



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

"Procurement That Delivers"

**REPORT THE COMPLIANCE AUDIT OF UGANDA INDUSTRIAL
RESEARCH INSTITUTE FOR THE FINANCIAL YEAR 2022/2023**

AUGUST 2024

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ACRONYMS

CC	Contracts Committee
FY	Financial Year
LPO	Local Purchase Order
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings
UIRI	Uganda Industrial Research Institute

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EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (hereinafter “PPDA or Authority”) carried out the compliance audit of Uganda Industrial Research Institute (hereinafter “UIRI or Entity”) that covered representative sample of ten procurement transactions during the Financial Year (FY) 2022/2023.

The overall objective of the compliance audit was to ensure that public procurement and disposal activities of Uganda Industrial Research Institute were conducted in accordance with the laid down public procurement procedures enshrined in the PPDA Act Cap. 205, the PPDA Regulations, 2014 and the PPDA Guidelines, 2014.

From the findings of the compliance audit, the performance of UIRI during the FY 2022/2023 was **unsatisfactory** with overall weighted average risk rating of **100%**. The risk rating was weighted to determine the overall risk level of UIRI as detailed in Chapter 3 of this compliance audit report.

The Authority attributed UIRI’s unsatisfactory performance to the following key exception findings:

1. Failure to fully implement 73% of the Authority’s recommendations from the compliance audit of FY 2021/22 which indicated weak internal control mechanisms.
2. Low procurement plan implementation rate at only 27% (UGX 2,634,422,697) of the procurement plan for the FY 2022/23 (UGX 9,754,222,802) which indicated incapacity to fully utilize the budget.
3. Implementing six procurements worth UGX 1,510,153,540 outside the procurement plan for the FY 2022/23 which indicated misconduct among Contracts Committee members.
4. Refusal to share the list of all Local Purchase Orders issued during the FY 2022/2023 which undermined the principles of accountability and transparency.
5. Failure to report on the implementation of two procurements estimated at UGX 1,192,045,200 and three awarded procurements worth UGX 1,005,805,540 in the monthly procurement reports for the FY 2022/23 which deterred transparency and accountability.
6. Implementing forty-two contracts worth UGX 1,198,634,677 without proof of Contracts Committee approval which undermined the oversight role of the Contracts Committee.
7. Awarding 87% (UGX 2,294,656,316) of the total reported procurement value resultant from applying direct procurement method which deterred the promotion of innovation and attainment of competition in public procurement.
8. There were irregularities during the evaluation of three sampled procurements worth UGX 117,778,000 such as recommending non-compliant bidders and altering evaluation criteria at evaluation; and as a result, the Entity suffered a financial loss of UGX 857,000.
9. Incurring a loss of UGX 14,500,000 from attaining total disposal proceeds worth UGX 12,733,000 in comparison to the total approved reserve prices worth UGX 29,000,000.
10. There was no evidence of appointment of contract managers which resulted in failure to prepare and share contract management records such as contract management plans, performance and progress reports with the Procurement and Disposal Unit for monitoring purposes.

In conclusion, the Authority attributed UIRI's procurement performance to failure to fully implement 73% of the previous audit recommendations, implementing 27% of the procurement plan, executing procurements outside the plan, failure to report on all implemented procurements, implementing contracts without the Contracts Committee approval, unjustly applying direct procurement, irregularities during evaluation, incurring financial losses during disposal, absence of contract managers and failure to prepare and share performance reports and failure to meet contractual terms and conditions.

In view of the above, the Authority recommends that the Accounting Officer should:

1. Take overall responsibility to implement the Authority's recommendations in the proceeding financial year in accordance with Section 28 (1) of the PPDA Act Cap. 205.
2. Take overall responsibility for the approval of realistic procurement plans along with viable and efficient strategies to fully implement all planned activities in the proceeding financial years in accordance with Section 51 of the PPDA Act Cap. 205.
3. Caution the Contracts Committee for approving procurements outside the procurement plan, and that before it is approved, a procurement should be in accordance with the procurement plan as required in Section 30 (d) of the PPDA Act Cap. 205.
4. Task the Procurement and Disposal Unit to report on all implemented and awarded procurements in the monthly procurement reports in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
5. Ask the Procurement and Disposal Unit to show cause as to why disciplinary action should not be taken against them for committing the offence of procuring 42 contracts worth UGX 1,198,634,677 without proof of obtaining Contracts Committee approval as required in Section 129 (3) (a) of the PPDA Act Cap. 205.
6. Task the Procurement and Disposal Unit to recommend competitive procurement methods based on the rules and conditions for the various procurement methods stipulated in Regulations 13 to 21 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
7. Task Evaluation Committees to conduct due diligence of all eligibility documents as well as desist from altering evaluation criteria without justification and recommending non-administratively compliant bidders in accordance with Regulation 5 (1) and Part IV of the PPDA (Evaluations) Regulations, 2023.
8. Where the price of the Best Evaluated Bidder is lower than the reserve price, the Contracts Committee should take into consideration the difference between the Best Evaluated Bidder and the valuation or reserve price, the likely costs of the recommended action and the possibility of collusion of the bidders and make a recommendation to the Accounting Officer in accordance with Regulation 45 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023.
9. Task the Heads of User Departments to nominate a member of the User Department with appropriate skills and experience to be appointed as contract manager in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.
10. Task the contract managers, upon receipt of the contract, to prepare a contract management plan and forward a copy to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.
11. Task the contract managers to appraise and report on the performance of providers in performance reports and progress reports to the Accounting Officer and to the Procurement

and Disposal Unit in accordance with Regulation 52 (3) (f) & (g) of the PPDA (Contracts) Regulations, 2023.

The Accounting Officer should therefore follow up closely with the implementation of the recommended action plan on pages **26 to 28** of this compliance audit report as mandated by the PPDA law and Regulations.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority conducted a compliance audit of Uganda Industrial Research Institute for the financial year 2022/2023. The compliance audit covered a sample of ten procurement transactions carried out during FY 2022/2023. The exercise involved a review of the procurement systems and processes in accordance with the PPDA Act Cap. 205, the PPDA Regulations, 2014 and the PPDA Guidelines, 2014.

1.2 Objective of the Compliance Audit

The overall objective of the compliance audit was to ensure that public procurement and disposal activities of Uganda Industrial Research Institute were conducted in accordance with the laid down public procurement procedures enshrined in the PPDA Act Cap. 205, the PPDA Regulations, 2014 and the PPDA Guidelines, 2014.

The specific objectives of the compliance audit of UIRI were:

1. To establish the level of compliance by the Entity with the general provisions of the PPDA Act Cap. 205 and Regulations 2014 with regard to the performance of the procurement structures and conduct of procurement and disposal processes.
2. To assess the degree of compliance of the Entity's disposal process with the provisions of the PPDA Act Cap. 205 and Regulations 2014.
3. To assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

1.3 Scope of the Compliance Audit

Uganda Industrial Research Institute's procurement plan was financed by the Government of Uganda. The compliance audit covered a sample of ten procurement transactions conducted during the FY 2022/2023, review of procurement structures and systems. The list of sampled transactions is contained in **Annex 1**.

1.4 Compliance Audit Methodology

Uganda Industrial Research Institute was notified about the compliance audit on **15th March 2024**. An entry meeting was held on **8th April 2024** where the objectives of the compliance audit, the timelines, roles and responsibilities of all parties involved were discussed.

Upon request, the Entity's management provided the required records in time from which a representative sample of ten procurement transactions were selected using the stratified random sampling method during the compliance audit. The audit team reviewed the Entity's records to assess compliance at all procurement stages. Interviews were held with the staff where necessary to obtain clarification on findings and concluded the audit on **10th April 2024**. The preliminary findings were presented to the delegated authority and management on **12th April 2024** in a debrief meeting.

The audit team prepared and issued the management letter to the Entity on **29th April 2024** which required a response to be submitted by **16th May 2024** but the Entity submitted the management response on **21st May 2024**.

CHAPTER 2: COMPLIANCE AUDIT FINDINGS AND RECOMMENDATIONS

This section presents the findings arising from the compliance audit of Uganda Industrial Research Institute for the financial year 2022/2023.

2.1 Level of compliance by the Entity with the general provisions of the PPDA Act Cap. 205 and Regulations 2014 with regard to the performance of the procurement structures and conduct of procurement processes

The Authority made the following findings in regard to the level of compliance by Uganda Industrial Research Institute with the general provisions of the PPDA Act Cap. 205 and Regulations 2014 with regard to the performance of the procurement structures and conduct of procurement processes.

2.1.1 Status of implementation of previous compliance audit recommendations

During the compliance audit of FY 2021/22, the Authority recommended 23 audit recommendations for implementation.

However, the Entity did not fully implement 56% (13) of the audit recommendations, partly implemented 17% (4) of the audit recommendations and fully implemented 26% (6) of the audit recommendations during the FY 2022/23 as detailed in Table 1 below.

Table 1: Status of implementing the previous audit recommendations

No.	Responsible Party	PPDA Recommendation	Status of Implementation
1.	Accounting Officer	Monitor procurement plan implementation and ensure that all planned procurements are implemented.	Not implemented
2.		Update the procurement plan on a quarterly basis.	Not implemented
3.		Desist from signing contracts that have not been awarded by the Contracts Committee.	Not implemented
4.		Ensure that there is independence in the performance of the functions between the PDU, CC, User Departments and Evaluation Committee.	Not implemented
5.		Obtain Solicitor General's approval for contracts whose value is in excess of UGX 200 million.	Not implemented
6.		Caution the Head Procurement and Disposal Unit (PDU) for issuing Local Purchase Orders (LPO) at inflated prices.	Partly implemented
7.		Conduct a re-assessment of market prices before contract signature where prices recommended for award of contracts are higher than those earlier planned or estimated.	Partly implemented
8.		Formally delegate powers to sign contracts to other Users.	Implemented
9.		Take appropriate action against the PDU and CC for disregarding the Evaluation Committee	Implemented

No.	Responsible Party	PPDA Recommendation	Status of Implementation
		recommendation and causing financial loss in the procurement of personal protective equipment for MMISDC.	
10.		Take disciplinary action against Head PDU and Director IPS for contracting ineligible providers.	Implemented
11.	Procurement and Disposal Unit	Direct the Head PDU to conduct procurement processes for all requirements following the PPDA Act and Regulations.	Not implemented
12.		Recommend the appropriate procurement method basing on the provisions in the PPDA Regulations.	Not implemented
13.		Task bidders to provide information on beneficial ownership for their companies at the time of bidding and report the same information in the monthly procurement reports.	Implemented
14.		Monitor the validity of bids, and where necessary seek validity extension from providers before bids get expired.	Implemented
15.		Maintain and archive all documents pertaining to a particular procurement on their respective files.	Implemented
16.	Contracts Committee (CC)	Conduct procurements for only items contained in the procurement plan.	Not implemented
17.		Should not approve direct procurement method without proper justification or when the emergency situation was caused by dilatory conduct.	Not implemented
18.		Ensure that all procedures are subjected to the CC scrutiny and approval.	Not implemented
19.	User Departments	Negotiation Committee nominated by PDU and approved by CC to negotiate with suppliers	Not implemented
20.		Heads of User Departments to nominate persons to be appointed as contract managers	Not implemented
21.		Heads of User Departments and contract managers to ensure that contracts are implemented within the contractual terms and conditions	Not implemented
22.		State the requirements in a manner that leaves no doubt or assumption to a bidder	Partly implemented
23.		Desist from sourcing quotations before commencement of the procurement process but instead address their procurement needs to the PDU	Partly implemented

Risk Implication

This indicates weak internal control mechanisms and exposes the Entity to further risks of mismanagement of procurement rendering this a poor performing Entity.

Management response

This is still work in progress since the Procurement and Disposal Unit is going through professional transformation.

Authority's Comment

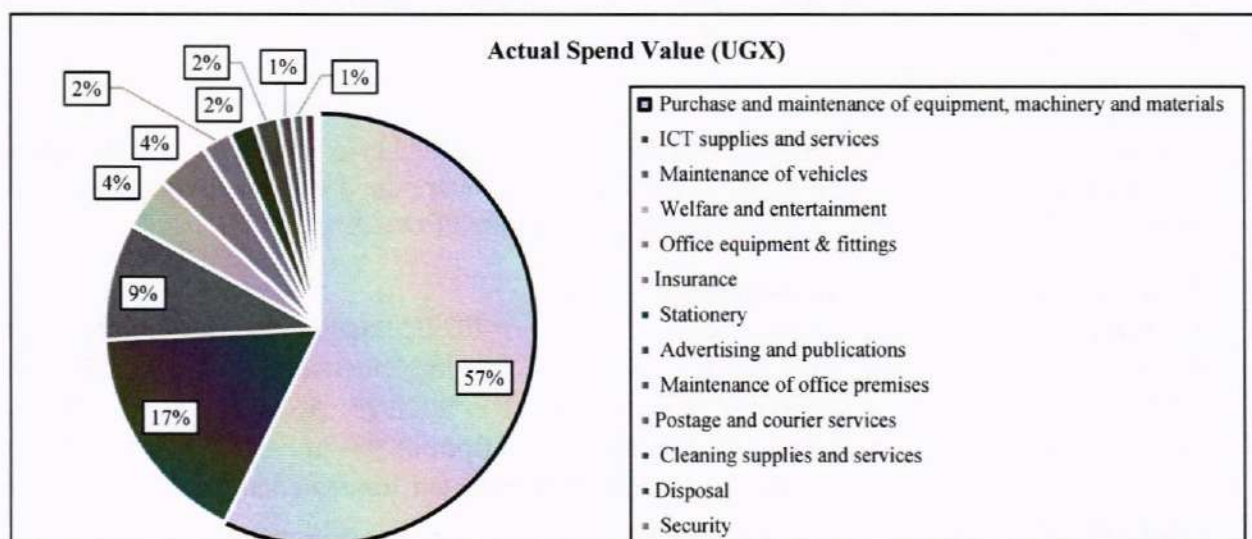
The previous audit recommendations related to gaps in the roles of the Accounting Officer, Procurement and Disposal Unit, Contracts Committee and User Departments hence it is not the sole responsibility of the Procurement and Disposal Unit to implement audit recommendations.

Recommendation

The Accounting Officer should take overall responsibility to implement the Authority's recommendations in the proceeding financial year in accordance with Section 28 (1) of the PPDA Act Cap. 205.

2.1.2 Procurement Spend Categorization

The Authority observed that UIRI spent majority proportion of its procurement funding on industrial machinery/equipment at 57% (UGX 1,509,442,668) proceeded by 17% (UGX 444,713,044) on ICT supplies and services in efforts to develop and acquire appropriate technology to boost Uganda's industrial sector thus promoting accountability as required in Section 49 of the PPDA Act Cap. 205. Figure 1 below shows a graphical representation of the Entity's actual procurement spend categorization during the FY 2022/2023.



Source: The Entity's monthly procurement reports for the FY 2022/2023 with the detailed statistics tabulated in Annex 2 of this report

Figure 1: Graphical representation of UIRI's actual procurement spend categorization during the FY 2022/23

Implication

This indicates that the Entity is making efforts to create a strong, effective and competitive industrial sector for rapid industrialization in Uganda.

Recommendation

The Accounting Officer is commended for the efforts made to implement procurement activities geared towards achieving the Entity's strategic functions and should continually monitor the implementation of all planned procurement activities during the proceeding financial years in accordance with Section 28 (1) of the PPDA Act Cap. 205.

2.1.3 Budget implementation rate

Review of the approved procurement budget against the procurement plan for the FY 2022/23 revealed that UIRI planned to implement UGX 9,754,222,802 which is (89%) of the approved procurement budget worth UGX 10,914,879,000 in accordance with Section 36 (2) of the PPDA Act Cap. 205. The Entity's budget performance is detailed in Table 2 below:

Table 2: Budget Implementation Rate during the FY 2022/23

Total procurement budget for the FY 2022/2023 (UGX) - Annex 3	10,914,879,000
Total procurement plan for the FY 2022/2023 (UGX)	9,754,222,802
Rate of procurement budget planned for implementation (%)	89%
Budget variance (UGX)	1,160,656,198

Implication

This indicates core competence in effective budget planning, control, communication and absorption by the Entity which fostered critical resource allocation to strategic procurement activities.

Recommendation

The Accounting Officer is commended for the efforts made to plan to execute 89% of the approved procurement budget and is encouraged to continually prepare the procurement plan based on the approved budget in accordance with Section 36 (2) of the PPDA Act Cap. 205.

2.1.4 Procurement Plan Implementation Rate

Review of the monthly procurement reports for the FY 2022/23 against the procurement plan for the FY 2022/23 revealed that UIRI reported on the implementation of only 27% (UGX 2,634,422,697) of the procurement plan for the FY 2022/23 (UGX 9,754,222,802). The procurement plan implementation rate declined by 7% from 28.9% in FY 2021/22 to 27% in FY 2022/23. Table 3 below demonstrates the procurement plan implementation rate of the Entity during the FY 2022/23.

Table 3: Procurement plan implementation rate

Total procurement plan value for the FY 2022/2023 (UGX)	9,754,222,802
Total monthly procurement reports value for the FY 2022/2023 (UGX)	2,634,422,697
Procurement plan implementation rate (%)	27%

Procurement plan implementation variance (UGX)	7,119,800,105
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The Authority partly attributed the low procurement plan implementation rate to no evidence of the Entity implementing the four planned procurements worth UGX 945,200,000 listed in Table 4 below.

Table 4: Planned procurements not implemented during the FY 2022/23

No.	Procurement Details	Estimated Value (UGX)
1.	Rotary oven for bakery section	85,200,000
2.	Automatic yoghurt cup filling/ packing machine	100,000,000
3.	Construction of value additional centers	500,000,000
4.	Garment construction equipment for textile centers (Bugweri, Rukiga women and Rwampala)	260,000,000
Total		945,200,000

Risk Implication

There is a possibility that the Entity prepared and approved an ambitious procurement plan in spite of the incapacity to fully utilize the budget which denied the public anticipated services and goods.

Management response

UIRI suffered a budget short fall of UGX 2.668B in the FY 2022/2023. This affected most of the procurement activities.

Recommendations

1. The Accounting Officer should take overall responsibility for the approval of realistic procurement plans along with viable and efficient strategies to fully implement all planned activities in the proceeding financial years in accordance with Section 51 of the PPDA Act Cap. 205.
2. Wherever necessary, the Accounting Officer should on a quarterly basis, and in any other case, review and update the Entity's procurement plan in accordance with Section 60 (7) of the PPDA Act Cap. 205.

2.1.5 Implementing procurements outside the procurement plan

Review of the monthly procurement reports FY 2022/23 against the corresponding Contracts Committee meeting decisions revealed that UIRI implemented three procurements worth UGX 527,938,000 outside the procurement plan for the FY 2022/23 dated 12th July 2022 contrary to Sections 30 (d) & 60 (10) of the PPDA Act Cap. 205 without sufficient justification of emergency situations. Notably, this was a recurring query from the previous compliance audit of the FY 2021/22. The procurements are listed in Table 5 below.

Table 5: Procurements implemented outside the procurement plan

No.	Procurement Details	Award Date	Contract Value (UGX)
1.	New surface planner	17 th November 2022	30,090,000
2.	Loofas mesh knitting machine	29 th July 2022	490,048,000
3.	3.0KVA hybrid inverter	23 rd January 2023	7,800,000
Total			527,938,000

Risk Implications

- Approving contracts outside the procurement plan indicates moral turpitude among Contracts Committee members rendering this a convictable offence in the PPDA law.
- The Entity misappropriated already budgeted for funds which adversely affected its overall procurement plan performance and denied intended beneficiaries public services.

Management response

Management appreciates your observation and starting with this current financial year this issue will be addressed.

Authority's Comment

The Entity did not provide a response as to why the three procurements above were unjustly implemented outside the plan as well this query was raised in the previous compliance audit hence this query was retained.

Recommendations

1. The Accounting Officer should caution the Contracts Committee for approving procurements outside the procurement plan, and that before it is approved, a procurement should be in accordance with the procurement plan as required in Section 30 (d) of the PPDA Act Cap. 205.
2. Under an emergency situation, the Accounting Officer should task the Procurement and Disposal Unit to include comprehensive justification and recommend procurement methods which maximize competition to the extent practicable in accordance with Regulation 7 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.6 Refusal to share the list of all issued Local Purchase Orders

The Entity without reasonable excuse refused to share the list of all Local Purchase Orders issued during the FY 2022/2023 contrary to Section 9 (1) (a) of the PPDA Act Cap. 205. Notably, from review of the sampled procurements, the Entity issued manual LPOs despite being registered on the Integrated Financial Management System.

Risk Implication

Refusal to provide any records to the Authority for review is a convictable offence in the PPDA law punishable by fine or imprisonment.

Management response

The list of all issued local purchase orders are available for verification.

Authority's Comment

The Entity did not submit the issued local purchase orders for verification hence this query was retained.

Recommendations

1. As a convictable offence, the Accounting Officer should task the Procurement and Disposal Unit to show cause as to why disciplinary action should not be taken against them for refusal to submit the list of all issued Local Purchase Orders for the FY 2022/23 as guided in Section 129 (3) (a) of the PPDA Act Cap. 205.

- The Accounting Officer should ascertain that the Entity utilizes the Integrated Financial Management System for all transactions in order to streamline the Entity's day-to-day financial management including processing/issuing Local Purchase Orders and making the resultant payments.

2.1.7 Inadequate reporting mechanisms

The Authority observed the following anomalies in the reporting mechanisms by the Procurement and Disposal Unit.

2.1.7.1 Failure to report on implemented procurements

The Procurement and Disposal Unit (PDU) did not report on the implementation of two procurements estimated at UGX 1,192,045,200 in the monthly procurement reports for the FY 2022/23 contrary to Regulation 20 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2014 thus the Authority was unable to ascertain the actual spend on these items listed in Table 6 below.

Table 6: Implemented procurements not reported in the monthly procurement reports

No.	Procurement Details	Estimated Value (UGX)
1.	Fuel for vehicles and generators	392,045,200
2.	Electricity	800,000,000
Total		1,192,045,200

2.1.7.2 Failure to report on all awarded contracts

The Procurement and Disposal Unit did not report on the three awarded procurements worth UGX 1,005,805,540 in the monthly procurement reports for the FY 2022/23 contrary to Regulation 20 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2014 listed in Table 7 below.

Table 7: Awarded procurements not reported in the monthly procurement reports

No.	Procurement Details	Contract Value (UGX)	Method	Award Date	Provider
1.	Refurbishment of the powder milk plant, milk plant and pilot plant corridor	951,525,540	Direct Procurement	19 th April 2023	Tri-tech Technical Services Ltd
2.	100 pieces grain moisture meter at MMISDC	24,190,000	Request for Quotation	10 th January 2023	Roberson General Services Ltd
3.	New surface planner	30,090,000	Direct Procurement	17 th November 2022	Wood Machinery Ltd
Total		1,005,805,540			

Risk Implication

Inaccurate reporting impacts financial forecasting, encourages financial mismanagement and deters transparency and accountability on the actual spend thus compromising the appraisal on the achievement of the Entity's strategic procurement objectives.

Management response

Management appreciates your observation and starting with this current financial year, procurement for utilities will be included in the procurement reports.

Recommendations

1. The Accounting Officer should caution the Procurement and Disposal Unit for failure to comprehensively report on all implemented and awarded procurements in the monthly procurement reports for the FY 2022/23.
2. The Accounting Officer should task the Procurement and Disposal Unit to report on all implemented and awarded procurements in the monthly procurement reports in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023..

2.1.8 Awarding contracts without Contracts Committee approval

There was no evidence of the Contracts Committee awarding 42 contracts worth UGX 1,198,634,677 reported in the monthly procurement reports for the FY 2022/23 contrary to Section 33 (a) of the PPDA Act Cap. 205 as previously queried during the compliance audit of FY 2021/2022.

Review of the twelve Contracts Committee meeting minutes for the FY 2022/23 revealed that none of the contracts listed in Table 8 below were approved by the Contracts Committee but had been reported in the monthly procurement reports for the FY 2022/2023 as awarded.

Table 8: Contracts executed without Contracts Committee approval

No.	Procurement Details	Value (UGX)	Method	Award Date	Provider	Month Reported
1.	Construction materials	17,788,000	Direct Procurement	8 th July 2022	Cantilever Contractors	July
2.	Panel beating UAJ 181X & UAJ 804X	5,616,800	Direct Procurement	7 th July 2022	Patience Garage Ltd	
3.	Accommodation of guests	9,269,720	Direct Procurement	25 th July 2022	Fairway Hotel	
4.	Autoclave and Savion for first aid at MMISDC Namanve	8,000,000	Direct Procurement	25 th July 2022	Medifiled Solutions Uganda Ltd	
5.	Loofas mesh knitting machine	490,048,000	Direct Procurement	29 th July 2022	Vattenfall Company Ltd	
6.	Medical supplies for first aid at Namanve	13,177,000	Direct Procurement	3 rd November 2022	Abacus (U) Pharma Ltd	November
7.	Insurance for UBH 2066, UBK 270D, UBD 756M, UAR 432Y	56,623,518	Direct Procurement	15 th November 2022	Britam Insurance	

No.	Procurement Details	Value (UGX)	Method	Award Date	Provider	Month Reported	
8.	Autoclave for microbiology laboratory	28,800,000	Direct Procurement	15 th November 2022	Chemart (U) Ltd	December	
9.	Clearing and transporting services	23,230,973	Direct Procurement	28 th November 2023	Fibre Friends Works Ltd		
10.	Sponsorship package for EAC MSM trade fair 8 th to 18 th December	10,000,000	Direct Procurement	6 th December 2023	Confederation of Micro and Small Enterprises Organisation Uganda Chapter		
11.	Meals for UIRI at 20 celebrations	12,272,000	Direct Procurement	6 th December 2023	Quil Events		
12.	Hiring tents, tables & chairs for UIRI 20 th celebrations	5,870,000	Direct Procurement	6 th December 2023	Stuart Events		
13.	UIRI at 20 news articles	8,955,000	Direct Procurement	7 th December 2023	Vision Group		
14.	Spare parts at the Kanungu oil plant	5,155,000	Direct Procurement	19 th January 2023	Vizak Investments Ltd		January
15.	Materials to fabricate trolley shelves	10,831,574	Direct Procurement	5 th January 2023	Klek Investments Ltd		
16.	Desktop computers	24,780,000	Direct Procurement	15 th January 2023	Engineering Solution (U) Ltd		
17.	High end computers and associated peripherals for Engineering Department	9,103,700	Direct Procurement	15 th January 2023	Cysecuri Co Ltd		
18.	3.0KVA hybrid inverter	7,800,000	Direct Procurement	23 rd January 2023	Muguhez Energy		
19.	Servicing UAJ 181X	5,437,927	Direct Procurement	24 th January 2023	Cooper Motors (U) Ltd		

No.	Procurement Details	Value (UGX)	Method	Award Date	Provider	Month Reported
20.	Tyres for UBK 270J	7,552,000	Direct Procurement	24 th January 2023	Arrow Centre (U) Ltd	
21.	Tyres for UBJ 822S	7,960,000	Direct Procurement	24 th January 2023	Arrow Centre (U) Ltd	
22.	Accommodation for UIRI guests	9,100,000	Direct Procurement	24 th January 2023	Numba Café and Boutique Hotel	
23.	Meals and accommodation for UIRI guests	6,437,382	Direct Procurement	24 th January 2023	Fairway Hotel	
24.	Distillation equipment of essential oils	94,754,100	Direct Procurement	17 th February 2023	Rumira Holdings Ltd	February
25.	Servicing UBD 681W	6,913,427	Direct Procurement	28 th February 2023	CFAO Motors Uganda	March
26.	Stationery for MMISD	5,333,500	Direct Procurement	16 th March 2023	Dallen Enterprises Ltd	
27.	Internet for DED & ED offices	7,533,120	Direct Procurement	1 st April 2023	Liquid Intelligent Technologies Ltd	April
28.	Servicing the four cold rooms in meat	5,441,570	Direct Procurement	3 rd April 2023	Teltec Investments Ltd	
29.	Toner for UIRI	19,959,700	Direct Procurement	15 th April 2023	Kirunga Supplies Ltd	
30.	Servicing 051X	6,130,985	Direct Procurement	15 th April 2023	CFAO Motors Uganda	
31.	Accommodation of UIRI guests	5,887,450	Direct Procurement	3 rd April 2023	Fairway Hotel	
32.	Servicing UAR 432Y	6,694,354	Direct Procurement	16 th June 2023	Mitsubishi Motors	May
33.	Tyres for UBH 273Q	7,960,000	Direct Procurement	8 th June 2023	Arrow Centre (U) Ltd	June
34.	Anti-virus software	54,077,952	Direct Procurement	8 th June 2023	Unified Technology Business	

No.	Procurement Details	Value (UGX)	Method	Award Date	Provider	Month Reported
					Partners Ltd	
35.	Installation of rag chopper machine and spare parts of cylinder mould at paper plant	6,500,000	Direct Procurement	13 th June 2023	Kakunu Chemist (U) Ltd	
36.	Tyres for UBK 206C	13,000,000	Direct Procurement	8 th June 2023	Arrow Centre (U) Ltd	
37.	Renewal of Sophos XG 330 firewall	59,660,257	Direct Procurement	8 th June 2023	Unified Technology Business Partners Ltd	
38.	Restoration of the CCTV cameras at CNC block	6,427,460	Direct Procurement	21 st June 2023	Masthead Investments	
39.	Security lights for UIRI	19,104,200	Direct Procurement	21 st June 2023	Select General Electrical Co. ltd	
40.	Raw materials for Y-FAN textile skills development and production center Bukinda	39,601,548	Direct Procurement	22 nd June 2023	Discovery Trading Ltd	
41.	Restoration of CCTV surveillance system	41,886,460	Direct Procurement	23 rd June 2023	Vattenhall Company Ltd	
42.	Tyres for UBH 845J	7,960,000	Direct Procurement	5 th June 2023	Arrow Centre (U) Ltd	
Total		1,198,634,677				

Risk implication

This indicated that the Accounting Officer and Procurement and Disposal Unit willfully ignored the oversight role of the Contracts Committee to breach regulatory requirements thus encouraging fraud, errors and financial mismanagement.

Management Response

Most contracts went through Contracts Committee except those with a micro procurement nature. Management appreciates your observation and has already started implementing it this financial year.

Authority's Comment

As indicated in Table 8 above, all the 42 contracts worth UGX 1,198,634,677 applied direct procurement method hence this query was retained to assess how the Entity will implement the Authority's recommendation below.

Recommendation

The Accounting Officer should ask the Procurement and Disposal Unit to show cause as to why disciplinary action should not be taken against them for committing the offence of procuring 42 contracts worth UGX 1,198,634,677 without proof of obtaining Contracts Committee approval as required in Section 129 (3) (a) of the PPDA Act Cap. 205.

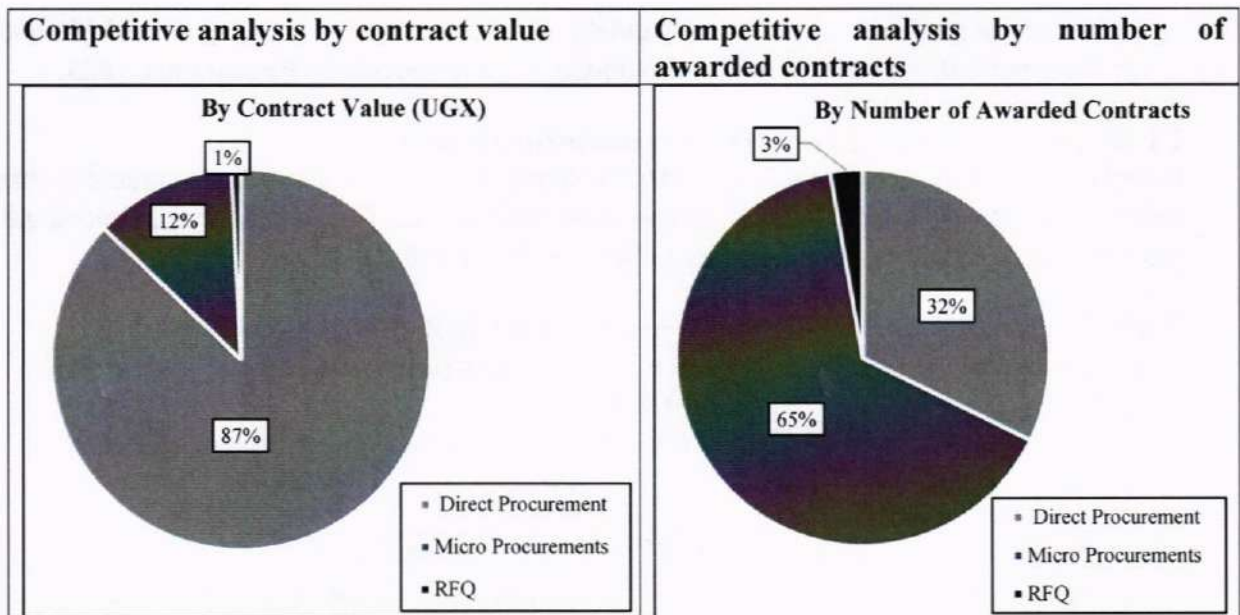
2.1.9 Competitive analysis of the Entity

Review of the monthly procurement reports for the FY 2022/2023 revealed that the Entity awarded 87% (UGX 2,294,656,316) of the total reported procurement value resultant from applying direct procurement method contrary to Section 49 of the PPDA Act Cap. 205. As such, the Entity did not apply any open competitive methods as demonstrated in Table 9 below.

Table 9: Competitive Analysis by contract value and number of awarded contracts

Procurement Method	Contract Value (UGX)	Percentage of contract value	Number of Awarded Contracts	Percentage of Number of Awarded Contracts
Direct Procurement	2,294,656,316	87%	70	32%
Micro Procurement	319,836,599	12%	141	65%
Request for Quotation	19,929,782	1%	6	3%
Total	2,634,422,697		217	

Figure 2 below is a graphical representation of the UIRI's competitive analysis by contract value and number of awarded contracts during the FY 2022/23.



Source: UIRI's monthly procurement reports for the FY 2022/23- Annex 2 of this report

Figure 2: Graphical representation of the competitive analysis of UIRI by contract value and number of awarded contracts during the FY 2022/2023

Risk Implication

Failure to promote competition through open bidding processes deters the promotion of innovation and attainment of value for money in public procurement.

Management response

Despite submitting the quarterly budget for the FY 2022/23, the funds were availed during the last month of the quarter. There was no time to follow procurement procedures and thus opted for direct procurement.

Authority's Comment

- The Authority understands that funds might have been availed during the last month of the FY 2022/23; however, as guided in the circular on initiation of procurements dated 8th October 2010, all Accounting Officers do not have to wait for actual receipt of funds on their respective accounts to commence procurement processes.
- Hence the Entity should have initiated procurements well in time for procurement items that fall under the approved procurement plan and budgets for that financial year so that by the time the funds are received by the Entity, a contract can be issued thus expediting service delivery.

Recommendations

1. Under an emergency situation, the Accounting Officer should task the Procurement and Disposal Unit to include comprehensive justification and recommend procurement methods which maximize competition to the extent practicable in accordance with Regulation 7 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. The Accounting Officer should task the Procurement and Disposal Unit to recommend competitive procurement methods based on the rules and conditions for the various

procurement methods stipulated in Regulations 13 to 21 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.10 Unjustly applying the Direct Procurement Method

In eight procurements worth UGX 630,486,730 listed in Table 10 below, the Contracts Committee unjustly awarded the use of direct procurement without proof of exceptional circumstances to prevent the use of competition contrary to Section 91 (1) of the PPDA Act Cap. 205.

Table 10: Procurements where direct procurement method was unjustly applied

No.	Procurement Details	Contract Value (UGX)	Award Date	Provider	Justification
1.	Materials for training in 2 workshops at MMISDC Namanve	49,890,400	18 th August 2022	Fiber Friends Works Ltd	Urgently required
2.	Purchase of textile consumables	92,927,950	18 th August 2022	Dollar Technologies Ltd	Urgently required
3.	Laboratory items	33,980,800	17 th November 2022	Afrotech Management Ltd	Urgently required
4.	New surface planner	30,090,000	17 th November 2022	Wood Machinery Ltd	Surface planner no longer in use and could not be repaired
5.	Machine spare parts and consumables for UIRI technologies	78,748,480	9 th March 2023	Baka Links International Ltd	Urgently required
6.	Materials for textile section	74,899,320	9 th March 2023	Baka Links International Ltd	Urgently required
7.	Items to overhaul steam boiler	44,980,420	20 th June 2023	Katopat Technical Services Ltd	Equipment maintenance
8.	Textile training materials for textile section	224,969,360	20 th June 2023	Vattenfall Company	Urgently required
Total		630,486,730			

In further contravention of the application of direct procurement method, the Entity did not use appropriate bidding documents with the requirements for the procurements, receive bids and evaluate bids contrary to Regulation 17 of the PPDA (Rules and Methods for Procurement of Works, Supplies & Non-Consultancy Services) Regulations, 2014.

Risk Implication

This resulted in procuring items at less competitive prices which deterred the achievement of value for money.

Management response

Most of these procurements (renovation of pilot plants) were emergency in nature which necessitated management to use direct procurement.

Authority's Comment

An emergency situation means circumstances which are urgent, unforeseeable and not caused by dilatory conduct; however, the Authority observed that all the procurements in Table 10 above were foreseeable, caused by dilatory conduct and not urgent in nature hence did not justify direct procurement.

Recommendations

1. Where an emergency situation is used as the criterion determining the choice of a procurement method, competition should not be excluded from the procurement process solely on the basis of the emergency situation in accordance with Regulation 7 (4) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
2. The Accounting Officer should task the Contracts Committee to approve the use of direct procurement method where justification meets the rules and conditions stipulated in Regulations 24 & 25 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.1.11 Irregularities during the evaluation procedures

The Authority observed the following irregularities during the evaluation of the three sampled procurements worth UGX 117,778,000 listed in Table 11 below.

Table 11: Irregularities observed during evaluation

No.	Procurement Details	Irregularities Observed
1.	Motorized jack loom and peddle loom at UGX 104,000,000 Evaluated by: <ul style="list-style-type: none">▪ Mr. Raymond Uwachgiu;▪ Mr. Shido Wilson;▪ Mr. Mwesigwa Mutanga; and▪ Mr. Oyong Dickens	<ul style="list-style-type: none">• Unfairly eliminating a bidder and recommending a non-compliant bidder The Evaluation Committee contravened Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2014 by eliminating Vizak Investments Ltd against failure to submit a Trading license and Tax Clearance Certificate despite the fact that all the other bidders were non-administratively compliant to the same requirements as seen below:<ul style="list-style-type: none">○ Amuka Hardware Point Ltd (BEB) did not submit a Certificate of Registration, Tax Clearance Certificate and NSSF Certificate;○ Jessicar Company Ltd did not submit a Tax Clearance Certificate and NSSF Certificate;○ Charlie & Val Company Ltd did not submit a Trading License, Tax Clearance Certificate and NSSF Clearance Certificate; and○ Vizak Investments Ltd did not submit a Trading License, Tax Clearance Certificate and NSSF Certificate.• Introducing new criteria at evaluation

No.	Procurement Details	Irregularities Observed
		<p>The Evaluation Committee introduced new criteria for “Powers of Attorney” without justification contrary to Regulation 7 (2) of the PPDA (Evaluation) Regulations, 2014.</p> <p>Notably, Amuka Hardware Point Ltd the Best Evaluated Bidder was the only bidder who had submitted a power of attorney; however, despite the fact that none of the other bidders had not submitted a power of attorney, they were evaluated as compliant to this criterion.</p>
2.	<p>Materials for fabricating stainless steel tables for the meat pilot plant at UGX 7,990,000</p> <p>Evaluated by:</p> <ul style="list-style-type: none"> ▪ Mr. Oduc Patrick; ▪ Mr. Mubende Betheul; and ▪ Mr. Mwesigwa Mutanga 	<ul style="list-style-type: none"> • Poorly evaluating bidders and recommending a non-responsive bidder Both Spelter Investments Ltd the Best Evaluated Bidder Klek Investments Ltd did not submit a Tax Clearance Certificate and NSSF Certificate contrary to Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2014. • Eliminating criteria at evaluation The Evaluation Committee eliminated the criteria for a Tax Clearance Certificate and NSSF Certificate at evaluation without justification contrary to Regulation 7 (2) of the PPDA (Evaluation) Regulations, 2014. • Unfair financial evaluation resulting in financial loss Spelter Investments Ltd (BEB) was evaluated at a bid price of UGX 7,990,000 (VAT exclusive) against Klek Investments Ltd’s bid price worth UGX 8,416,940 (VAT inclusive) without proof that Spelter Investments Ltd was VAT exempt. Therefore, disregarding Klek Investments Ltd’s bid worth UGX 7,133,000 (VAT exclusive) meant that the Entity awarded the contract to Spelter Investments Ltd at UGX 857,000 (VAT exclusive) more than it should have.
3.	<p>Materials to aid fabrication of 100 pieces of voltage level detectors casings at MMISDC-Namanve at UGX 5,788,000</p> <p>Evaluated by:</p> <ul style="list-style-type: none"> ▪ Mr. Peter Agumisiriza; ▪ Mr. Ivan Kalule; 	<ul style="list-style-type: none"> • Recommending a non-compliant bidder The Evaluation Committee recommended Vizak Investments Ltd (BEB) a non-administratively compliant bidder for award in spite of the bidder’s failure to submit a valid Trading License, Tax Clearance Certificate and NSSF Certificate as required in the bidding document contrary to Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2014. <p>Notably, Jelico Electrical and Technical Service Ltd (2nd BEB) submitted a suspected forged Tax Clearance application form under reference CR0123002635974 (notice</p>

No.	Procurement Details	Irregularities Observed
	<ul style="list-style-type: none"> ▪ Mr. Mathias Nsimbe; and ▪ Ms. Kamukama Babrah. 	<p>date on 25th August 2022) implying that efforts were not made to validate the authenticity of documents submitted.</p> <ul style="list-style-type: none"> • Introducing a new criteria at evaluation The Evaluation Committee introduced new criteria for “confirmation of authorization” without justification and yet none of the bidders had submitted this requirement contrary to Regulation 7 (2) of the PPDA (Evaluation) Regulations, 2014.

Risk Implications

- This indicates a capacity gap among the Users appointed on ad-hoc Evaluation Committees in effectively assessing compliance of bidders.
- Unfairly recommending non-compliant bidders compromises the effective performance of the resultant contracts and undermines the principle of fairness in public procurement.
- Introducing new criteria at evaluation indicates collusion among Evaluation Committees and bidders thus undermining the principle of non-discrimination and fairness.
- The Entity suffered a financial loss of UGX 857,000 resultant from unfair financial evaluation of bids.

Management response

As it is noted that Jet Jelicho Electrical Ltd does not exist, the company M/s Jelico Electrical and Technical Service Ltd as evidenced by the record of bids received, statement of requirements signed by the director of the company. The Entity regrets this error in typing; therefore, this was not a forgery.

Authority’s Comment

- The Uganda Revenue Authority document authentication of the tax clearance certificate submitted by Jelico Electrical and Technical Service Ltd under reference CR0123002635974 revealed that it was invalid hence this finding was retained.
- The Entity did not provide a response for the other evaluation irregularities hence this query was retained.

Recommendation

The Accounting Officer should task Evaluation Committees to conduct due diligence of all eligibility documents as well as desist from altering evaluation criteria without justification and recommending non-administratively compliant bidders in accordance with Regulation 5 (1) and Part IV of the PPDA (Evaluations) Regulations, 2023.

2.2 Level of compliance of the Entity’s disposal process with the provisions of the PPDA Act Cap. 205 and Regulations 2014

The Authority made the following findings in regard to the level of compliance of Uganda Industrial Research Institute’s disposal process with the provisions of the PPDA Act Cap. 205 and Regulations 2014.

2.2.1 Making losses from disposal of obsolete assets

Regardless of applying public auction method, the Entity made a loss of UGX 14,500,000 from attaining total disposal proceeds worth UGX 12,733,000 in comparison to the total approved reserve price of UGX 29,000,000 contrary to Regulation 6 (2) of the PPDA (Disposal of Public Assets) Regulations, 2014. Table 12 below lists obsolete items where major variations in disposal were attained.

Table 12: Losses/gains made from disposal of the high value obsolete items

No.	Description	Reserve Price (UGX)	Auctioned Price (UGX)	Loss or Gain (UGX)
1.	Double cabin UAJ 209X	9,800,000	2,500,000	-7,300,000
2.	Double cabin UAT 066X	9,300,000	2,000,000	-7,300,000
3.	Pick up UAA 777F	9,900,000	10,000,000	100,000
Total		29,000,000	14,500,000	-14,500,000

Despite failing to reach the reserve prices, there was no proof of the Contracts Committee recommending to Accounting Officer possible actions to take considering the difference between the Best Evaluated Bid and the reserve price, the likely costs of the recommended action and the possibility of collusion of the bidders contrary to Regulation 44 of the PPDA (Disposal of Public Assets) Regulations, 2014.

Risk Implication

The Entity suffered a financial loss of UGX 14,500,000.

Management Response

There were no losses that were incurred, the disposal files are available for verification.

Authority's Comment

Review of the disposal file revealed that the Entity had approved a total disposal plan worth UGX 29,000,000 but attained total proceeds worth UGX 12,733,000 hence incurred a loss of UGX 14,500,000.

Recommendations

1. Where the price of the best evaluated bid is lower than the reserve price, the Contracts Committee should take into consideration the difference between the best evaluated bid and the valuation or reserve price, the likely costs of the recommended action and the possibility of collusion of the bidders and make a recommendation to the Accounting Officer in accordance with Regulation 45 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023.
2. The Accounting Officer should cause all public assets of the Entity to be reviewed, to identify the public assets to be disposed of in the following financial year in accordance with Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023.

2.3 Level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process

The Authority made the following findings in regard to the level of efficiency and effectiveness in contract implementation at Uganda Industrial Research Institute including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

2.3.1 No evidence of obtaining Solicitor General's approval

In three contracts worth UGX 1,666,542,900, there was no evidence of the Entity obtaining Solicitor General's approval contrary to Regulation 7 (1) (f) of the PPDA (Contracts) Regulations, 2014. The procurements are listed in Table 13 below.

Table 13: Contracts without Solicitor General's approval

No.	Procurement Details	Contract Value (UGX)
1.	Refurbishment of the powder milk plant, milk plant and pilot plant corridor	951,525,540
2.	Loofas mesh knitting machine	490,048,000
3.	Textile training materials for textile section	224,969,360
Total		1,666,542,900

Risk Implication

This indicates that the Entity undermines the oversight role of the Solicitor General which exposed the Entity to litigation and risks of contract disputes.

Management Response

The management acknowledges this anomaly and commits to implement your recommendation.

Recommendations

1. The Accounting Officer should show cause as to why disciplinary action should not be taken against him for failure to obtain Solicitor General's approval for the three contracts worth UGX 1,666,542,900 listed in Table 13 above.
2. The Accounting Officer should obtain Solicitor General's approval for all contracts whose value are in excess of UGX 200 million in accordance with Regulation 6 (1) (f) of the PPDA (Contracts) Regulations, 2023.

2.3.2 No evidence of nominating and appointing contract managers

There was no evidence of the User Departments nominating to the Accounting Officer a member from the User Department, with appropriate skills and experience to be appointed as contract manager contrary to Regulation 52 (1) of the PPDA (Contracts) Regulations, 2014.

Risk Implication

This indicates laxity by the User Departments to take overall responsibility for the implementation of contracts in accordance with the contractual terms and conditions therein hence affecting maximization of value for money.

Management Response

The initiators of procurement requisitions are always appointed as contract managers due to the fact that they draw up the specifications and know what is technically required.

Authority's Comment

The Entity did not submit evidence of appointment of contract managers during the compliance audit and along with the management response hence this query was retained.

Recommendation

For each contract, the Accounting Officer should task the Heads of User Departments to nominate a member of the User Department with appropriate skills and experience to be appointed as contract manager in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023.

2.3.3 No proof of preparing and sharing contract management records with the Procurement and Disposal Unit

2.3.3.1 No evidence of preparing and sharing a contract management plan

Upon receiving copies of the contracts, there was no proof of User Departments preparing and sharing contract management plans with the Procurement and Disposal Unit for monitoring purposes contrary to Regulation 51 (3) of the PPDA (Contracts) Regulations, 2014.

2.3.3.2 Preparing and sharing performance/ progress reports with Procurement and Disposal Unit

Despite the absence of contract managers, there was no effort made by the User Departments to prepare and share contract progress and/or performance reports with the Accounting Officer copied to the Procurement and Disposal Unit (PDU) contrary to Regulation 53 (3) (f) of the PPDA (Contracts) Regulations, 2014.

Risk Implication

This is an indication of a capacity gap among User Departments and the PDU to effectively manage contract monitoring and reporting thus deterring the achievement of value for money.

Management Response

Contract management reports are prepared and in cases where some files had missing reports, these are going to be filed. The records are available for verification.

Authority's Comment

The Entity failed to share contract progress and/or performance reports during the compliance audit and along with the management response hence this query was retained.

Recommendations

1. The Accounting Officer should task the contract managers, upon receipt of the contract, to prepare a contract management plan and forward a copy to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.
2. The Accounting Officer should task the contract managers to appraise and report on the performance of providers in performance reports and progress reports to the Accounting Officer and to the Procurement and Disposal Unit in accordance with Regulation 52 (3) (f) & (g) of the PPDA (Contracts) Regulations, 2023.

CHAPTER 3: OVERVIEW OF THE RATING OF THE ENTITY

This section will graphically present the procurement performance of Uganda Industrial Research Institute for the financial year 2022/2023.

3.1. Overall Compliance Audit Conclusion

Uganda Industrial Research Institute had an overall weighted average risk rating of **100%** which is **unsatisfactory**. The risk rating analysis is demonstrated in Table 14 below:

Table 14: Risk Rating Descriptions

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

Entity's Performance

The risk rating was weighted to determine the overall risk level of UIRI. The weighting was derived using the average weighted index as shown in Table 15 below: -

Table 15: Weighted Average Score by Number and Value of Sampled Procurements

Risk Category	No.	%No	Value (UGX)	%Value	Weights	Total Weighted Average	
						By No.	By Value
High	10	100	639,925,620	100	0.6	60	60
Medium	0	0	0	0	0.3	0	0
Low	0	0	0	0	0.1	0	0
Total	10	100	639,925,620	100	1	60	60

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

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

$$\text{Combined Weighted Average} = \frac{100\% + 100\%}{2} = 100\%$$

Figure 3 below is the graphical representation of the risk rating of Uganda Industrial Research Institute by number of contracts and contract value for the FY 2022/2023.

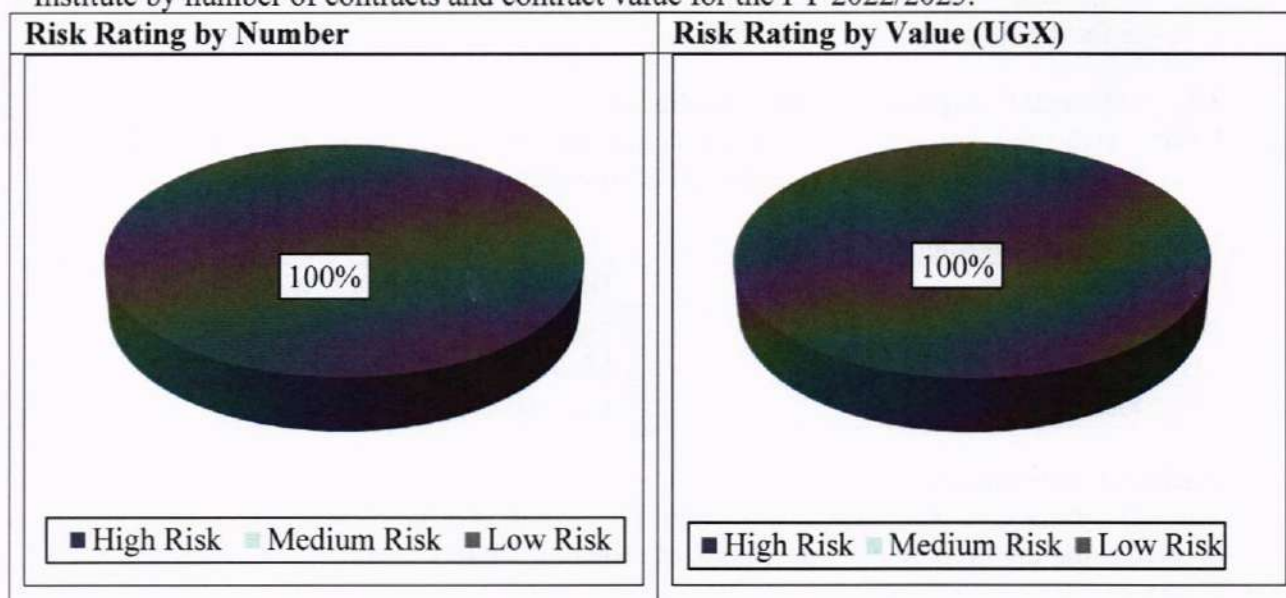


Figure 3: Graphical representation of the risk rating of Uganda Industrial Research Institute by number of contracts and contract value for the FY 2022/2023

3.2. Recommended Action Plan

Uganda Industrial Research Institute should implement the following recommendations within the timeframe given in order to improve its performance in procurement and disposal listed in Table 16 below.

Table 16: Recommended Action Plan

Origin	Recommended Action	Target Date
Accounting Officer	<ol style="list-style-type: none"> 1. The Accounting Officer should take overall responsibility to fully implement the Authority's recommendations in the proceeding financial year in accordance with Section 28 (1) of the PPDA Act Cap. 205. 2. The Accounting Officer should caution the Contracts Committee for approving procurements outside the procurement plan, and that before it is approved, a procurement should be in accordance with the procurement plan as required in Section 30 (d) of the PPDA Act Cap. 205. 3. The Accounting Officer should cause all public assets of the Entity to be reviewed, to identify the public assets to be disposed of in the following financial year in accordance with Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023. 4. The Accounting Officer should caution the Procurement and Disposal Unit for failure to comprehensively report 	Immediately

Origin	Recommended Action	Target Date
	<p>on all implemented and awarded procurements in the monthly procurement reports for the FY 2022/23.</p> <ol style="list-style-type: none"> 5. The Accounting Officer should task the Procurement and Disposal Unit to show cause as to why disciplinary action should not be taken against them for refusal to submit the list of all issued Local Purchase Orders for the FY 2022/23 as guided in Section 129 (1) (a) of the PPDA Act Cap. 205. 6. The Accounting Officer should ascertain that the Entity utilizes the Integrated Financial Management System for all transactions in order to streamline the Entity's day-to-day financial management including processing/issuing Local Purchase Orders and making the resultant payments. 7. The Accounting Officer should ask the Procurement and Disposal Unit to show cause as to why disciplinary action should not be taken against them for committing the offence of procuring 42 contracts worth UGX 1,198,634,677 without proof of obtaining Contracts Committee approval as required in Section 129 (3) (a) of the PPDA Act Cap. 205. 	
Contracts Committee	<ol style="list-style-type: none"> 1. The Contracts Committee should approve realistic procurement plans along with viable and efficient strategies to fully implement all planned activities in the proceeding financial years in accordance with Section 51 of the PPDA Act Cap. 205. 2. Where the price of the best evaluated bid is lower than the reserve price, the Contracts Committee should take into consideration the difference between the best evaluated bid and the valuation or reserve price, the likely costs of the recommended action and the possibility of collusion of the bidders and make a recommendation to the Accounting Officer in accordance with Regulation 45 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023. 	Continuously
Procurement and Disposal Unit	<ol style="list-style-type: none"> 1. The Procurement and Disposal Unit should report on all implemented and awarded procurements in the monthly procurement reports in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023. 2. The Procurement and Disposal Unit should recommend competitive procurement methods based on the rules and conditions for the various procurement methods 	Continuously

Origin	Recommended Action	Target Date
	stipulated in Regulations 13 to 21 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023	
Evaluation Committees	The Evaluation Committees should conduct due diligence of all eligibility documents as well as desist from altering criteria at evaluation without justification and recommending non-administratively compliant bidders in accordance with Regulation 5 (1) and Part IV of the PPDA (Evaluations) Regulations, 2023.	Continuously
User Departments	<ol style="list-style-type: none"> 1. The Heads of User Departments should nominate a member of the User Department with appropriate skills and experience to be appointed as contract manager in accordance with Regulation 51 (1) of the PPDA (Contracts) Regulations, 2023. 2. The contract managers, upon receipt of the contract, should prepare a contract management plan and forward a copy to the Procurement and Disposal Unit for purposes of monitoring in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023. 3. The contract managers should appraise and report on the performance of providers in performance reports and progress reports to the Accounting Officer and to the Procurement and Disposal Unit in accordance with Regulation 52 (3) (f) & (g) of the PPDA (Contracts) Regulations, 2023. 	Continuously

ANNEXES

Annex 1: Transaction list of procurements reviewed during the compliance audit for the calendar year 2023

No.	Proc. Ref. No.	Subject of Procurement	Method of Procurement	Name of Provider	Contract Value (UGX)	Risk Rating
1.	UIRI/SUPLS/22-23/00001	Motorized jack loom and peddle loom	Request for Quotation	Amuka Hardware Point Ltd	104,000,000	High Risk
2.	UIRI/SUPLS/22-23/00010	Materials for fabricating stainless steel tables for the meat pilot plant	Request for Quotation	Spelter Investments Ltd	7,990,000	High Risk
3.	UIRI/SUPLS/22-23/00008	Materials to aid fabrication of 100 pieces of voltage level detectors casings at MMISDC- Namanve	Request for Quotation	Vizak Investments Ltd	5,788,000	High Risk
4.	UIRI/SUPS/2223/00002/117	ICT supplies	Direct procurement	Balton (U) Ltd	82,368,038.26	High Risk
5.	UIRI/SUPLS/2022/23/00002/068	Texture materials and Consumables	Direct procurement	Baka Links International Ltd	78,748,480	High Risk
6.	UIRI/SUPLS/22-23/00002/031	Surface planner for carpentry workshop Namanve	Direct procurement	Wood Machinery Ltd	30,090,000	High Risk
7.	UIRI/SUPLS/22-23/0002/041	Laboratory items	Direct procurement	Afrotech Management Ltd	30,980,800	High Risk
8.	UIRI/SUPLS/22-23/00002/086	Textile Training materials and Consumables	Direct procurement	Vattenfall Company Limited	224,969,360	High Risk
9.	UIRI/SUPLS/22-23/00002/033	Supply of Reagents for the Chemistry Laboratory	Direct procurement	Good will Lab Supplies Ltd	25,000,542	High Risk
10.	UIRI/SUPLS/22-23/0002/021	Materials for training purpose in two workshops at MMISDC Namanve	Direct procurement	Fibre Friends Works Ltd	49,990,400	High Risk
Total					639,925,620.26	

Annex 2: Monthly Procurement Reports Actual Spend during the Financial Year 2022/23

No.	Procurement Description	Actual Spend Value (UGX)	Percentage Composition
1.	Purchase and maintenance of equipment, machinery and materials	1,509,442,668	57%
2.	ICT supplies and services	444,713,044	17%
3.	Maintenance of vehicles	232,116,602	9%
4.	Welfare and entertainment	104,039,367	4%
5.	Office equipment & fittings	103,798,985	4%
6.	Insurance	58,895,739	2%
7.	Stationery	51,719,970	2%
8.	Advertising and publications	47,978,244	2%
9.	Maintenance of office premises	27,912,549	1%
10.	Postage and courier services	23,230,973	1%
11.	Cleaning supplies and services	22,374,556	1%
12.	Disposal	5,900,000	0.2%
13.	Security services	2,300,000	0.1%
Total		2,634,422,697	

Annex 3: Procurement budget for the FY 2022/2023

No.	Procurement Description	Budget Estimate (UGX)
1.	Medical expenses for employees	1,160,625,000
2.	Advertising and publications	60,000,000
3.	ICT supplies	85,193,000
4.	Welfare and entertainment	1,100,000,000
5.	Printing, stationery and photocopying	90,000,000
6.	Small office equipment	30,412,000
7.	ICT services	40,000,000
8.	Postage and courier services	8,000,000
9.	Property management services	232,000,000
10.	Guard and security services	200,000,000
11.	Electricity	800,000,000
12.	Water	314,000,000
13.	Other utilities (fuel, firewood)	190,000,000
14.	Agricultural supplies and services	557,000,000
15.	Laboratory supplies and services	207,000,000
16.	Protective gear	57,000,000
17.	Research expenses	100,000,000
18.	Consultancy services	80,000,000
19.	Insurances	170,000,000

No.	Procurement Description	Budget Estimate (UGX)
20.	Travel inland	250,000,000
21.	Fuel. Lubricants and oils	392,045,000
22.	Maintenance of buildings	1,112,004,000
23.	Maintenance of transport equipment	200,000,000
24.	Maintenance of machinery	680,000,000
25.	Non-residential buildings acquisition	600,000,000
26.	Acquisition of light ICT hardware	100,000,000
27.	Acquisition of heavy ICT hardware	200,000,000
28.	Acquisition of medical, laboratory and research & appliances	200,000,000
29.	Acquisition of furniture	30,000,000
30.	Acquisition of research & development	1,269,600,000
31.	Improvement of research and development	400,000,000
Total		10,914,879,000