4: Entity assets that were not disposed of

Photos of assets due for disposal





Risk Implications

- The assets are deteriorating further and the Entity may not obtain value from their sale.
- Failure to dispose of the old storage containers for transformer oils in a timely manner can result in environmental hazards, and health risks to the surrounding communities.

Management response

- *Management has set up a Board of Survey that includes staff from the Chief Government Valuer (CGV) and The Chief Mechanical Engineer (CME), Ministry of Works & Transport to offer technical support to UETCL in order to determine the reserve price of the assets to be disposed.*
- *The valuation exercise started on July 1st 2024 and is expected to be completed by 31st July, 2024 and disposal plan will be prepared and process undertaken within Q1-Q2 of this Financial Year.*

Recommendations

The Authority takes note of the Entity's progress on disposal and recommends as follows;

- The Head Procurement and Disposal Unit should plan for all assets that were recommended in the Board of Survey report in the disposal plan according to Section 60 (2) of the PPDA Act, Cap 205.
- The Accounting Officer should ensure that the disposal of assets identified is finalized within the Financial Year 2024/2025 and a report issued to the Authority.

2.3 Efficiency and effectiveness in contract implementation of the procurement and disposal activities undertaken in FY 2021/2022 & 2022/2023 including the application of Environmental, Social, Health, and Social safeguards (ESHS) where applicable.

2.3.1 Contract audit on the Engineering Procurement and Construction of 132Kv Mirama - Kabale Double Circuit Transmission Line & Associated Substation

- i. The contract for Lot 1 (transmission line) was signed on February 18, 2020, with the Consortium consisting of CCC International Engineering Nigeria Ltd and Guangxi Transmission & Substation Co. Ltd. The contract's total value was USD 7,510,398.7 and UGX 11,610,711,134.97. Originally, the project was scheduled to commence on 8th June 2020, with an 18-month contract duration, targeting completion by 8th December 2021. However, due to the impact of COVID-19, two contract extensions were granted amending the completion date to June 30, 2024.

As of April 2024, the overall progress of the Mirama-Kabale transmission line construction was reported at 78.4%, indicating a significant likelihood of further delays since the remaining physical progress of works is 21.6% against the remaining 27.8% of time.

- ii. The contract for Lot 2 (Substations) was signed on 30th November 2022, with a total value of USD 8,619,182.60, EUR 1,957,092.30, and UGX 10,231,662,289. The project commenced on March 21, 2023, with a scheduled completion date of 21st September 2024. As of April 2024, with less than five months remaining to the contract's expiration, the overall progress of the Mirama-Kabale substations stood at 41.3%. This indicated a delay in the progress of works against the time allocated.

Risk Implication

Delays in contract implementation impede projects from achieving timely and effective completion, thereby increasing the risk of escalated costs.

Management response

The current contracts, for the transmission line is at 86% and the substation at 71% and they are both expected to be completed by the end of September 2024. The loan is expiring on 14/10/2024 and the contracts are being considered for extension up to 14th October, 2024. The assessment of the activities that are likely to remain pending after loan closure has been undertaken. Several engagements have been made between the Entity, the Funder and the providers with a view of completing all the Engineering, Procurement and Construction activities and what is likely to remain outstanding after loan expire (October 14th, 2024) may be undertaken by issuing of Guarantees after approval of all stakeholders.

Recommendation

The Authority takes note of the Entity's response and recommends the Accounting Officer through the Contract Management Team to closely supervise and monitor the project to ensure that key project activities (Engineering, Procurement and Construction) reach substantial completion before project closure in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTIT

3.0 This Section presents the scores per area assessed under different audit risk computation

Overall Performance Audit Conclusion

The performance of the Uganda Electricity Transmission Company Ltd for the performance audit of FY 2022/2023 was **satisfactory** with an overall weighted average risk rating of **29%**. The risk rating is as shown in Table 5 below:

Table 5: Risk Rating

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

3.1 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:

3.2 Risk Computation

Table 6: Risk Computation

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	7	58	478,082,478,223	56	0.3	18	17
Low	0	0	0	0	0.1	0	0
Satisfactory	5	42	377,861,353,084	44	0	0	0
Total	12	100	855,943,831,308	100	1	18	17

NB: The assessment in Table 6 above is on 12 procurements transactions which include nine completed procurements and three contract audits. The review of the NDP III project was not rated.

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{18 \times 100}{60} = 30\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score} \times 100}{60} = \frac{17 \times 100}{60} = 28\%$$

$$\text{The average weighted risk rating} = \frac{30 + 28}{2} = 29\%$$

3.3 Chart Representation of Risk Rating

Figure 1: Chart Representation of Risk Rating by Number

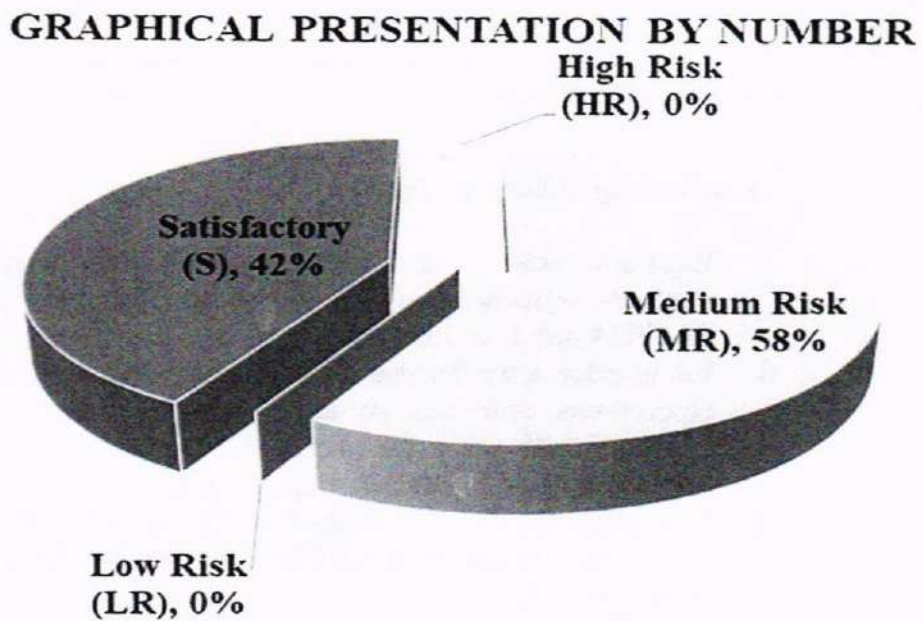
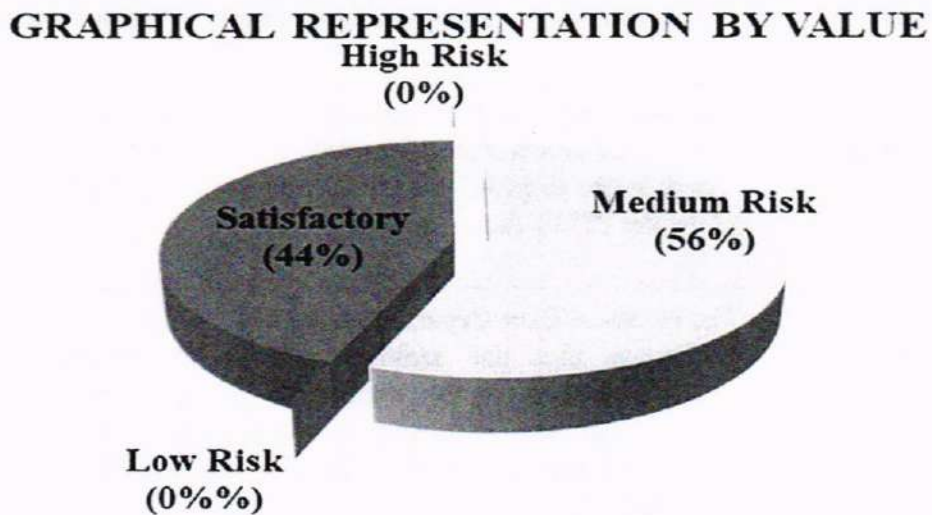


Figure 2: Chart Representation of Risk Rating by Value



UETCL should implement the recommended action plan on page 16.

3.4 Recommended Action Plan

UETCL should implement the following recommendations in Table 6 below within the timeframe given in order to improve its performance in Procurement and Disposal.

Table 6: Action plan

Origin	Recommended Action	Time frame for implementation
Accounting Officer	<p>The Accounting Officer should;</p> <ul style="list-style-type: none"> i. Regularly review, update and a copy submitted to the Authority in accordance with Section 60 (7) and (8) of the PPDA Act, Cap 205; ii. Put in place a mechanism of eliminating delays in the procurement processes so as to promote economy, efficiency and value for money in accordance with Section 51 of the PPDA Act, Cap 205; and iii. Ensure that the disposal of assets identified is finalized within the Financial Year 2024/2025 and a report issued to the Authority. iv. Through the Contract Management Team closely supervise and monitor the project to ensure that key project activities (Engineering, Procurement and Construction) are substantially completed before project closure. 	<p>Continuous</p> <p>Immediate</p> <p>30th June 2025</p>
Head of the Procurement and Disposal Unit	<p>1. The Head of the Procurement and Disposal Unit must include all assets recommended in the Board of Survey report in the disposal plan, in accordance with Section 60 (2) of the PPDA Act, Cap 205.</p>	<p>30th September 2024</p>
User Departments	<p>2. The Heads of User Departments should;</p> <ul style="list-style-type: none"> i. Ensure that the technical inputs for procurement requirements in the statements of requirements are thorough and accurately reflect the intended needs in accordance with Section 36 (1) () of the PPDA Act, Cap 205; ii. Not commence a procurement process for an item with incomplete Statement of Requirements; and iii. Conduct adequate needs assessment and produce a report that would guide in preparation of adequate Statements of Requirements in accordance with Regulation 37 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. 	<p>Continuous</p> <p>Immediate</p> <p>Immediate</p>

ANNEX A: CASE BY CASE ANALYSIS

MEDIUM RISK PROCUREMENTS

S/N	Procurement details	Reasons for medium risk
1.	<p>Completion works of 17km TX Line from Tororo to Mbale Section of 132kV Line Provider: Kalpataru Projects International Ltd Contract value: UGX 28,166,834,219</p>	<ul style="list-style-type: none"> Inadequate needs assessment and development of the statement of requirements by the User Department resulting in non-inclusion of crucial elements such as mobilization, demobilization, and soil investigation due to changes in the corridor and site requirements in the original BoQs. These items were later added to the bidder's BoQs. Failure to follow planned timelines resulting in a delay of three-months to invite bidders.
2.	<p>Provision of Way Leaves Demarcation along Hoima-Nkenda 220 Kv Transmission Line UETCL/Works/22-23/00145 ODB Geosam & Josh Consulting Engineers and Contractors UGX 2,199,527,316</p>	<ul style="list-style-type: none"> Delayed PDU submission of the method and bidding document to the CC for approval creating a delay of two months. Delayed evaluation; Whereas bids were opened on 19th October 2022, evaluation was concluded in four months later. Delayed contract signature; the draft contract was cleared by the Solicitor General on 17th May 2023, however, the contract was not signed until six months later.
3.	<p>Lot 2: Design, Manufacture, Supply, Installation, Testing, and Commissioning of 40/MVA 132KV variable shunt reactor at Fort portal and 20 MVAR Variable shunt reactor at Hoima Substation power transformer at Nkenda Substation UETCL/SUPLS/21-22/00154 Siemens Energy Pty Ltd UGX 10,188,459,861 inclusive of all taxes. Restricted International Bidding</p>	<ul style="list-style-type: none"> Delay in CC approval for the Evaluation Committee; as the bids were submitted on 12th October 2022 and approval was given on 10th November 2022 i.e. 29 days later. Delay to commence evaluation; bid closing date was 12th October 2022 but evaluation commenced three months later. Delay to submit the draft contract to SG for approval after expiry of the NoBEB on 13th July 2023, the letter to Solicitor General (SG) seeking clearance was sent on 31st August 2023 i.e. one month & 18 days later. Delayed contract signing; SG approved the Contract on 31st August 2023, and the contract was signed three and a half months later.
4.	<p>Design, supply, installation, testing, and commissioning of comprehensive substation fire detection and suppression system from Mutundwe substation – Retender UETCL/SUPLS/21-22/00629</p>	<ul style="list-style-type: none"> Delay in confirming the availability of funds by the Accounting Officer. The procurement was initiated on 18th February 2021 and the Accounting Officer confirmed funding on 3rd September 2021 i.e six months later.

S/N	Procurement details	Reasons for medium risk
	IET (U) Ltd UGX 5,202,274,411 inclusive of all taxes.	<ul style="list-style-type: none"> • Delayed publication of the advert as the procurement was approved by CC on 23rd May 2022 and the advert was published over one month later. • Delay by the CC to approve the Evaluation Committee, the bid closing date was 31st August 2022, however, the CC approved the Committee on 22nd September 2022 i.e., three weeks later, and the evaluation was concluded two months and 20 days later.
5.	<p>Lot 1; EPC project of the Kampala Metropolitan Transmission System covering Mukono, Bujagali, Mutundwe, Kawaala (Namungoona), and Buloba</p> <p>Contract Amount Provider; The consortium of Toyota Tsusho Corporation & China Machinery Corporation</p> <p>Contract value; USD 28,086,850.41 & UGX 23,164,826,112 exclusive of vat. VAT= USD 1,031,840.21 & UGX 4,005,079,940</p>	The procurement process took two years from the initial requisition by the User Department on 12 th July 2021 to the contract signing on 7 th August 2023.
6.	<p>Lot 2; EPC project of the Kampala Metropolitan Transmission System covering Mukono, Bujagali, Mutundwe, Kawaala (Namungoona), and Buloba</p> <p>Provider; The consortium of Toyota Tsusho Corporation & China Machinery Corporation</p> <p>Contract value; USD 45,594,170.03 & UGX 27,659,016,429 exclusive of VAT & VAT of USD 1,220,806.27 & UGX 4,696,503,964</p>	The procurement process took two years from the initial requisition by the User Department on 12 th July 2021 to the contract signing on 7 th August 2023.
7.	<p>Contract audit on the Engineering Procurement and Construction of 132Kv Mirama - Kabale Double Circuit Transmission Line & Associated Substation</p> <p>Provider: The consortium consisting of CCC International Engineering Nigeria Ltd and Guangxi Transmission & Substation Co. Ltd.</p> <p>Contract value: Lot 1; USD</p>	<ul style="list-style-type: none"> • Delayed contract implementation; <ul style="list-style-type: none"> i. Lot 1 (transmission line); As of April 2024, with two months remaining to the new contract completion date, the overall progress of the Mirama-Kabale transmission line construction was reported at 78.4%, indicating a significant likelihood of further delays since the remaining physical progress of works is 21.6% against the remaining 27.8% of time.

S/N	Procurement details	Reasons for medium risk
	7,510,398.7 and UGX 11,610,711,134.97 Lot 2; USD 8,619,182.60, EUR 1,957,092.30, and UGX 10,231,662,289.	ii. Lot 2 (Substations); As of April 2024, with less than five months remaining to the contract's expiration, the overall progress of the Mirama-Kabale substations stood at 41.3%. This indicates a delay in the progress of works against the time allocated.

SATISFACTORY PROCUREMENTS

S/N	Procurement details	Amount (UGX)
1.	Grid Expansion and Reinforcement Project (GERP) Lot 1(Kole-Gulu-Nebbi-Arua transmission line Lot 2 (Substation at Gulu, switching station at Kole, and 33kv distribution lines interconnectors from Gulu substation), and Lot 3 (Supply and installation of new 132kv/33kv substation at Nebbi and Arua with associated 33kv distribution lines from Nebbi and Arua) Provider: Lot 1 (transmission line) KEC International Ltd, Lot 2 (substation) JV of AVIC International Holding Corporation, Lot 3 (substation) AVIC International Holding Corporation,	Lot 1; USD 18,076,370.29 UGX 14,760,605,023 Lot 2; USD 13,507,678.78, UGX 2,323,328,985.56 Lot 3; USD 14,429,975.73, UGX 2,520,176,157.33
2.	Construction of the proposed office building for UETCL at 3 rd Street, Lugogo Industrial Area Provider: SMS Construction Ltd	UGX 164,953,009,561
3.	Consultancy services for RAP implementation for Industrial parks & free trade zone areas (Kapeeka- Mbale, Sukulu, Wobulenzi, Kaweweta, & Nakasongola) UETCL/CONS/2020-2021/00574 Method: EOI Provider: Mituland Company in JV with GMT Consults Ltd	UGX 1,396,332,000
4.	SCADA/EMS System Upgrade II UETCL/SUPLS/21-22/00139 Provider: Hitachi AB Sweden	USD 1,867,374
5.	Lot 3; Supply delivery testing and commissioning of a mobile sub station 25mva -132/33-11kv and related accessories under JICA UETCL/SUPPLIES/2021-2022/01570 Method: International competitive bidding Provider: PT Elsewedy Electric Indonesia of Menera Permia Industrial Estate KAV.10, JL Raya Narogong	USD 3,627,152.31

ANNEX B: TRANSACTION LIST AND RATING PER CASE

	Reference Number	Subject of Procurement	Method	Provider	Amount (UGX)	Risk rating
1.	UETCL/SUPLS/ 2022-23/00130	SCADA/EMS System Upgrade Phase II	Direct	Hitachi Energy Sweden AB	6,984,987,141.96	Satisfactory
2.	UETCL/CONS/ 2020-2021/00574	Consultancy Services for RAP Implementation for Industrial Parks & Free Trade Zone Areas (Kapeeka, Mbale, Sukulu, Wobulenzi, Kaweweta & Nakasongola)	EOI	Mituland Company in JV with GMT Consults Ltd	1,396,332,000	Satisfactory
3.	UETCL SUPLS/2020-2021 00036/1	Supply Delivery, Testing, and Commissioning of Two (2) Mobile Stations 25mva - 132/33-11kv and Related Accessories under JICA	ODB	PT Elsewedy Electric Indonesia of Menera Permai Industrial Estate KAV. 10, JL Raya Narogong	USD; 3,680,000	Satisfactory
4.	UETCL /SUPLS/ 2021-2022/00629	Design, Supply, Installation, Testing, and Commissioning of a Comprehensive Fire Detection and Suppression System for Mutundwe Substation — Re-tender	ODB	International Energy Technik (U) Ltd	5,202,274,411	Medium
5.	UETCL/WORKS/2021-2022/00022/1	Kampala Metropolitan Transmission System Improvement Project: Procurement of Electrical and Mechanical Plant and for Building and Engineering Works, designed by the Contractor, Lot 1: Construction of Buloba Substation and Associated Transmission Lines and Upgrading	OIB	Consortium of Toyota Tsusho Corporation and China Machinery Engineering Corporation	111,633,140,777.36	Medium

	Reference Number	Subject of Procurement	Method	Provider	Amount (UGX)	Risk rating
		of Mutundwe and Bujagali Substations				
6.	UETCL/WORKS/2021-2022/00022/2	Lot 1; Procurement of Electrical & Mechanical Plant & for Building & Engineering Works, designed by the Contractor, Lot 2: Construction of New Mukono Substation & Associated Transmission Lines, Upgrading of Kawaala Substation & Re-conductoring Works	OIB	Consortium of Toyota Tsusho Corporation and China Machinery Engineering Corporation	174,625,598,936.35	Medium
7.	UETCL/SUPLS/ 2021-22/00154	LOT 2 20MV Ar Variable Shunt Reactor for Hoima & 40MVAR Variable Shunt for Fort Portal SS	Restricted	Siemens Energy (Pty) Ltd	10,188,459,861	Medium
8.	UETCL/SUPLS/ 2022-23/00106	Completion works of 17km TX Line from Tororo to Mbale Section of 132kV Line	ODB	Kalpataru Projects International Ltd	28,166,834,219	Medium
9.	UETCL/WRKS/22-23/00145	Provision of way – leaves demarcation along Hoima – Nkenda 220 KV Transmission line	ODB	Geosam & Josh consulting Engineers and Contractors	2,199,527,316	Medium
TOTAL					410,060,250,075.29	

CONTRACT AUDITS

	Reference Number	Subject of Procurement	Method	Provider	Amount (UGX)	Risk rating
1.	UETCL/WORKS/2022- 2023/00596	Construction of the Proposed UETCL Office Building	Direct	SMS Construction Ltd	164,953,009,561	Satisfactory
2.	UETCL/WORKS/ 2016/00003/1	Engineering Procurement and Construction of 132Kv Mirama - Kabale Double Circuit	OIB	The consortium consisting of CCC International Engineering Nigeria	Lot 1; USD 7,510,398.7 and UGX	Medium

	Reference Number	Subject of Procurement	Method	Provider	Amount (UGX)	Risk rating
		Transmission Line & Associated Substation		Ltd and Guangxi Transmission & Substation Co. Ltd.	11,610,711,134.97 Lot 2; USD 8,619,182.60, EUR 1,957,092.30 & UGX 10,231,662,289.	
3.	UETCL/WRKS/2017-2018/00001	Grid Expansion and Reinforcement Project (GERP) Lot 1(Kole-Gulu-Nebbi-Arua transmission line, Lot 2 (Substation at Gulu, switching station at Kole, and 33kv distribution lines interconnectors from Gulu substation), & Lot 3 (Supply and installation of new 132kv/33kv substation at Nebbi and Arua with associated 33kv distribution lines from Nebbi and Arua)	OIB	Lot 1 (transmission line) KEC International Ltd, Lot 2 (substation) JV of AVIC International Holding Corporation, Lot 3 (substation) AVIC International Holding Corporation,	Lot 1; USD 18,076,370.29 UGX 14,760,605,023 Lot 2; USD 13,507,678.78, UGX 2,323,328,985.56 Lot 3; USD 14,429,975.73, UGX 2,520,176,157.33	Satisfactory
				Total	445,883,581,232.3	

NDP III PROJECT

S/N	Reference Number	Subject of Procurement	Method	Provider	Amount (UGX)
1.	UETCL/WORKS/2016/00017	Design, supply, installation, testing, and commissioning of GULU-AGAGO HPP 132Kv Overhead Transmission Line and Associated 132/33kv substations Financier; KFW Kreditanstalt für Wiederaufbau; LOT A (substations) LOT B (Transmission line)	OIB	LOT A (substations); Larsen and Tourbro Ltd (India) LOT B (Transmission line); KEC International Ltd (India)	LOT A (substations); USD 8,222,358.6 & UGX 13,799,707,886 LOT B (Transmission line); USD 11,793,637.3 & UGX 12,074,236,202

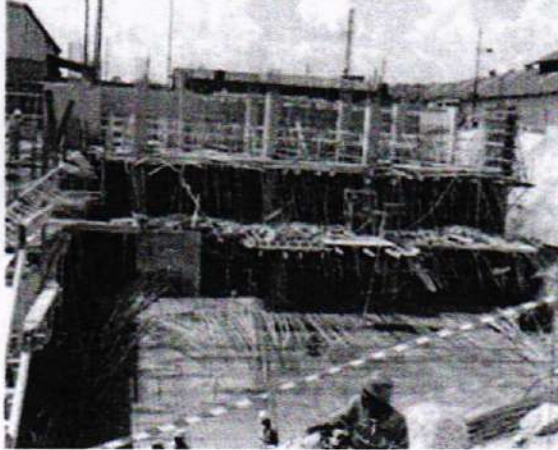
ANNEX C PHYSICAL VERIFICATION

Construction of the Proposed UETCL Office Building

Direct procurement method

SMS Construction Ltd

UGX 164,953,009,561



Ongoing works on Basement 1, 2, & 3



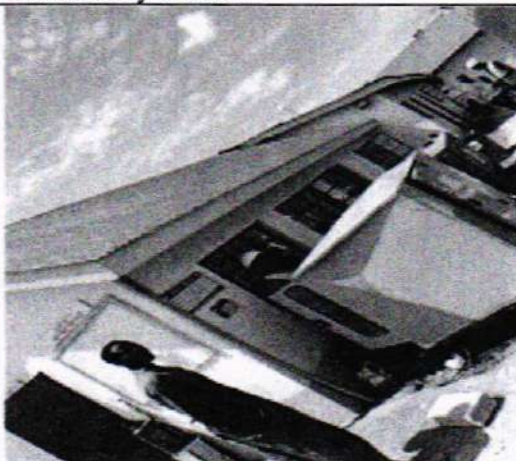
Casting Basement 3



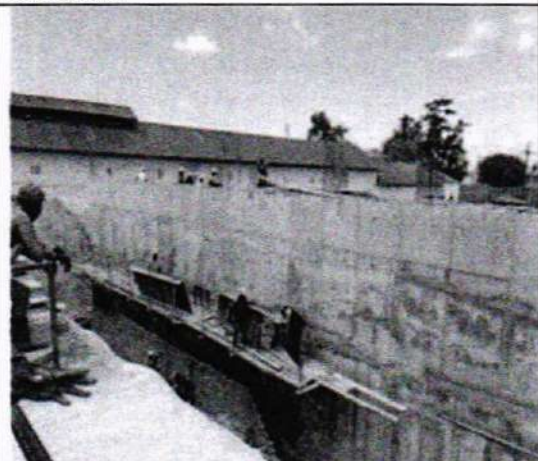
Site security office



Site store



Site office



RC Retaining wall works



Ongoing works of construction of a large retaining wall. The wall structure is supported by scaffolding and wooden formwork.



Temporary office block

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 a risk to 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 the 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 the use of less competitive methods which affects transparency, accountability, and value for money.
		Evaluation: 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 an award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation documents, submitted bids, evaluation report, and contracts.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	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.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and a 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.

