



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

**PROCUREMENT AND DISPOSAL AUDIT REPORT FOR THE  
FINANCIAL YEAR 2022/2023**

**UGANDA PRISONS SERVICE**

**MAY 2024**

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## Acronyms

AO	Accounting Officer
CC	Contracts Committee
FY	Financial Year
HPDU	Head, Procurement and Disposal Unit
LPO	Local Purchase Order
MOFPED	Ministry of Finance, Planning and Economic Development
PSST	Permanent Secretary/Secretary to the Treasury
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
ODB	Open Domestic Bidding
RFP	Request for Proposals
RFQ	Request for Quotations
SBD	Standard Bidding Document
UGX	Uganda Shillings
UPS	Uganda Prisons Service

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal audit of Uganda Prisons Service. The exercise covered a sample of 17 procurement transactions carried out during the Financial Year 2022/2023. The procurement and disposal audit exercise involved a review of the procurement system, procurement and disposal processes following the Public Procurement and Disposal of Assets Act, 2003 and PPDA Regulations, 2023.

From the findings of the procurement and disposal audit exercise, the performance of the Uganda Prisons Service for the Financial Year 2022/2023 was **satisfactory** with an overall weighted average risk rating of **28%**. The risk rating is detailed in Chapter 3 of the audit report.

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

1. The Authority observed that the entity's procurement plan of UGX 248.5 billion was not supported by a budget. The total procurement plan value submitted to the Authority was more than the Entity's approved and revised recurrent non-wage and capital development expenditure budget of UGX 213 billion creating a shortfall of UGX 35 billion between the plan and the approved budget. Relatedly, no evidence of additional financial resources availed to the Entity following the Presidential Directive and the Cabinet approval of strategic interventions to boost production of food and animal feeds by way of supplementary funding was availed for review.
2. The Evaluation Committee passed bidders that did not comply with the technical requirements during the evaluation process in the procurement for seedbed preparation services for 10,000 acres of land in Aswaworth UGX 24,992,290,000. Particularly, the best evaluated bidders did not submit the required personnel and did not possess the required experience to execute the assignment. In response, the entity explained that the requirements were waived during the evaluation process and that Kmax Logistics Ltd had a sub-contracting arrangement with Bellevue Logistics Ltd which was considered as sufficient experience. However, no evidence of the waiver of the requirement availed for review. The Evaluation Committee's decision to pass bidders who did not meet all technical requirements raises concerns about the fairness of the evaluation process.
3. Delayed delivery of fertilizers worth UGX 1,116,250,000. The fertilizers, although procured as an emergency, were delivered 9 months after the start of the second planting season and 6 months after the contractual period. The Entity responded that the delay was occasioned by delays in quality control tests by the manufacturer in China.

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

1. The Accounting should ensure that procurement and disposal is planned in a rational manner and that the procurement plan is integrated with the budget in accordance with Section 58 (2) of the PPDA Act, 2003. The Accounting Officer and management should regularly carry out a review of the implementation of the procurement plan to ensure alignment with expenditure programme and improved performance in accordance with Section 58 (4) of the PPDA Act, 2003.

2. The Evaluation Committee should evaluate bids in accordance with the evaluation criteria specified in the bidding documents following Regulation 5 of the PPDA (Evaluation) Regulations, 2023. In the event of any waivers, these should be applied to all bidders and reported in the evaluation report.
3. The Accounting Officer should prevail over Contract Managers to ensure that contracts are implemented within the contractual terms and conditions by closely monitoring the progress of the contract and ensuring the timelines are adhered to; ascertaining that the provider meets all performance or delivery obligations in accordance with the terms and Conditions of the contract and appraise the performance of the provider and report on the performance of the provider to PDU in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.

Uganda Prisons Service should implement the recommended action plan on page 16.

## CHAPTER 1: INTRODUCTION

### 1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal audit that covered a representative sample of 17 procurement transactions under the Financial Year 2022/2023. 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.

### 1.2 Main Audit Objective

The purpose of the audit was to assess and establish whether the procurement and disposal activities of Uganda Prisons Service were conducted in a manner which promotes transparency, accountability, and fairness, in accordance with the laid down public procurement procedures enshrined in the PPDA Act, 2003 and PPDA Regulations 2014 and assess the level of procurement performance over the audit period.

The specific objectives were to:

- Establish the level of compliance by the Procuring and Disposing Entity (PDE) with the general provisions of the PPDA Act, 2003 and PPDA Regulations 2014;
- Establish the level of compliance with the PPDA Act, 2003 and Regulations 2014 in the conduct of procurement and disposal activities; and
- Assess the level of efficiency and effectiveness in contract implementation including application of Environmental, Social, Health and Social safeguards (ESHS) where applicable.

### 1.3 Audit Scope

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation of the 17 transactions under Financial Year 2022/2023 contained in **Appendix 1**. The sample was selected based on stratified random sampling using Contracts Committee minutes and monthly procurement and disposal reports. The distribution of the transaction population and the sample is in Table 1 below:

**Table 1: Distribution of transaction's population and sample for Uganda Prisons Service FY 2022-2023**

Method	Value			Number		
	Population	Sample	% Value	Population	Sample	% No.
Open Domestic Bidding	6,830,948,261	3,772,017,991	55.21	11	2	18.18
Request for Quotations/Proposals	8,163,955,455	481,842,910	5.90	154	4	2.59
Direct Procurement	543,175,362	0	0	5	0	0
Restricted Domestic Bidding	76,714,115,837	30,395,736,680	39.62	71	10	14.08

Micro Procurement	666,131,024	0	0	152	0	0
<b>Total</b>	<b>92,918,325,939</b>	<b>34,649,597,581</b>	<b>37.29</b>	<b>442</b>	<b>16</b>	<b>3.62</b>

#### 1.4 Audit Methodology

On 17<sup>th</sup> November 2023, Uganda Prisons Service was notified about the audit exercise. An audit launch meeting was held on 13<sup>th</sup> December 2023 between the audit team and the Entity's officials.

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. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and fit for purpose.

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

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

A debrief meeting to clear all pending issues that arose during the audit was held with the Entity management and staff on 13<sup>th</sup> March 2024 before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on 25<sup>th</sup> March 2024 with a request to submit a management response by 5<sup>th</sup> April 2024, which was submitted on 8<sup>th</sup> May 2024, the date of the exit meeting.

## CHAPTER TWO: AUDIT FINDINGS

### 2.1 Compliance with the general provisions of the PPDA Act 2003 and Regulations 2014

#### 2.1.1. Procurement planning and plan management

Section 58 (2) of the PPDA Act, 2003 states that a procuring and disposing entity shall plan its procurement and disposal in a rational manner and in particular shall integrate its procurement budget with its expenditure programme.

The Authority assessed the Entity's procurement plan for the FY 2022-2023. Table 2 below details information about the plan and utilization of funds. The procurement plan absorption rate was 37.5% with a variance of UGX155,506,900,461.

**Table 2: Procurement Plan Implementation**

<i>Analysis of procurement spend</i>	
Total procurement budget/plan value inclusive VAT (UGX)	248,471,966,000
Total procurement spend value inclusive VAT (UGX)	92,918,325,939
Procurement plan implementation (%)	37.5
Budget Variance (UGX)	155,506,900,461

The procurement spend value in Table 2 above may not be a true reflection of the Entity's procurement spend. According to the Vote Performance Report for the FY 2022-2023, the Entity had an approved budget of UGX 236 billion (including arrears) and funds worth UGX 253 billion were released by end of 4<sup>th</sup> quarter for recurrent (non-wage) and development expenditure. Therefore, there is a likelihood that the Entity reported to the Authority less than what it actually spent by the end of the financial year.

Relatedly, the Authority observed that the total procurement plan value for Uganda Prisons Service was more than the Entity's recurrent non-wage and capital development expenditure budget. Whereas the total recurrent (non-wage) and capital development budget was UGX 213.09 billion (excluding arrears), the total procurement plan value was UGX 248.5 billion creating a shortfall of UGX 35.4 billion. It is imperative to note that the approved non-wage budget includes non-procurable expenses such as allowances, gratuity, among others which constituted a substantial amount of the expenditure item.

#### **Risk Implication**

Lack of evidence of approved financial resources to run the Entities operations can obscure true performance hence making it difficult to track progress, measure results, and make practical recommendations on any deviations.

#### **Management Response**

The variance between the procurement plan and implementation was sponsored by the nature of procurement processed and implemented. While the procurement plan reflected all the procurable items, some items on the procurement plan like food supplies, feeding of trainees amounting to 82 billion and 14 billion respectively were procured through an alternative procurement system under classified procedures approved/accredited by PPDA in accordance section 40A of the PPDA Act, 2003, except these are not reported to PPDA, as procurement awarded to reflect on the procurement plan performance as observed during the audit.

Additionally, we planned to procure, bush clearing/seed bed preparation in FY 2022/23 amounting to 102billion by the directive of the President on food security, however, by the end of Financial year under review, only contracts worth 48billion had been awarded. Thus, giving a variance of 54 billion. Other unreported procurements were processed through framework contracts that were reported to the Authority at the time of award in the previous financial years and specific call orders were issued during the year under audit.

#### **Authority's response**

The Entity did not submit any document mentioning that the procurement of food supplies and feeding of trainees was procured under an alternative procurement system/classified procurements. Also no evidence was availed to support funding of the planned procurements for bush clearing/seed bed preparation in FY 2022/23 amounting to 102billion by the directive of the President on food security interventions of 2022.

#### **Recommendations**

1. The Accounting should ensure that procurement and disposal is planned in a rational manner and that the procurement plan is integrated with the budget in accordance with Section 58 (2) of the PPDA Act, 2003.
2. The Accounting Officer and Management should regularly carryout a review of the implementation of the procurement plan to ensure improved performance in accordance with Section 58 (4) of the PPDA Act, 2003.

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

Section 55 of the PPDA Act states that all public procurement and disposal shall be carried out in accordance with the rules set out in the Act, any regulations and guidelines made under the Act. The following areas of non-compliance were noted in the conduct of procurement and disposal activities.

#### **2.2.1 Passing a non-compliant bidder**

Regulation 7 of the PPDA (Evaluation) Regulations 2014 states that the evaluation of bids shall determine the best evaluated bid, as the bid which is eligible and administratively compliant to the technical requirements of the procuring and disposing Entity.

The Authority observed that in the Procurement of seedbed preparation services for 10,000 acres of land in Aswa Lot 1 and 2 worth UGX 12,492,550,000 and UGX 12,499,740,000 respectively, the best evaluated bidders did not meet the technical requirements of the Entity but were found compliant during the evaluation process and recommended for award of contract. The evaluation criteria in the bidding document required bidders to submit qualified personnel and evidence of performance of similar works. Specifically, bidders were required to submit evidence of possession of a team leader with at least a graduate degree in Agricultural Engineering or Agriculture and Land Use management and any other degree that is applied to mechanized seed bed preparation and 5 years of professional experience in the related field. The following was noted by the Authority:

**A. Lot 1:**

- i. ClayeFord Construction Services Ltd, the best evaluated bidder submitted a team leader and assistant team leader that did not possess the above requirements but was found compliant during the evaluation stage.
- ii. In terms of experience, whereas Clayeford Construction Services Ltd submitted purchase orders issued by Ndejje University for bush clearing, levelling and rehabilitation of the university sports ground worth UGX 1.5 Billion, and Strongminds for bush clearing and preparation of women in Katosi and Luwero garden village SACCO grounds worth UGX 4 Billion, there was no evidence in terms of completion certificates certified by competent persons indicating that work was done.

**B. Lot 2:**

- i. Bellevue Logistics Ltd proposed a team leader that did not possess the required qualifications. Abbey Lubega, the proposed team leader was awarded a degree of Bachelor of Science in Agriculture from Makerere University on 18<sup>th</sup> May 2021. The bid was submitted on 21<sup>st</sup> November 2022; therefore, the team leader couldn't have met the required 5 years' professional experience by the time of bid submission.
- ii. In terms of experience, Bellevue Logistics Ltd submitted call off orders issued by National Animal Genetic Resources Centre & Data Bank (NAGRC D&B) as evidence of having done similar works. However, two call off orders, reference no. NAGCR/NCONS-WRKS/20-21/00176 worth UGX 2,450,000,000 and NAGRC/NCONS-WRKS/20-21/00176 worth UGX 2,013,000,000 had alterations to include Bellevue Logistics Ltd as the provider. In addition, provider was not among the firms contracted under framework contract in NAGRC D&B in the financial year 2021-2022 although the firm attached a call off order referenced NAGRC/NCONS/21-22/00045 worth UGX 768,000,000.

**Risk Implication**

Unfair evaluation processes discourage other bidders hence making them less likely to participate in future tendering processes which consequently affects competition.

**Management Response**

This procurement was processed through emergency procedure under National Food Security intervention, in the circumstance, the evaluation committee observed that out of four shortlisted bidders, two had already failed on technical evaluation and waived the requirement of a degree as qualifications since one of two technically compliant bidders had submitted team leader with Diploma in the relevant field and experience. The waiver was in accordance with S.I no.9 of PPDA evaluation regulations 11 (3a) of PPDA Regulations of 2014.

In terms of experience, NAGRIC contracted Kmax Logistics, but Ms Kmax subcontracted Bellevue to undertake the execution of the contract. The evaluation Committee relied on the experience gained through a sub contract as actual performance was done the Ms Bellevue.

### **Authority's response**

The Authority observed that the Evaluation Committee did not state any decision to grant a waiver in its evaluation report. Bellevue Logistics Ltd submitted a call off order issued under its name and there were no documents relating to a sub-contracting arrangement between Kmax Logistics and Bellevue Logistics Ltd that formed part of the bidders bid.

### **Recommendations**

The Evaluation Committee should evaluate bids in accordance with the evaluation criteria specified in the bidding documents following Regulation 5 of the PPDA (Evaluation) Regulations, 2023. In the event of any waivers, these should be applied to all bidders and reported in the evaluation report.

### **2.3 Efficiency and effectiveness in contract implementation including application of ESHS where applicable**

The Authority noted irregularities during contract management in the following procurement transactions

#### **2.3.1. Failure to adequately meet contractual obligations**

Regulation 53 (3) (vii) of the PPDA (Contracts) Regulations, 2014 states that a contract manager shall ascertain that a provider meets all performance or delivery obligations in accordance with the terms and conditions of the contract. The audit noted that there was failure by the contract manager to effectively manage the contract in the procurement of fertilizers Lot 1: UGX 1,116,250,000 by Sterling Side 26 (U) Ltd.

There was a delay to deliver the fertilizers which prevented the Entity from achieving the overall objective of the procurement as detailed below:

- i. The User Department initiated the procurement for supply of base fertilizer and top-dressing fertilizer. The base fertilizer is applied at the beginning of the planting season while the top dressing is applied during the growing season.
- ii. The Head Procurement and Disposal Unit requested the Contracts Committee to approve the restricted domestic bidding method citing the emergency need for the fertilizer since the planting season was due in two months, i.e. 2months from June 2022 when the procurement was initiated.
- iii. The procurement was considered an emergency hence the use of restricted bidding method instead of open domestic bidding method since the previous maize yield had been affected by the quality of the soils.
- iv. According to the contract, the provider was required to deliver the base fertilizer within 60 working days, i.e., by 18<sup>th</sup> November 2022.
- v. Sterling Side 26 (U) Ltd delivered the fertilizer on 12<sup>th</sup> May 2023, six months from the contractual period and nine months after the start of the second planting season of the year implying that the objective of the procurement was not achieved.

**Implication**

Since the contract was time bound, the execution of the contract outside the contractual timeframes without any extension could imply negligence of Contract Manager during contract execution.

**Management Response**

The service provider requested for extension of delivery period due to quality control test delays by the manufacturer in China. A copy of no cost extension is hereto attached.

**Authority's Response**

The Entity attached email correspondences relating to the quality control tests in China. However, the email correspondences were between the Chinese firm and Caroline of Kadac International Ltd yet the contracted company was Sterling Side 26 (U) Ltd. These are the documents that the entity relied on to extend the contract with Sterling Side 26 (U) Ltd.

**Recommendation**

The Accounting Officer should prevail over Contract Managers to ensure that contracts are implemented within the contractual terms and conditions by closely monitoring the progress of the contract and ensuring the timelines are adhered to; ascertaining that the provider meets all performance or delivery obligations in accordance with the terms and Conditions of the contract and appraise the performance of the provider and report on the performance of the provider to PDU in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.

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

### 3.1. Overall Audit Conclusion

The performance of the Uganda Prisons Service for the Financial Year 2022/2023 was **satisfactory** with overall weighted average risk rating of **28%**.

**Table 3: Risk rating criteria**

Risk Rating	Description of Performance
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 the Entity. The weighting was derived using the average weighted index as shown in Table 4 below:

**Table 4: Weighted score of Uganda Prisons Service**

Risk category	No.	No. %	Value (UGX)	Value%	Weights	Total weighted Average	
						By No	By Value
High	1	6.25	176,250,110	1	0.6	3.75	0.308
Medium	2	12.5	25,068,231,300	73	0.3	3.75	21.958
Low	1	6.25	2,304,250,000	7	0.1	0.63	0.672
Satisfactory	12	75	6,876,405,462	20	0	0	0
<b>Total</b>	<b>16</b>	<b>100</b>	<b>34,248,886,762</b>	<b>100</b>		<b>10.6</b>	<b>22.89</b>

**Note:** One case was not rated because the procurement was cancelled.

$$\text{Performance by Number} = \frac{10.6 \times 100}{60} = 18\%$$

$$\text{Performance by Value} = \frac{22.89 \times 100}{60} = 38\%$$

$$\text{The average weighted risk rating} = \frac{18 + 38}{2} = 28\%$$

Figure 1: Risk rating by Value

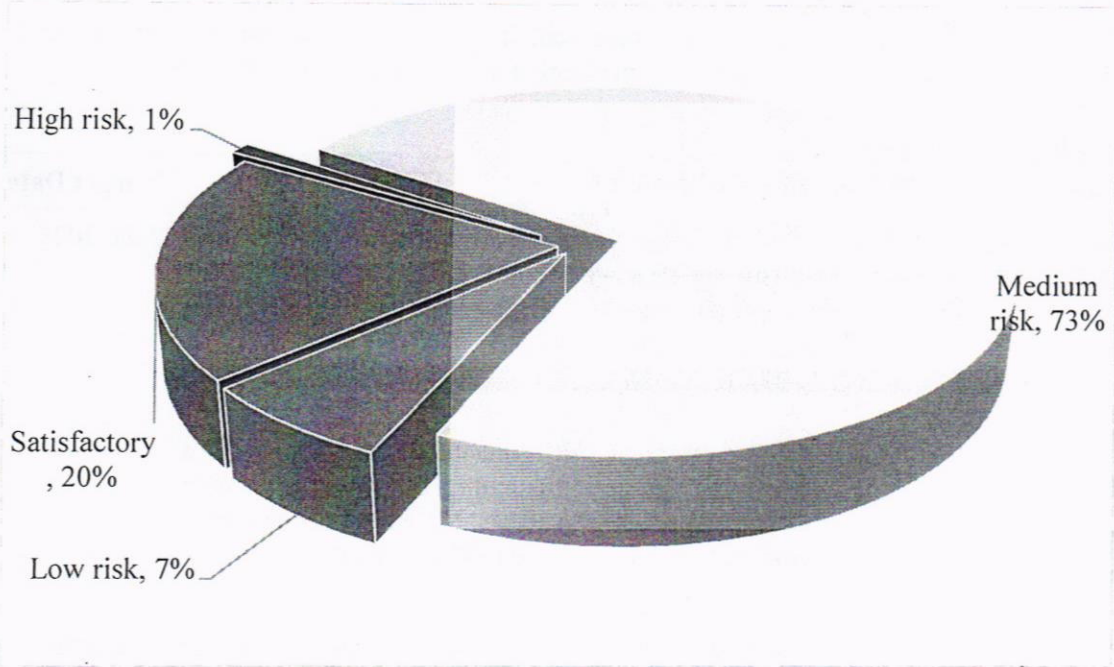
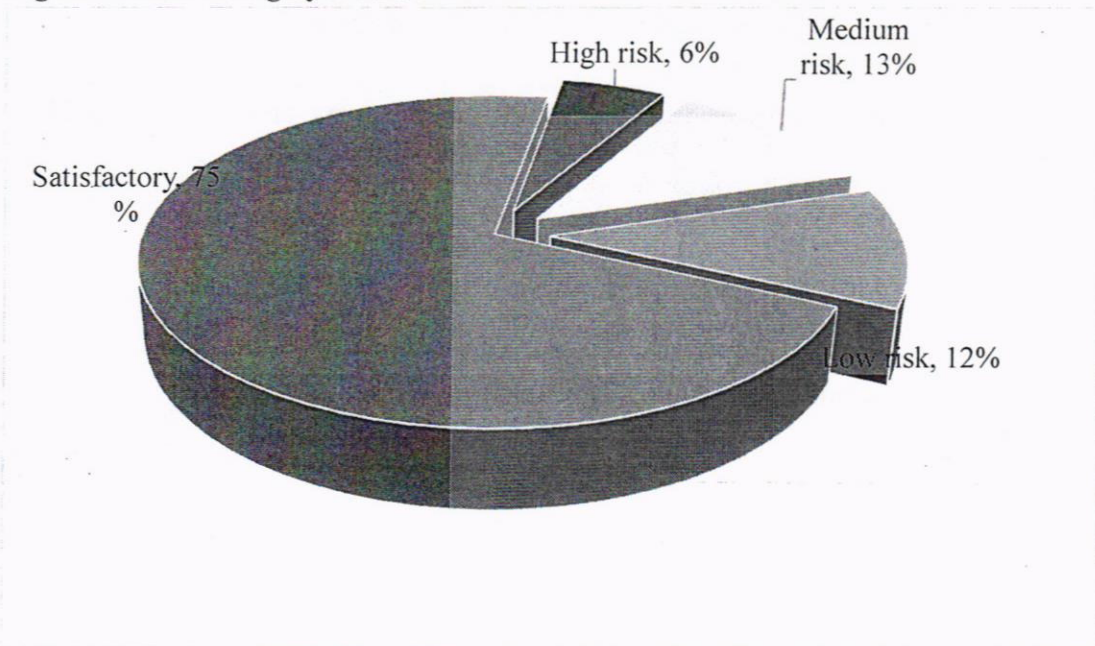


Figure 2: Risk rating by Number



### 3.2 Recommended Action Plan

The Uganda Prisons Service should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

**Table 5: Action Plan**

Origin	Recommended Action	Target Date
Accounting Officer	<ul style="list-style-type: none"> <li>• The Accounting should ensure that procurement and disposal is planned in a rational manner and that the procurement plan is integrated with the budget in accordance with Section 58 (2) of the PPDA Act, 2003.</li> <li>• The Accounting Officer should regularly carryout a review of the implementation of the procurement plan to ensure improved performance in accordance with Section 58 (4) of the PPDA Act, 2003.</li> </ul>	June 2024
Evaluation Committee	The Evaluation Committee should evaluate bids in accordance with the evaluation criteria specified in the bidding documents following Regulation 5 of the PPDA (Evaluation) Regulations, 2023. In the event of any waivers, these should be applied to all bidders and reported in the evaluation report.	June 2024
Contract Managers	Contract Managers to ensure that contracts are implemented within the contractual terms and conditions by closely monitoring the progress of the contract and ensuring the timelines are adhered to; ascertaining that the provider meets all performance or delivery obligations in accordance with the terms and Conditions of the contract and appraise the performance of the provider and report on the performance of the provider to PDU in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.	June 2024

**Appendix 1: Transaction list for Financial Year 2022/2023**

S/N	Procurement Reference No	Subject of Procurement	Method of Procurement	Provider	Contract Value (UGX)	Risk Rating
1.	UPN/SUP/2021-22/00740	Fertilizers for Season B	Open Domestic Bidding	Lot 1: Sterling Side 26 (U) Ltd  Lot 2: National Enterprises Corporation (NEC-AGRO-SMC Ltd)	1,116,250,000  1,188,000,000	Low Risk
2.	UPN/SUP/2022-23/00091	Farm tools	Restricted Domestic Bidding	Lot 1: Kangaroo (U) Ltd Lot 2: Caliber Supplies (U) Ltd	Lot 1: 699,959,000	Satisfactory
				Lot 3: Kadijan International (U) Ltd	Lot 2: 325,815,000	
					Lot 3: 145,908,000	
3.	UPN/SVC/2022-23/00016	Disposal of old vehicles and stores	Public Auction	Rudi Agencies Ltd	33% of the total sales received from items auctioned inclusive of VAT plus cost reimbursable Of 2,200,000 for the advert	Medium Risk
4.	UPN/SUP/2022-23/00258	Seed Treatment Equipment for National Food and Animal Feed Security Intervention for FY 2022/23 Farming Period	Restricted Domestic Bidding	Arimurt Engineering (U) Ltd	484,027,000	Satisfactory

5.	UPN/SUP/2022-23/00295	Assorted Steel Materials for Construction of Perimeter Wall and Fencing of Walkway at Upper Prison	Restricted Domestic Bidding	Milpack investments Ltd	199,790,000	Satisfactory
6.	UPN/SUP/2022-23/00238	Manufactured Materials for the Construction of Low-Cost Houses and Toilets at Kitalya Mini-Max Prison	Request for Quotation	Rohha Logistics SMC Ltd	165,610,000	Satisfactory
7.	UPN/SUP/2022-23/00458	Modified Uniports for Inmates Accommodation at New Aswa, Pingire and Awei Farm Prisons	Restricted Domestic Bidding	M/s Casements (Africa) Ltd	171,082,480	Satisfactory
8.	UPN/CON.SVCS/2022-23/00149	Consultancy Services for a Pre-Feasibility Study for the Prisons infrastructure Upgrade and Development Project-Phase I	Request for Proposals	Dulcet Ventures Ltd	87,000,000	Satisfactory
9.	UPN/SVC/2022-23/00230	Services for Seedbed Preparation of 10,000 Acres of Land at ASWA-II Under MAAIF - UPS Intervention to National Food and	Restricted Domestic Bidding	Lot 1: Clayeford Construction Services Ltd  Lot 2: Bellevue Logistics Ltd	Lot 1: 12,492,550,000  Lot 2: 12,499,740,000	Medium Risk
10.	UPN/SUP/2022-23/00071	Motor Vehicles and Motor Cycles (Lot 1-5)	Open Domestic Bidding	Lot 1:Cfao Motors (U) Ltd	Lot 1: 306,356,000	Satisfactory

		Lot 1: (Two Double Cabin Pick Ups)		Lot 2: Kampala Motors Ltd	Lot 2: 269,200,000	
		Lot 2: (One Saloon Car)		Lot 3 and 4: Cfao Motors (U) Ltd	Lot 3: 242,508,991 and Lot 4: 253,953,000	
		Lot 3 and 4 (One Station Wagon and One Ambulance)				
		Lot 5a) 10- Ton Cargo Trucks		Lot 5: Tata (U)	Lot 5a: 465,000,000	
11.	UPN/SUP/2022-23/00413	Manufactured Building Materials	Request for Quotations	Foyer Five Ltd	52,982,800	Satisfactory
12.	UPN/SUP/2022-23/00424	Supply and Installation of Solar Security Lights around Staff Quarters and Female Ward in Ntungamo Prison	Restricted Domestic Bidding	Jansim Engineering Enterprises Ltd	196,588,000	Not rated
13.	UPN/SUP/2022-23/00094	Agro Chemicals	Restricted Domestic Bidding	Meraki Ventures Ltd	1,292,025,000	Satisfactory
14.	UPN/SUP/2022-23/00094	Agro Chemicals	Restricted Domestic Bidding	Streamline Consults Ltd	1,292,025,000	Satisfactory
15.	UPN/SUP/2022-23/00174	Supply and installation of solar security lights around staff quarters and female ward in Ntungamo Prison.	Request for Quotations	Williamsons Technical Services Ltd	176,250,110	High Risk
16.	UPN/SUP/2022-23/00095	Harvesting materials	Restricted Domestic Bidding	Quick Dynamic Ltd	476,221,200	Satisfactory
17.	UPN/SUP/2022-23/00327	Laptop Computers for Prisons Academy and Training School	Restricted Domestic Bidding	Bose Hub Technologies Ltd	120,006,000	Satisfactory
	<b>TOTAL</b>				<b>34,649,597,581</b>	

**Appendix 2: FINDINGS AND RATING ON THE INDIVIDUAL CONTRACTS REVIEWED**

	<b>HIGH RISK CONTRACTS</b>	<b>REASONS FOR HIGH RISK</b>
1.	Supply and installation of solar security lights around staff quarters and female ward in Ntungamo Prison (UPN/WRKS/2022-2023/00174) UGX 176,250,110,	The Entity categorised the procurement as ‘works’ instead of ‘supplies’ hence using a wrong procurement method. The PPDA Act defines ‘works’ as any work associated with the construction, reconstruction, demolition, repair, or renovation of a building or structure, on the surface or underground. The major component of the procurement was supply of light fittings and solar panels including their installation. As a result, the entity used Request for Quotations which is a simplified method that compares price quotations instead of restricted domestic bidding based on the estimated cost at initiation.
No	<b>MEDIUM RISK CONTRACTS</b>	<b>REASONS FOR MEDIUM RISK</b>
1.	Auctioning services for disposal of old vehicles at UPS  Auctioneer: Ms. Rudi Agencies Ltd UGX 75,941,300	There was no evidence that proceeds from the disposal worth UGX 75,941,300 was remitted to the Consolidated fund using Treasury General Receipt of GOU.
2.	Procurement of Seedbed preparation services for 10,000 acres of land in Aswa Lot 1 and 2 <b>Provider:</b> Lot 1: Clayeford Construction Services Ltd Lot 2: Bellevue Logistics Ltd <b>Contract value:</b> Lot 1: UGX 12,492,550,000 Lot 2: UGX 12,499,740,000	Failure to document the waiver of the technical requirements by the Evaluation Committee its report. This could have impacted on the principle of transparency and accountability and possible passing of a non-compliant bidder.
No	<b>LOWRISK CONTRACTS</b>	<b>REASONS FOR LOW RISK</b>
1	Fertilizers for Season B Lot 1: Sterling Side 26 (U) Ltd  Lot 2: National Enterprises Corporation (NEC-AGRO-SMC Ltd)	The Audit noted that despite the delayed delivery of the supply, the Entity indicated that it had adequate stocks of fertilizers which were used during the planting season. According to the signed contract, the provider was required to deliver the base fertilizer within 60 working days, i.e., by 18 <sup>th</sup> November 2022. The Authority observed that at the initiation of the procurement, the HPDU requested the Contracts Committee to approve the restricted domestic bidding method citing the emergency need for the fertilizer since the planting season was due in two months, i.e. 2months from June 2022 when the procurement was initiated. Sterling side 26 (U) Ltd delivered the fertilizer on 12 <sup>th</sup> May 2023, six months from the contractual period and nine months after the start of the second planting season of the year.

No.	Satisfactory Contracts	Reasons
1.	Seed Treatment Equipment for National Food and Animal Feed Security Intervention for FY 2022/23 Farming Period	No exceptions
2.	Assorted Steel Materials for Construction of Perimeter Wall and Fencing of Walkway at Upper Prison	
3.	Manufactured Materials for the Construction of Low-Cost Houses and Toilets at Kitanya Mini-Max Prison	
4.	Modified Uniports for Inmates Accommodation at New Aswa, Pingire and Awei Farm Prisons	
5.	Consultancy Services for a Pre-Feasibility Study for the Prisons infrastructure Upgrade and Development Project-Phase I	
6.	Manufactured Building Materials	
7.	Agro Chemicals	
8.	Agro Chemicals	
9.	Harvesting materials	
10.	Laptop Computers for Prisons Academy and Training School	
11.	Farm tools	
12.	Motor vehicles	

### Appendix 3: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management.  Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused

RISK	DESCRIPTION	AREA	IMPLICATION
			by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	This implies lack of efficiency, standardisation and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek	This leads to unjustified contract amendment and variations which lead to unjustified delayed

RISK	DESCRIPTION	AREA	IMPLICATION
		the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	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 ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

**SATISFACTORY**

Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.



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

**Our Ref: PPDA/UPS/145**

24<sup>th</sup> May 2024

The Under Secretary  
Uganda Prisons Service  
P.O. Box 7182  
KAMPALA

**PROCUREMENT AND DISPOSAL AUDIT REPORT OF UGANDA PRISONS SERVICE  
FOR FINANCIAL YEAR 2022/2023**

Reference is made to the above subject.

The Public Procurement and Disposal of Public Assets Authority carried out a procurement and disposal audit of Uganda Prisons Service. The exercise covered a sample of seventeen procurement transactions carried out during the Financial Year 2022/2023. The procurement and disposal audit exercise involved a review of the procurement system, procurement and disposal processes following the Public Procurement and Disposal of Assets Act, 2003 and PPDA Regulations, 2014.

From the findings of the procurement and disposal audit exercise, the performance of the Uganda Prisons Service for the Financial Year 2022/2023 was **satisfactory** with an overall weighted average risk rating of **28%**. The risk rating is detailed in Chapter 3 of the audit report.

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

1. The Authority observed that the entity's procurement plan of UGX 248.5 billion was not supported by a budget. The total procurement plan value submitted to the Authority was more than the Entity's approved and revised recurrent non-wage and capital development expenditure budget of UGX 213 billion creating a shortfall of UGX 35.4 billion between the plan and the approved budget. Relatedly, no evidence of additional financial resources availed to the Entity following the Presidential Directive and the Cabinet approval of strategic interventions to boost production of food and animal feeds by way of supplementary funding was availed for review.

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2. The Evaluation Committee passed bidders that did not comply with the technical requirements during the evaluation process in the procurement for seedbed preparation services for 10,000 acres of land in Aswa worth UGX 24,992,290,000. Particularly, the best evaluated bidders did not submit the required personnel and did not possess the required experience to execute the assignment. In response, the entity explained that the requirements were waived during the evaluation process and that Kmax Logistics Ltd had a sub-contracting arrangement with Bellevue Logistics Ltd which was considered as sufficient experience. However, no evidence of the waiver of the requirement availed for review. The Evaluation Committee's decision to pass bidders who did not meet all technical requirements raises concerns about the fairness of the evaluation process.
3. Delayed delivery of fertilizers worth UGX 1,116,250,000. The fertilizers, although procured as an emergency, were delivered 9 months after the start of the second planting season and 6 months after the contractual period. The Entity responded that the delay was occasioned by delays in quality control tests by the manufacturer in China.

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

1. The Accounting should ensure that procurement and disposal is planned in a rational manner and that the procurement plan is integrated with the budget in accordance with Section 58 (2) of the PPDA Act, 2003. The Accounting Officer and management should regularly carryout a review of the implementation of the procurement plan to ensure alignment with expenditure programme and improved performance in accordance with Section 58 (4) of the PPDA Act, 2003.
2. The Evaluation Committee should evaluate bids in accordance with the evaluation criteria specified in the bidding documents following Regulation 5 of the PPDA (Evaluation) Regulations, 2023. In the event of any waivers, these should be applied to all bidders and reported in the evaluation report.
3. The Accounting Officer should prevail over Contract Managers to ensure that contracts are implemented within the contractual terms and conditions by closely monitoring the progress of the contract and ensuring the timelines are adhered to; ascertaining that the provider meets all performance or delivery obligations in accordance with the terms and Conditions of the contract and appraise the performance of the provider and report on the performance of the provider to PDU in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.