



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

"Procurement That Delivers"

**REPORT ON THE COMPLIANCE AUDIT OF
ST. PETER'S SENIOR SECONDARY SCHOOL, NSAMBYA FOR THE
CALENDER YEAR 2023**

AUGUST 2024

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ACRONYMS

LPO	Local Purchase Order
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings

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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 St. Peter’s Senior Secondary School, Nsambya (hereinafter “School”) that covered representative sample of 12 procurement transactions during the calendar year 2023.

The overall objective of the compliance audit was to assess and establish the degree of compliance of the school’s procurement system and processes with the provisions of the PPDA Act cap 205, the PPDA Regulations, 2014 and the PPDA Guideline (Procurement and Disposal Guidelines for Schools in Uganda), 2014 in order to assess the level of procurement performance over the period under review.

From the findings of the compliance audit, the performance of the school during the calendar year 2023 was **moderately satisfactory** with overall weighted average risk rating of **49.3%**. The risk rating was weighted to determine the overall risk level of the school as detailed in Chapter 3 of this compliance audit report.

Despite the moderately satisfactory performance, the Authority observed the following key exception findings:

1. The school used a non-approved Contracts Committee during the calendar year 2023 which rendered the committee’s decisions null and void;
2. The school did not submit to PPDA the procurement and disposal plan for the calendar year 2023 which undermined the principles of transparency and accountability;
3. The school did not absorb 30.3% of the procurement plan worth UGX 4,833,884,500 and procured four items worth UGX 28,029,860 outside the procurement plan for the calendar year 2023 which denied intended beneficiaries public services;
4. The school did not involve User Departments during the planning process, used an outdated procurement plan template and split similar requirements which indicated capacity gaps in procurement planning proceedings;
5. The school did not prepare and submit to PPDA quarterly procurement reports during the calendar year 2023 which deterred monitoring budget absorption and implementation of planned procurements;
6. The Procurement and Disposal Unit did not maintain individual procurement action files with all procurement and contract records which inhibited the audit trail;
7. The school did not follow the procedural steps for awarding contracts under the quotation method which deterred competitive efforts to achieve value for money in public procurement;
8. The school did not take steps to dispose of earmarked obsolete items which led to further depreciation and loss of value of public assets; and
9. The school did not appoint contract managers to monitor, manage and report on contract implementation which adversely impacted execution of the resultant contracts.

In conclusion, the Authority attributed the school’s procurement performance to using an unapproved the Contracts Committee, failure to prepare and submit to PPDA the procurement and disposal plan as well as quarterly procurement reports, unjustly procuring outside the procurement plan, poor records management mechanisms, failure to dispose obsolete assets and ineffective contract management efforts.

In view of the above, the Authority recommends that:

1. The Accounting Officer should nominate members of the Contracts Committee to the Board of Governors for approval in accordance with Paragraph 5.7.1 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.
2. The Accounting Officer should prepare and submit to PPDA the procurement and disposal plan for proceeding calendar years in accordance with Section 58 (1) of the PPDA Act cap 205.
3. The Accounting Officer should make effort to fully absorb the procurement budget and desist from procuring outside the approved procurement plan in accordance with Section 58 (7) of the PPDA Act cap 205.
4. The Accounting Officer should task the User Departments to submit departmental work plans to the Procurement and Disposal Unit for aggregation into the procurement and disposal plan in accordance with Paragraph 5.21.1 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.
5. The Accounting Officer should task the Procurement and Disposal Unit to prepare and submit to PPDA quarterly procurement reports in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
6. The Accounting Officer should task the Procurement and Disposal Unit to maintain and archive all procurement and contract records on individual procurement action files in accordance with Paragraph 5.19.1 (n) of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.
7. The Accounting Officer should task the Procurement and Disposal Unit to follow the procedural steps when applying the quotation method in accordance with Paragraph 12.12.1 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.
8. The Accounting Officer should take overall responsible for the school to commence disposal proceedings in accordance with Paragraph 9.2 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.
9. The Accounting Officer should task Heads of User Departments to nominate staff members with appropriate skills and experience for appointment as contract managers to monitor and report on contract implementation in accordance with Paragraph 12.12.1 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.

The Accounting Officer should therefore follow up closely with the implementation of the recommended action plan on pages **14 and 15** of this compliance audit report as mandated by the PPDA law and Regulations.

CHAPTER ONE: INTRODUCTION

1.1 Structure of the Entity

St. Peter's Senior Secondary School, Nsambya was founded by the Mill Hill Missionaries in 1907. The school cherishes the legacy of the Roman Catholic foundation, pivoting on the principles and core values of truthfulness, justice, honesty, impartiality, obedience, humility, dialogue, knowledge, hard work and the fear of God that shape a dignified human character.

According to Section 26 of the PPDA Act cap 205, the Accounting Officer has the overall responsibility for the successful execution of procurement, disposal and contract management in a Procuring and Disposing Entity. The Accounting Officer of St. Peter's Senior Secondary School, Nsambya for the year 2023 was Mr. Mungere Remigius Mubiru (Head Teacher).

The members of the Contracts Committee who adjudicated on submissions during the calendar 2023 are listed in Table 1 below:

Table 1: List of the Contracts Committee Members

No.	Name of Member	Position on Committee
1.	Mrs. Margaret Kyamulabi	Chairman
2.	Ms. Betty Nambooze	Secretary
3.	Ms. Majorine Ndagire	Member
4.	Mrs. Godfrey Musoke	Member

According to section 31 (a) of the PPDA Act Cap. 205 all procurement or disposal activities of the Procuring and Disposal Entity except adjudication and award of contract are to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the period under review was headed by the Senior Procurement Officer - Ms. Betty Nambooze.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority conducted a compliance audit of St. Peter's Senior Secondary School, Nsambya for the calendar year 2023. The compliance audit covered a sample of 12 procurement transactions carried out during calendar year 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 (Procurement and Disposal Guideline for Schools in Uganda) Guidelines, 2014.

1.3 Objective of the Compliance Audit

The overall objective of the compliance audit was to assess and establish the degree of compliance of the school's procurement system, procurement processes and disposal processes with the provisions of the PPDA Act Cap. 205, the PPDA Regulations, 2014 and the PPDA Guidelines, 2014 while assessing the level of procurement performance over the period under review.

The specific objectives of the compliance audit of the school were:

1. To establish the level of compliance by the school 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. To assess the degree of compliance of the school's disposal process with the provisions of the PPDA Act, 2003 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.

1.4 Scope of the Compliance Audit

The school's procurement plan was financed by internally generated funds such as school fees. The compliance audit covered a sample of 12 procurement transactions conducted during the calendar year 2023, review of procurement structures and systems as well as assessment of the procurement plan performance. The list of sampled transactions is contained in **Annex 1**.

1.5 Compliance Audit Methodology

St. Peter's Senior Secondary School, Nsambya was notified about the compliance audit on **4th April 2024**. An entry meeting was held on **11th April 2024** where the objectives of the compliance audit, the timelines, roles and responsibilities of all parties involved were discussed.

Upon request, the school's management provided the required records in time from which a representative sample of 12 procurement transactions were selected using the stratified random sampling method. The audit team reviewed the school's records to assess compliance at all procurement stages. Interviews were held with the staff where necessary to obtain clarification on findings and later presented preliminary findings on **16th April 2024** to the school's management in a debrief meeting.

The audit team prepared and issued the management letter to the school on **14th May 2024** which required a response to be submitted on **31st May 2024** but the school submitted the management response on **16th July 2024**.

CHAPTER 2: COMPLIANCE AUDIT FINDINGS AND RECOMMENDATIONS

This section presents the findings arising from the compliance audit of St. Peter's Senior Secondary School, Nsambya for the calendar year 2023.

2.1 Compliance by the School 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 St. Peter's Senior Secondary School, Nsambya 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 Procurement structures

The audit found the following anomalies in the establishment and performance of procurement structures of St. Peter's Senior Secondary School, Nsambya:

i. Using an unapproved Contracts Committee

Whereas the Accounting Officer appointed a Contracts Committee, the Committee members were not submitted to the school Board of Governors for approval contrary to Paragraph 5.7.1 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.

ii. Failure to fully involve User Departments in the conduct of procurements

The audit noted that User Departments did not prepare departmental work plans, did not participate in the evaluation of bids and did not manage contracts contrary to Paragraph 5.20 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.

Risk Implications

- i. Decisions of an unapproved Contracts Committee were null and void.
- ii. Failure to involve the User Departments in the conduct of procurement processes leads to procurement of items that do not meet the users' needs.

Management response

- *Management agreed to forward the nominated Contracts Committee members listed above to the Board of Governors for approval in their next meeting.*
- *Management has directed Heads of Departments to prepare their departmental work plans, propose technical specifications and nominate contract managers effective 2024.*

Recommendations

1. Upon obtaining the Board of Governors' approval, the Accounting Officer should inform PPDA of the composition of the Contracts Committee and request for Contracts Committee induction in accordance with Section 27 (4) of the PPDA Act cap 205.
2. The Accounting Officer should task User Departments to prepare their respective department work plans, propose technical specifications and nominate contract managers in accordance with Paragraph 5.20 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.

2.1.2 Procurement Planning and plan management

The Authority reviewed the school's procurement plan and the planning process and found the following exceptions:

i. Applying the wrong procurement plan format

The school did not use the standard procurement plan template issued by the Authority. Notably, the plan did not specify the currency, application reservation and preference schemes, contract type, proposed procurement lead time and completion date.

ii. Lack of User Departments involvement in the preparation of the procurement plan

User Departments did not identify their procurement needs, did not prepare and submit their departmental work plans to the Procurement and Disposal Unit for integration into the annual procurement plan contrary to Paragraph 5.21.1 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.

iii. Splitting requirements in the procurement plan

The school split similar requirements in the procurement plan to defeat the use of appropriate procurement methods contrary to Section 58 (2) (c) of the PPDA Act Cap. 205. Table 2 below lists the split requirements in the procurement plan for the calendar year 2023:

Table 2: Split requirements in the procurement plan

No.	Procurement requirements	Estimated Amount (UGX)
1.	16 items under supply of food items i.e., fresh spices, dry spices, maize flour, sweet potatoes, cassava, beans, meat	182,285,300
2.	3 items under stationery i.e., assorted stationary, printing stationary and general stationary	42,070,500
Total		224,355,800

iv. Procuring outside the approved procurement plan

The school procured four requirements worth UGX 28,029,860 outside the approved procurement plan for the calendar year 2023 contrary to Section 58 (7) of the PPDA Act Cap. 205. The procurements are listed in Table 3 below.

Table 3: Requirements procured outside the procurement plan

No.	Procurement Details	Amount (UGX)
1.	Mother Mary Grotto	25,814,860
2.	Drums for waste	1,225,000
3.	Portraits of Saints	540,000
4.	Fuel	450,000
Total		28,029,860

v. Procurement plan implementation rate

The review of all Local Purchase Orders (LPOs) for the year 2023 against the procurement plan revealed that the school implemented 69.7% (UGX 3,367,611,048) of the procurement plan for the year (UGX 4,833,884,500). Table 4 below demonstrates the procurement plan implementation rate of the school during the year 2023.

Table 4: Procurement plan implementation rate

Total procurement plan value (UGX)	4,833,884,500
Total LPOs value issued during 2023 (UGX)	3,367,611,048
Procurement plan implementation rate (%)	69.7
Procurement plan implementation variance (UGX)	1,466,273,452

The big variance between the plan and actual procurement spend was due, largely, to the failure to implement the five procurements worth UGX 949,000,000 listed in Table 5 below:

Table 5: Procurements not implemented

No.	Subject of procurement	Contract value (UGX)
1.	Insurance	40,000,000
2.	CCTV camera maintenance	15,000,000
3.	Dormitory construction (first phase)	800,000,000
4.	Examination running printer	9,000,000
5.	Toilet construction	85,000,000
Total		949,000,000

Risk Implications

- i. Plans which are not in the approved standard formats leave out vital information which negatively affects timely plan implementation.
- ii. Failure by the User Departments to fully participate in the procurement process leads to procurement of items that do not meet the users' needs.
- iii. Failure to consolidate similar procurement requirements prevents the Entity from enjoying the benefits of economies of scale.
- iv. Conducting procurements outside the plan hinders the implementation of planned procurements, and can lead to the creation of budget arrears.
- v. Failure to implement the entire plan is an indicator of ineffective service delivery.

Management Response

The Accounting Officer has assigned the Contracts Committee to review and amend the procurement plan on a termly basis or in any case when need arises in accordance with Section 58 (4) of the PPDA Act Cap. 205.

Recommendations

1. The Accounting Officer should task the Head Procurement and Disposal Unit to use the revised procurement plan template embedded in Circular No.1 of 2024 on the revised procurement plan template dated 28th June 2024 to draft the school's procurement plans.
2. The Accounting Officer should task Heads of User Departments to prepare their respective department work plans in accordance with Paragraph 5.20 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.
3. The Accounting Officer should task the Procurement and Disposal Unit to aggregate similar procurement requirements in the procurement plan to enjoy in the benefits of in accordance with Section 58 (2) (c) of the PPDA Act Cap. 205.

2.1.3 Inadequate reporting mechanism

The Authority noted that the school did not submit a copy of its approved procurement plan for the calendar year 2023 contrary to Section 58 (1) of the PPDA Act, Cap. 205.

Additionally, the school did not prepare quarterly procurement reports on all procurement and disposal activities undertaken during the calendar year 2023 contrary to Paragraph 5.2 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.

Consequently, the school did not report on its procurement and disposal activities for the period under review contrary to Regulation 20 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2014 and Paragraph 5.2.3 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.

Risk Implication

This undermined the principles of transparency and accountability in public procurement.

Management response

- i. *The Accounting Officer has tasked the Procurement and Disposal Unit to improve on the reporting mechanism to be in line with (Procurement and Disposal Guidelines for Schools in Uganda) and as advised by the compliance officer.*
- ii. *The Procurement and Disposal Unit has agreed to submit the quarterly reports to the PPDA as advised by the compliance officer.*

Recommendations

1. The Accounting Officer should submit to PPDA the procurement and disposal plan for proceeding calendar years in accordance with Section 58 (1) of the PPDA Act Cap. 205.
2. The Accounting Officer should task the Procurement and Disposal Unit to prepare and submit to PPDA quarterly procurement reports in accordance with Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.4 Failure to assign unique procurement reference numbers

The Procurement and Disposal Unit did not assign unique procurement reference numbers to all procurement transactions conducted during the year 2023 contrary to Guideline No.2 of the PPDA (Reference Numbers for Procurement and Disposal Transactions) Guidelines, 2014.

Risk Implications

- i. This hinders the effective tracking and monitoring of the progress of procurement transactions
- ii. It also affects records keeping which undermines accountability and transparency in the Entity.

Management response

The Accounting Officer has tasked the procurement and disposal unit to assign unique procurement numbers for all procurements done throughout the year as stated in Guideline No.2/2024 on Reference Numbers for Procurement and Disposal Transactions.

Recommendation

The Accounting Officer should task the Procurement and Disposal Unit to assign specific reference numbers to each procurement requirement at the initiation stage using the numbering

