



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

**COMPLIANCE AND DISPOSAL AUDIT REPORT OF UGANDA
INVESTMENT AUTHORITY FOR FINANCIAL YEAR 2022/2023**

MARCH 2024

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Acronyms

AO	Accounting Officer
BEB	Best Evaluated Bidder
CC	Contracts Committee
FY	Financial Year
HPDU	Head, Procurement and Disposal Unit
LPO	Local Purchase Order
ODB	Open Domestic Bidding
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
RDB	Restricted Domestic Bidding
RFP	Request for Proposals
SBD	Standard Bidding Document
SPLS	Supplies
UIA	Uganda Investment Authority
WRKS	Works

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance audit on the procurement and disposal activities of Uganda Investment Authority. The exercise covered a sample of ten procurement transactions carried out during the Financial Year 2022/2023. The compliance audit exercise involved a review of the procurement system, procurement processes following the Public Procurement and Disposal of Assets Act, 2003 and Regulations, 2014.

From the findings of the compliance inspection exercise, the summary performance of the Entity revealed an aggregate risk rating of **44%** which is **Moderately Satisfactory** performance.

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

1. Low bidder response was noted in the procurement for construction of a pit latrine at Namanve worth UGX 25,741,000. Out of the three bidders invited, only two responded. This denies the Entity's attainment of competitive prices;
2. Delayed confirmation of funding by the Accounting Officer was noted in three procurements worth UGX 474,292,484. Delays in the procurement process lead to delayed service delivery to the intended beneficiaries.
3. The Entity used wrong procurement methods in the procurement for supply and delivery of four double cabin and one station wagon by CFAO worth UGX 1,045,665,990 and procurement of GPA with workman's compensation by NIC General Insurance Co. Ltd worth UGX 120,497,253. The restricted bidding method and direct procurement method were unjustifiably used respectively. Use of less competitive methods of procurement without adequate justification limits competition and value for money.
4. Issuance of poorly drafted solicitation documents in two procurements worth UGX 36,977,484 which entailed restrictive evaluation criteria and inclusion of non- applicable clauses in the Special Conditions of Contract. This causes a risk of bidders preparing non-responsive bids and it also leads to procurement of items which do not meet the users' requirements.
5. Delayed contract execution in two procurements worth UGX 1,800,983,155. The delays in contract execution were occasioned by delays in processing of land titles in the respective districts. Delays in contract execution impedes timely service delivery.
6. Failure to dispose of obsolete items by the Entity. The Authority reviewed the board of survey report for the FY 2022/23 and noted that there were several items due for disposal including 3 pick-ups, 30 desktop computers, and 30 chairs among others. However, there were no efforts by the Entity to have the items disposed of. In addition, the Entity did not have a disposal plan. Failure to dispose assets leads to loss of revenue through depreciation.

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

1. The Accounting Officer should investigate the reasons behind the low bidder response and also institute measures to attract a higher number of bidders.

2. The Accounting Officer should ensure that all procurements are conducted in a manner which promotes economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003.
3. The Contracts Committee and Head Procurement and Disposal Unit should ensure the use of competitive procurement methods to ensure competition and value for money. Where the direct procurement method is used, the Entity should adhere to the provisions spelt out in Regulations 12 of the PPDA (Rules and Methods for Procurement of Supplies Works and Non-Consultancy Services) Regulations, 2023.
4. The Contracts Committee should ensure that quality assurance of solicitation documents are before they are approved for issuance to bidders in accordance with Section 29 (i) (a) (iii) of the PPDA Act, 2003.
5. The Authority noted the Entity's response and recommends that Accounting Officer should prevail over Heads of User Departments to ensure that Contract Managers carry out their functions in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.
6. The Accounting Officer should ensure that disposal of obsolete items is conducted in accordance with the PPDA (Disposal) Regulations, 2023.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a compliance audit exercise on the procurement and disposal activities of Uganda Investment Authority. The exercise covered a sample of ten procurement transactions carried out during Financial Year 2022/2023. The exercise involved a review of the procurement system, procurement processes following the Public Procurement and Disposal of Assets Act, 2003 and Regulations, 2014.

1.2 Objective of the Compliance Audit

The primary objective of the exercise was to provide assurance on full and correct application of the PPDA Act 2003, Regulations 2014 and Guidelines 2008 by Uganda Investment Authority.

The specific objectives were:

1. To establish the level of compliance of the procurement and disposal activities with provisions of the PPDA Act 2003, Regulations 2014 and Guidelines 2008.
2. To establish the level of compliance with the PPDA Act, 2003 and Regulations, 2014 in the conduct of procurement and disposal activities
3. To establish the level of efficiency and effectiveness in contract implementation including application of Environmental, Social, Health and Social safeguards (ESHS) where applicable.

1.3 Structure of the Entity

Mr. Robert Mukiza, the Director General of Uganda Investment Authority is the Accounting Officer of the Entity.

a. User Departments

The Entity is subdivided into the following departments indicated in table 1 below:

Table 1: User Departments

No	User Department
1.	Human Resource Advisory Services
2.	Recruitment and Selection Systems
3.	Finance and Administration

b. Budget and source of funding

The Entity is funded by Government of Uganda. The Entity's total budget for Financial Year 2022/2023 was UGX 83,760,000,000 and the procurement budget were UGX 75,293,000,000.

1.4 Scope of the Compliance Audit

PPDA carried out the procurement and disposal Compliance Audit of Uganda Investment Authority from 10th to 23rd October 2023. The exercise covered a sample of ten (10) procurement transactions worth UGX 23,732,619,883 conducted during the FY 2022/2023, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained in **Appendix 3**.

1.5 Methodology

Uganda Investment Authority was notified about the audit exercise on 14th August, 2023. A sample of ten procurement transactions was selected based on stratified random sampling using Contracts Committee minutes, the contracts register and monthly procurement and disposal reports.

Two officers conducted the exercise under the supervision of the Manager Performance Monitoring. During the exercise, the team examined records and documents for each of the ten sampled procurement transactions. The team also reviewed the procurement plan for the Financial Year 2022/2023.

On completion of data collection, members of the team met with various stakeholders such as the Accounting Officer, Contracts Committee members, Procurement and Disposal Unit staff and User Department representatives to discuss and get clarifications on some of the preliminary findings. A management letter was issued by the Authority on 7th December 2023 and responses from the Entity were received on 1st March 2024.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.1 Level of compliance by the Entity with the general provisions of the PPDA Act 2003 and Regulations 2014 and Guidelines 2014

2.1.1 Procurement planning and procurement plan management

The Authority assessed the Entity's procurement plan. Table 1 below details information about the plan and utilization of funds. The procurement plan absorption rate was 96.6 % with a variance of UGX 2,540,890,110:

Table 1: Procurement plan implementation

<i>Analysis of procurement spend</i>	
Total procurement budget/plan value inclusive VAT (UGX)	75,293,000,000
Total procurement spend value inclusive VAT (UGX)	72,700,000,000
Procurement plan implementation (%)	96.6%
Budget Variance (UGX)	2,593,000,000

Implication

Procurements worth UGX 2,593,000,000 were not implemented thereby denying the services to the intended beneficiaries.

Management Response

Management takes note of the observation and recommendation, however, due to consistent budget cuts, the funds for the FY 2022/23 were not fully released as at 30th June 2023 which saw only 96.6% of the approved procurement budget for UIA implemented. UIA shall continue to engage the Ministry of Finance in the subsequent Financial years to ensure that all budgeted funds are fully released to facilitate full implementation of the procurement plan and achievement of the planned outputs.

Recommendation

The Accounting Officer and management should constantly review the budget and procurement plan to ensure that all procurements planned and budgeted for are undertaken. Where need arises, a review of the plan and budget should be done in accordance with Section 58(4) of the PPDA Act, 2003.

2.1.2 Implementation of previous audit recommendations

The Authority noted that the Entity had been issued its previous audit report for the Financial Year 2019-2020 in April 2021. The audit noted that 19% of the previous audit recommendations were partially implemented and 81% were fully implemented as indicated in Table 2 below:

Table 2: Implementation of previous audit recommendations

No.	Recommendation	Status of Implementation
1.	The Contracts Committee and the Head Procurement and Disposal Unit should ensure that more competitive procurement methods are used to ensure competition and value for money.	Partially implemented
2.	The Head Procurement and Disposal Unit should ensure that at least three bids are obtained to promote competition in accordance with Section 46 of the PPDA Act, 2003.	Partially implemented
3.	The head procurement and Disposal Unit should maintain all procurement records on the procurement action files in accordance with Section 31 of the PPDA Act, 2003.	Partially implemented

Implication

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

Management response

Management takes note of the implication and recommendation and shall ensure that going forward all previous Audit recommendations are fully implemented as guided by the Auditors in the Management letter.

Recommendation

The Accounting Officer should ensure that all audit recommendations are implemented so as to improve the Entity's performance.

2.1.3 Low bidder response

Section 46 of the PPDA Act 2003 states that '*Subject to this Act, all procurement and disposal shall be conducted in a manner to maximize competition and achieve value for money.*'

The audit noted low bidder response in the procurement for construction of a pit latrine at Namanve worth UGX 25,741,000. Out of the three bidders invited, only two responded.

Implication

Low bidder participation denies the Entity's attainment of competitive prices.

Management response

We take note of the implication and recommendation by the Auditor, however three bidders were invited and issued with bidding documents. At the point of returning the Bids, Less than three bidders returned the fully completed bids. Moving forward the Accounting officer will always ensure that Bidders are engaged to ascertain their failure to submit back the issued bids and also institute measures to attract a higher number of bidders.

Recommendations

- The Accounting Officer should investigate the reasons behind the low bidder response and also institute measures to attract a higher number of bidders.

- The Head, Procurement and Disposal Unit should ensure that at least six bids are obtained to promote competition in accordance with Regulation 66 of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non- Consultancy Services),2023.

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

2.2.1 Delayed confirmation of funding by the Accounting Officer

The audit revealed that in three procurements worth UGX 474,292,484, the Accounting Officer delayed to confirm availability of funds as seen in Table 3 below:

Table 3: Delayed Confirmation of Funding

No.	Subject of Procurement	PPDA Finding
1.	Procurement of boardroom equipment for online meetings, video conferencing and presentation by Kata technologies Worth UGX 58,056,000	There was a delay of two months between the confirmation of funding by the Accounting Officer and the submission of the request to Contracts Committee. The Accounting Officer confirmed funding on 9 th March 2023 and the Contracts Committee's approvals for the method, Evaluation Committee and the shortlisted providers were sought on 2 nd May 2023.
2.	Provision of group medical insurance for UIA Staff by UAP Old mutual worth UGX 405,000,000	There was a delay of almost two months between the confirmation of funding by the Accounting Officer (10 th January 2023) and the submission of the request to Contracts Committee (2 nd March 2023).
3.	Fabrication, Supply and Installation of Industrial Parks Signage by Fabrication Systems Ltd worth UGX 11,236,484	There was a delay of one month between initiating the procurement process which was done on 15 th September 2022, and the confirmation of funds by the Accounting Officer on 18 th October 2022.

Implication

Delayed procurements lead to delayed service delivery to the intended beneficiaries.

Management Response

We take note of the implications and recommendations, however the delay in confirmation of funds was brought about by the shortfall in the Quarterly warrants from MOFPED. To avoid creating Domestic Arrears, the Accounting officer deemed it fit to only confirm funds based on availability of Funds released during the respective Quarter of the Financial year.

Authority's Comment

The Authority noted the Entity's response and guides that the Accounting Officer should confirm funds as per the procurement plan but wait to sign contracts until funds are released by MOFPED

Recommendation

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

2.2.2 Contradictory bid opening times

This was noted in the procurement for fabrication, supply and installation of Industrial Parks signage by Fabrication Systems Ltd worth UGX 11,236,484. Whereas the record of bid opening was dated 7th November 2022 (date of bid closing deadline), the Investment Executive Procurement and Disposal Unit (Mr. Amos Ampomugisha) and the Investment Executive-Inspector of Works (Mr. Henry Kisitu) signed and dated the bid opening form on 8th November and 10th November 2022 respectively. The evaluation report however indicated that the bids were opened on the 7th November 2022 at 11:05am.

Implication

This could lead to bid tampering.

Management Response

Management takes note of the Recommendations and wishes to clarify that whereas bids were opened on 7th November 2022, the members signed the record of bid opening on the above respective dates as mentioned by the Auditor. However, going forward PDU will ensure that members sign the record of bid opening on the same date as when bidding is opened and closed.

Recommendation

The Head, Procurement and Disposal Unit should ensure that the record of bid opening is duly filled with the right dates in accordance with Regulation 66 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023.

2.2.3 Issuance of poorly drafted solicitation documents

The audit revealed inadequacies in the solicitation document in the following two procurements in Table 4:

Table 4: Procurements with poorly drafted solicitation documents

No.	Subject of Procurement	PPDA Finding
1.	Fabrication, Supply and Installation of Industrial Parks Signage by Fabrication Systems Ltd Worth UGX 11,236,484	The terms in the bidding document were unfair. GCC 51.1 stated that “advance payment of up to 30% shall be made on submission of an APG or insurance bond. The procurement was of a low amount and did not require the above.
2.	Construction of a pit latrine at Namanve by Bluehill Construction Ltd worth UGX 25,741,000.	Restrictive requirements in the solicitation document. The personnel requirements were too stringent for the procurement and thus deterred bidders from participating. It required a Contract Manager with a Bachelor’s Degree in Civil Engineering and 10 years’ experience, one Site Engineer with a National Diploma and 5 years’ experience, and a Land Surveyor with a degree in Land Surveying and five years’ experience.

Implications

- This causes a risk of bidders preparing non-responsive bids and it also leads to procurement of items which do not meet the users’ requirements.
- The restrictive requirements in the solicitation document hinder and discourage bidder participation.

Management Response

Management takes note of the implication and recommendation from the PPDA Auditors. However, the issued bid documents had typo errors due to lack of quality assurance by the PDU and Contracts committee accordingly.

We do regret the erroneous mistakes done and going forward PDU and Contracts committee shall be reminded to quality assure the respective bid documents before issuance.

Recommendation

The Contracts Committee should ensure that quality assurance of solicitation documents before they are approved for issuance to bidders in accordance with Section 29 (i) (a) (iii) of the PPDA Act, 2003.

2.2.4 Use of Wrong Procurement Methods

Regulation 6 (1) of the PPDA (Rules and Methods for the procurement of Services, Works and Non-Consultancy Services), 2014 states that “A Procuring and Disposing Entity shall use the procurement methods specified in Part VI of the Act for all procurement requirements.”

The audit noted that the Entity used wrong procurement methods in two procurements in Table 5 below:

Table 5: Procurements where a wrong method was used

No.	Subject of procurement	PPDA Finding
1.	Procurement for supply and delivery of four double cabin and one station wagon by CFAO worth UGX 1,045,665,990.	The Entity opted for restricted bidding rather than open domestic bidding, citing the need for a prompt acquisition of the vehicle to facilitate timely supervision of industrial parks. The Entity asserted that the shortlisted companies had the necessary cars in stock. However, the stated justification for the procurement being an emergency contradicted the three-month delivery period specified in the issued solicitation document
2.	Procurement of GPA with workman's compensation by NIC General Insurance Co. Ltd worth UGX 120,497,253.	The Entity unjustifiably used the direct procurement method instead of the Request for Quotations Method. The justification provided was that company provided the same service in the previous FY and it had a competitive schedule.

Implication

Use of less competitive methods of procurement without adequate justification limits competition and value for money.

Management Response

For the Procurement of the supply and delivery of four double cabins and one station wagon by CFAO worth UGX 1,045,665,990, Physical verification was done to ascertain vehicle dealers that had readily available fleet that would be procured to facilitate the timely and

efficient monitoring of the ongoing works within the required time. Therefore, due to the procurement emergency, the PDU and Contracts committee used the Restrictive bidding Method.

Due to Insufficient budget and the fact that the Accounting officer could not confirm additional Funding, PDU and Contracts committee through their wisdom considered the direct procurement method for continuity purposes to fit within the available budget and avoid creating domestic arrears and possible future litigation that would result from defaulting to pay agreed contractual amounts.

Recommendation

The Authority noted the Entity’s response and recommends Contracts Committee and Head, Procurement and Disposal Unit should ensure the use of competitive procurement methods to ensure competition and value for money. Where the direct procurement method is used, the Entity should adhere to the provisions spelt out in Regulations 6 of the PPDA (Rules and Methods for Procurement of Supplies Works and Non-Consultancy Services) Regulations, 2023.

2.3 Level of efficiency and effectiveness in contract implementation

2.3.1 Delayed contract execution

The audit revealed delayed contract execution in two procurements worth UGX 1,800,983,155 indicated in Table 6 below:

Table 6: Delayed Projects

No	Subject of Procurement	Delay
1.	Boundary opening, supply and installations of concrete border markers at Nebi and Lira Lot 1	The Authority carried out physical verification in both Nebbi and Lira and noted that whereas the contract had been signed on 6 th June 2023. There were no mark stones and the land was under cultivation by the community in Lira District as of November 2023.
2.	Boundary Opening, Supply and Installations of Concrete Border Markers at Isingiri, Rukungiri and Kisoro Districts	While the contract had been signed in June 2023, Works had not commenced in Isingiro and Rukungiri in Western Uganda at the time of physical verification in November 2023.

Implication

Delays in contract execution consequently impede timely service delivery.

Management response

We take note of the implications and recommendations by the Auditor, however due to the delayed issuance of Land titles by the respective district land Boards, the contractor could not commence installation of Border markers on three above mentioned sites.

However, management is engaging the District land boards to expedite the issuance of the Land titles so as to fast track the completion of the works.

Recommendation

The Authority noted the Entity's response and recommends that Accounting Officer should prevail over Heads of User Departments to ensure that Contract Managers carry out their functions in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.

2.3.2 Missing records

Section 31 (o) of the PPDA Act, 2003 of the PPDA Act states that "*A Procurement and Disposal Unit shall maintain and archive records of the procurement and disposal process.*"

The Authority noted that the following key procurement records were missing on the procurement action files of the sampled procurements which hampered the audit trail:

Table 7: Missing Records

No	Subject of Procurement	Missing Document
1.	Procurement of Boardroom Equipment for online meetings, video conferencing and presentation	<ul style="list-style-type: none"> • There was no evidence of Contracts Committee award of contract • No contract management records
2.	Provision of group medical insurance for UIA Staff by UAP worth UGX 405,000,000	<ul style="list-style-type: none"> • There was no evidence of appointment of a Contract Manager. The internal memo on file appointing Ms. Ida Dean Rwego as the Contract Manager was neither signed by the Accounting Officer nor by the nominator (Ag. Director F&A). • There was no contract agreement for provision of the above stated services for the period March 2021 to March 2022.
3.	Fabrication, Supply and Installation of Industrial Parks Signage by Fabrication Systems Ltd worth UGX 11,236,484	<ul style="list-style-type: none"> • No evidence of Contracts Committee's award of contract. • There was no signed contract or Local Purchase Order • There were no contract management documents to indicate whether the work was done. • There was no Contract Manager appointed procurement.
4.	Construction of a 5-stance pit latrine by Blue Hill Construction Ltd worth UGX 25,741,000	The bids submitted by all the bidders were missing on file
5.	Supply of staff lunch for UIA Staff for FY 2022-23 by Mascot Group Ltd worth UGX 265,440,000	No payment records
6.	Supply and Delivery of four double cabin and one station wagon by CFAO Worth UGX 1,045,665,990	No evidence of delivery on file
7.	Boundary Opening, Supply and Installations of Concrete	<ul style="list-style-type: none"> • No contract implementation plan • No contract management records • No evidence of payment

No	Subject of Procurement	Missing Document
	Border Markers at Kisoro, Rukungiri and Isingiro	
8.	Boundary Opening, Supply and Installations of Concrete Border Markers at Nebi and Lira Lot 1	<ul style="list-style-type: none"> • No contract implementation plan • No contract management records • No evidence of payment
9.	GPA with Workman's Compensation by NIC Insurance Company Ltd	<ul style="list-style-type: none"> • No Contract Implementation Plan on file • Bid submitted by NIC Insurance Company Ltd was missing. • Whereas there was a Local Purchase Order for UGX 36,000,0000 LPO No.109 dated 6/2/2023, the corresponding payment to NIC was not on file.
10.	Civil works in Mbale Industrial park by China Railway No.3 Engineering Group Co. Ltd	<ul style="list-style-type: none"> • There was no Contract Manager appointed. • There was no signed contract.

Implication

Missing records affect the audit trail.

Management Response

No management response received.

Recommendation

The Head, Procurement and Disposal Unit should maintain all procurement records on file in accordance with Section 31 (o) of the PPDA Act, 2003.

2.4 Failure to dispose of obsolete items

The Authority reviewed the board of survey report for the FY 2022/23 and noted that there were several items due for disposal such as three pick-ups, 30 desktop computers, and chairs among others. However, there were no efforts by the Entity to have the items disposed of. In addition, the Entity did not have a disposal plan.

Implication

Failure to dispose assets leads to loss of revenue through depreciation.

Management Response

No management response received

Recommendation

The Accounting Officer should ensure that disposal of obsolete items is conducted in accordance with the PPDA (Disposal) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section presents the scores per area assessed under different compliance audit questions.

3.1 Overall Compliance Audit Conclusion

The performance of Uganda Investment Authority for the Financial Year 2022/23 was **Moderately Satisfactory** with an overall weighted average risk rating of **44%**.

3.2 Entity's Performance

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

Table 9: Summary of Performance

Risk category	No.	No.%	Value (UGX)	Value%	Weights	Total weighted Average	
						By No	By Value
High	1	10	120,497,253	0.5	0.6	6	3
Medium	5	50	3,277,390,146	85.7	0.3	15	25.7
Low	4	10	20,334,732,484	13.8	0.1	1	1.38
Satisfactory	0				0	0	0
Total	10	100	23,732,619,883	100	1	22	30.08

$$\text{Performance by Number} = \frac{22}{60} \times 100 = 36.6\%$$

$$\text{Performance by Value} = \frac{30.8}{60} \times 100 = 51.3\%$$

$$\text{The average weighted risk rating} = \frac{36.6 + 51.3}{2} = 44\%$$

Table 10: Overall Entity Ranking

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

Figure 1: Graphical representation of risk rating by Value

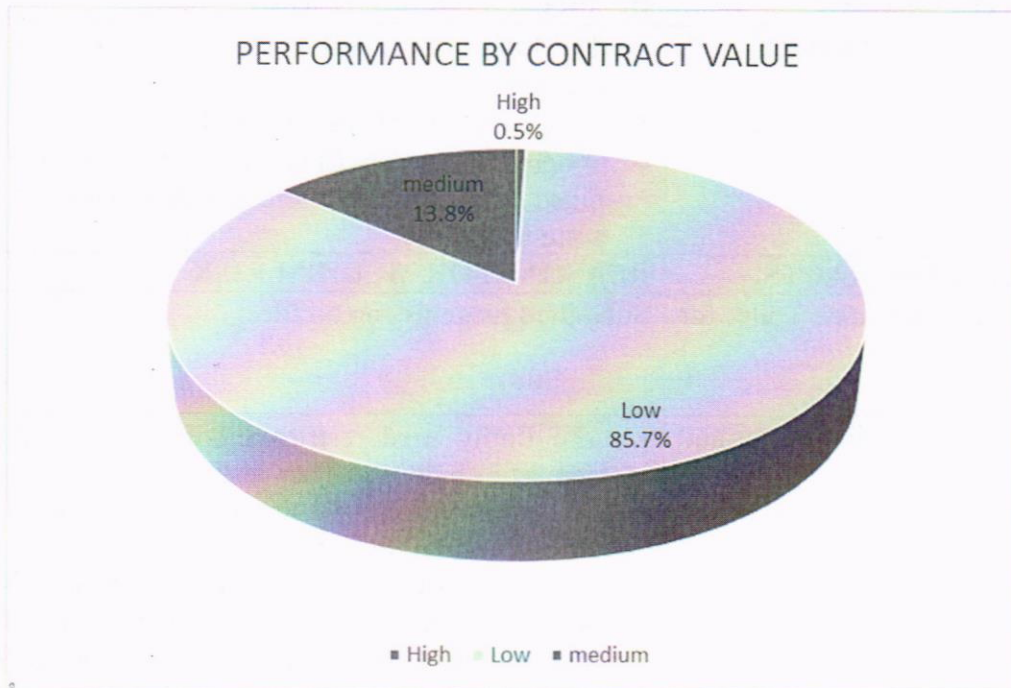
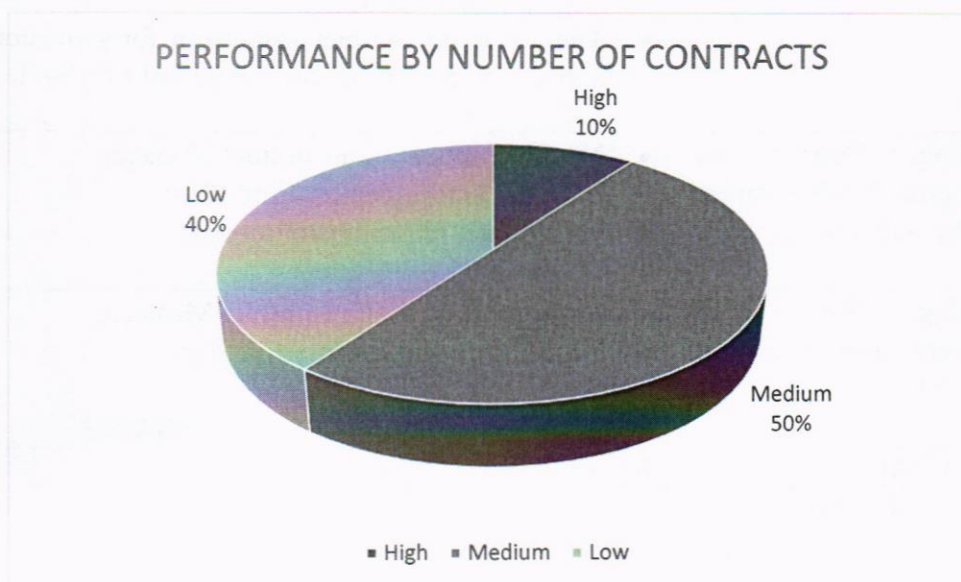


Figure 2: Graphical representation of the cases by Number



Appendix 1: Findings and rating on the individual contracts reviewed

No.	HIGH RISK CONTRACTS	REASONS FOR HIGH RISK
1.	GPA with Workman's Compensation	<ul style="list-style-type: none"> • The Entity unjustifiably used the direct procurement method. • No Contract Implementation Plan. • Whereas there were LPO for 36,000,0000 LPO No.109 dated 6/2/2023, the corresponding payment to NIC were not on file.
No.	MEDIUM RISK CONTRACTS	REASONS FOR MEDIUM RISK
1.	Construction of Lined Stance Toilet for UPDF at KIBP-Namanve	Submitted bids missing on file
2.	Supply of four double cabin pickups and one station wagon	<ul style="list-style-type: none"> • The Entity used restricted bidding instead of open domestic bidding. The justification was that they needed the vehicle in a timely manner to enable timely supervision of the Industrial Parks. In addition, the shortlisted companies had the cars available in stock. Whereas the justification given was that the procurement was an emergency, the delivery period required 3 months in the issued solicitation document. • No evidence of delivery on file
3.	Provision of group medical insurance for UIA Staff	<ul style="list-style-type: none"> • There was no evidence of appointment of a Contract Manager. The Internal Memo on file appointing Ms. Ida Dean Rwego as the contract manager was not signed by the Accounting Officer or by the nominator (Ag. Director F&A). • There was no contract agreement for provision of the above stated services for the period of March 2021 to 2022 on file.
4.	Boundary Opening, Supply and Installations of Concrete Border Markers at Kisoro, Rukungiri and Isingiro	<ul style="list-style-type: none"> • No appointment of a Contract Manager • No Contract Implementation Plan • No contract management records • No evidence of payment
5.	Boundary Opening, Supply and Installations of Concrete Border Markers at Nebi and Lira Lot 1	<ul style="list-style-type: none"> • No appointment of a Contract Manager • No contract Implementation Plan • No contract management records • No evidence of payment
No.	LOW RISK CONTRACTS	REASONS FOR LOW RISK
1.	procurement of boardroom equipment	<ul style="list-style-type: none"> • There was a delay of almost two months between the confirmation of funding by the Accounting Officer and the submission of the request to the Contracts Committee. The Accounting Officer confirmed funding on 9th March 2023, and Contracts Committee approvals for the method, Evaluation Committee and

		the shortlisted providers were sought on 2nd May 2023.
2.	Provision of lunch for UIA Staff FY 2022-23	No payment records on file
3.	Fabrication, supply and installation of signage	<ul style="list-style-type: none"> • There was a delay of one month between initiating the procurement process which was done on 15th September 2022, and the confirmation of funds by the Accounting Officer on 18th October 2022. • The type of contract listed was an admeasurement contract, and GCC 48.1 stated that “5% of proportion of any payments shall be retained”. This is indicative of lack of quality assurance. • The terms in the bidding document were unfair. GCC 51.1 stated that “advance payment of up to 30% shall be made on submission of an APG or insurance bond. The procurement was of a low amount and did not require the above. • No evidence of Contracts Committee’s award of contract. • There was no signed contract or LPO on file • There were no contract management documents to indicate whether the work was done. • There was no Contract Manager appointed for this procurement.
	Infrastructure development at Mbale Industrial and Business Park	<ul style="list-style-type: none"> • There was no contract implementation plan on file

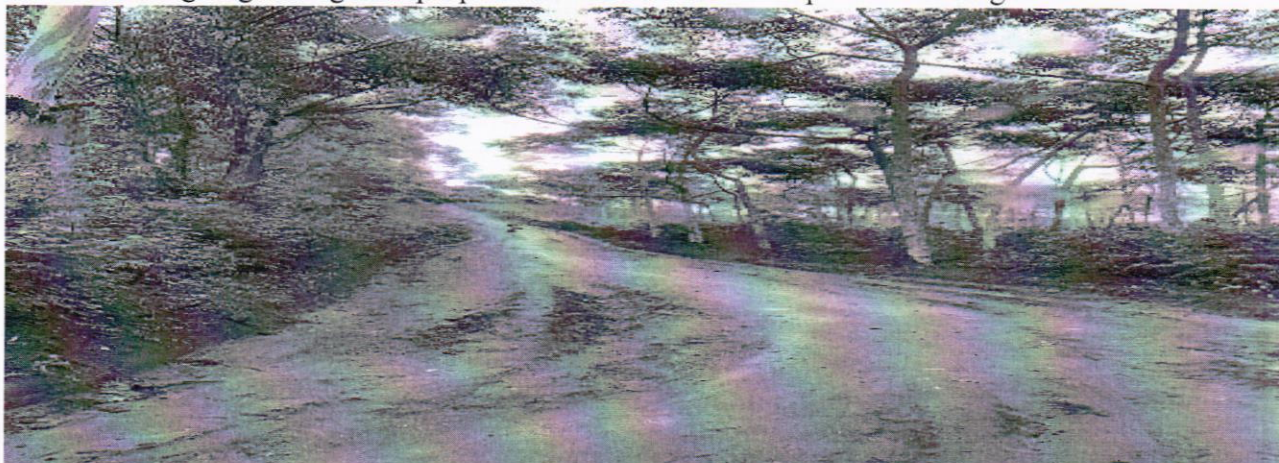
Appendix 2 Physical Verification

Case: 9	UGX: 1,453,474,382.83
Contract: Boundary Opening, Supply and Installations of Concrete Border Markers at Kisoro, Rukungiri and Isingiro	
Provider:	Synad & Ridgeline in Consortium
Status of Works: Completed in Kisoro not yet commenced in Isingiro and Rukungiri	

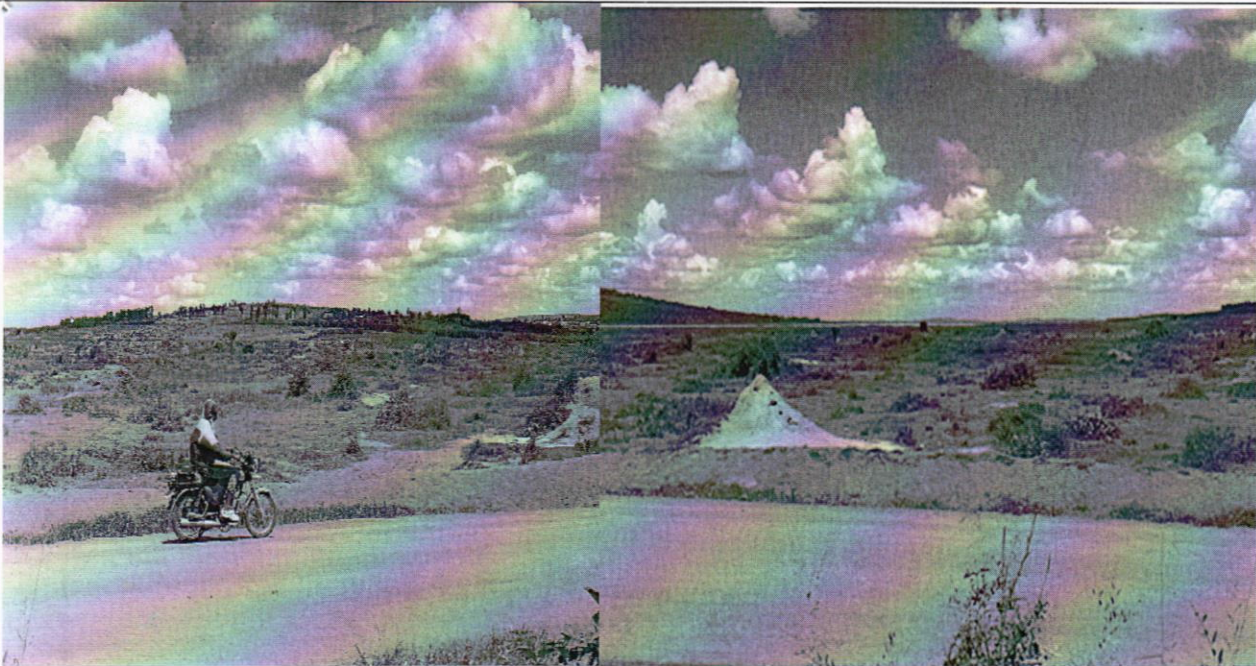


Above: Part of the land in Rukungiri. It is still has farmers using it to grow their produce. The Sub-county had an agreement with the farmers to dig up their maize when construction starts.

Below: Road going through the proposed site for an industrial park in Rukungiri



Below: Part of the proposed land for the Industrial Park, in the distance is lake Nakivale in Isingiro District, the contractor had not commenced on the installation of the border markers

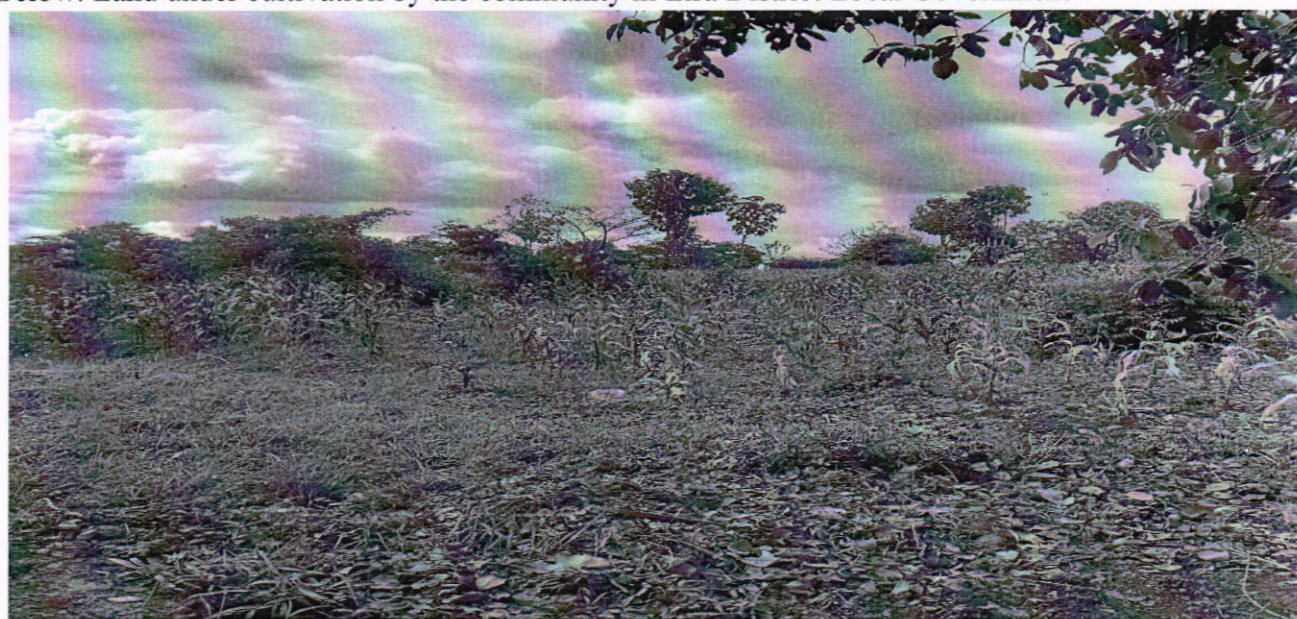


Below: Proposed site for Kisoro Business Park with border markers installed. A sign post and one of the border markers at a distance



Case: 10	UGX: 347,508,773
Contract: Boundary Opening, Supply and Installations of Concrete Border Markers at Nebi and Lira Lot 1	
Provider:	Blue Hill Construction Ltd
Status of Works: Not yet commenced	

Below: Land under cultivation by the community in Lira District Local Government



Appendix 3: List of Sampled Procurements for Uganda Investment Authority for Financial Year 2022/2023

No.	Procurement Reference Number	Subject of procurement	Method of procurement	Provider	Contract value (Currency and amount)	Risk rating
1.	WRKS/00154	Infrastructure development at Mbale Industrial and Business Park	Direct Procurement	China Railway Engineering Group Co. Ltd	20,000,000,000	Medium Risk
2.	UIA/WRKS/22-23/00023	Construction of Lined Stance Toilet for UPDF at KIBP-Namanve	Request for Quotation	Blue Hill Construction Ltd	25,741,000	Medium Risk
3.	UIA/NCONS/22-23/00011	Provision of lunch for UIA Staff FY 2022-23	Open Domestic Bidding	Mascot Group Ltd	265,440,000	Low Risk
4.	UIA/NCONS/00014	GPA with Workman's Compensation	Direct Procurement	NIC General Insurance Co Ltd	120,497,253	High Risk
5.	UIA/SUPLS/00006	Fabrication, supply and installation of signage	Direct Procurement	Fabrication Systems Ltd	11,236,484	Low Risk
6.	UIA/SUPLS/2022-23/00212	procurement of boardroom equipment	Request for Quotations	Kata Technologies	58,056,000	Low Risk
7.	UIA/SUPLS/2022-23/00012	Supply of four double cabin pickups and one station wagon	Restricted Domestic Bidding	CFAO Motors Uganda Ltd	1,045,665,990	Medium risk

No.	Procurement Reference Number	Subject of procurement	Method of procurement	Provider	Contract value (Currency and amount)	Risk rating
8.	UIA/NCONS/2022-23/00065	Provision of group medical insurance for UIA Staff	Direct	UAP Old Mutual Insurance Co. Ltd	405,000,000	Medium risk
9.	UIA/WRKS/2022-23/00024	Boundary Opening, Supply and Installations of Concrete Border Markers at Kisoro, Rukungiri and Isingiro	Open Domestic Bidding	Synad & Ridgeline in Consortium	1,453,474,382.83	Medium risk
10.	UIA/WRKS/2022-23/00024	Boundary Opening, Supply and Installations of Concrete Border Markers at Nebi and Lira Lot 1	Open Domestic Bidding	Blue Hill Construction Ltd	347,508,773	Medium risk
	TOTAL				23,732,619,883	

Appendix 4: List of Contracts Committee members

No	Name	Designation	Directorate	Date of PSST Appointment
1.	Mr. Alex Nuwagira	Chairperson	Kampala Industrial and Business Park Project	12 th July 2021
2.	Mr. Fred Kakooza	Secretary	One Stop Centre	22 nd February 2022
3.	Ms. Leslie Mutumba	Member	Domestic Investment Division	February 2021
4.	Ms. Amina Nassaka	Member	Office of the Director General	22 nd February 2022
5.	Ms. Irene Alwenyi	Member	Investment Promotion and Aftercare Division	2 nd June 2023

Appendix 5: Procurement and Disposal Unit Members

No	Name	Qualification	Date of appointment
1.	Mr. Amos Ampomugisha	<ul style="list-style-type: none"> - MBA on going - Post Graduate Diploma in Project Planning & Management - CIPS Associate member - Bachelor's Degree in Procurement & Logistics Management 	1 st December 2011

Appendix 6: Risk rating criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management.	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.

RISK	DESCRIPTION	AREA	IMPLICATION
	Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	<p>Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.</p> <p>Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.</p> <p>Fraud/forgery: Falsification of Documents</p> <p>Contract Management: Payment for shoddy work or work not delivered.</p>	<p>This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.</p> <p>This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.</p> <p>This implies lack of transparency and value for money.</p> <p>This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries</p>
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.	<p>Planning: Lack of initiation of procurements and confirmation of funds.</p> <p>Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.</p> <p>Procurement Structures: Lack of procurement structures</p>	<p>This implies committing the Entity without funds thereby causing domestic arrears.</p> <p>This implies lack of efficiency, standardisation and avoiding competition.</p> <p>This implies lack of independence of functions and powers and interference in the procurement process.</p>

RISK	DESCRIPTION	AREA	IMPLICATION
		<p>Record Keeping: Missing Contracts Committee records and incomplete contract management records.</p>	<p>This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.</p>
		<p>Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.</p>	<p>This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.</p>
		<p>Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.</p>	
<p>LOW</p>	<p>Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.</p>	<p>Planning: Lack of procurement reference numbers.</p>	<p>This leads to failure to track the procurements which leads to poor record keeping.</p>
		<p>Bidding Process: Not signing the Ethical Code of Conduct</p>	<p>This leads to failure to declare conflict of interest and lack of transparency.</p>

SATISFACTORY

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