



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

“Procurement That Delivers”

**REPORT ON THE COMPLIANCE AUDIT OF MENGO SENIOR
SCHOOL FOR THE YEAR 2023**

MAY 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 Mengo Senior School (hereinafter “School”) that covered a sample of ten procurement transactions conducted during the 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, 2003, the PPDA Regulations, 2014 and the PPDA (Procurement and Disposal Guideline for Schools in Uganda) Guidelines, 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 year 2023 was **moderately satisfactory** with overall weighted average risk rating of **70.61%**. The risk rating was weighted to determine the overall risk level of the school as detailed in Chapter 3 of this compliance audit report.

The following key exceptions were noted:

1. The school did not plan for 18 procurement requirements estimated at UGX 846,500,000 in the approved budget for the year 2023 contrary to Guideline 7.5.1 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014 which affects budget implementation and leads to poor service delivery;
2. The Entity issued bidding documents with inconsistencies and missing requirements in six procurements worth UGX 178,610,000 which affect the bidders’ ability to prepare responsive bids;
3. There were irregularities in the evaluation of bids in four procurements worth UGX 81,910,000 contrary to Regulation 7 (1) and (2) of the PPDA (Evaluation) Regulation, 2014. This leads to award of contracts to ineligible providers who may lack the capacity to deliver, and therefore lead to failure to attain value for money;
4. Failure to display the notice of best evaluated bidder in two procurements worth UGX 48,600,000, and displaying the best evaluated bidder notice for a shorter period i.e., six working days instead of 10 days in two procurements worth UGX **71,110,000**. **This was** contrary to Guideline 12.10.6 and Annex 4 of the PPDA Procurement and Disposal Guideline for Schools in Uganda 2014, and denies unsatisfied bidders ample time to prepare and seek redress;
5. The Contracts Committee retrospectively awarded two contracts worth UGX 21,750,000 after delivery of goods contrary to Annex 4 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014; and
6. Failure to meet contractual obligations in five contracts worth UGX 3,358,160,818, by both the school and/or the contractors. For instance, the contractors failed to submit a performance security, submit as-built and operating manuals and delayed to deliver; while the school failed to certify works before making payments, delayed to pay providers and failed to extend contracts before they expired.

In conclusion, the Authority attributed the School’s procurement performance to low procurement plan implementation rate, failure to report on expenditure of delegated procurements to the Procurement and Disposal Unit, failure to include all budgeted procurements in the procurement

plan, absence of a disposal plan, irregularities during evaluation, retrospective award of contracts, failure to prepare and share performance reports and failure to meet contractual terms and conditions.

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

1. Task the Contracts Committee to thoroughly review the procurement plan before its approved to ensure that all items in the approved budget are well captured in the procurement plan in accordance with Section 58 (2) (d) of the PPDA Act, 2003 and Regulation 5 of the PPDA (Procurement Planning) Regulations, 2023;
2. Task the Procurement and Disposal Unit and the Contracts Committee to thoroughly review all bidding documents for accuracy and completeness before approving and issuing them to bidders in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023 and Section 29 (1) (a) (ii) of the PPDA Act, 2003;
3. Task the Head Procurement and Disposal Unit to ensure that the Evaluation Committees adhere to the evaluation criteria stated in the bidding document when conducting evaluations in accordance with Section 71 (3) of the PPDA Act, 2003;
4. Ensure that the notice of best evaluated bidder is displayed for ten working days within five working days after the award decision of the Contracts Committee in accordance with Regulation 3 of the PPDA (Contracts) Regulations, 2023;
5. Desist from signing contracts or issuing Local Purchase Orders for contracts that have not been subjected to Contracts Committee approval in accordance with Section 26 (2) of the PPDA Act, 2003;
6. Task contract managers to prepare performance and/or progress reports and share the share with the Procurement and Disposal Unit for monitoring purposes and archiving in accordance with Regulation 52 (3) (g) & 53 (4) of the PPDA (Contracts) Regulations, 2023; and
7. Take steps to request for capacity building from PPDA to develop the capacity of the school's staff in regards to performing their roles in the procurement process including evaluation of bids.

The Accounting Officer should therefore follow up closely with the implementation of the recommended action plan on pages **21 to 22** of this compliance audit report as mandated by the PPDA law and Regulations.

CHAPTER 1: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority conducted a compliance audit of Mengo Senior School for the year 2023. The compliance audit covered a sample of ten procurement transactions carried out during the year 2023. The exercise involved a review of the procurement systems and processes in accordance with the PPDA Act, 2003, the PPDA Regulations, 2014 and the PPDA (Procurement and Disposal Guideline for Schools in Uganda) Guidelines, 2014.

1.2 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, 2003, 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 to:

1. Establish the level of compliance by the school with the general provisions of the PPDA Act, 2003 and Regulations 2014 with regard to the performance of the procurement structures and conduct of procurement processes;
2. Assess the degree of compliance of the School's disposal process with the provisions of the PPDA Act, 2003 and Regulations 2014; and
3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

1.3 Scope of the Compliance Audit

The compliance audit covered a sample of ten procurement transactions conducted during the 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**.

1.4 Compliance Audit Methodology

Mengo Senior School was notified about the compliance audit on **5th February 2024**. An entry meeting was held on **28th February 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 ten procurement transactions were selected using the stratified random sampling method during the compliance audit. 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 **29th February 2024** to the school's management in a debrief meeting.

The audit team prepared and issued the management letter to the School on **23rd April 2024** which required a response to be submitted by **30th April 2024** hence the School submitted the management response on **30th April 2024**.

CHAPTER 2: COMPLIANCE AUDIT FINDINGS AND RECOMMENDATIONS

This section presents the findings arising from the compliance audit of the Mengo Senior School for the calendar year 2023.

2.1 Level of compliance by the School with the general provisions of the PPDA Act, 2003 and Regulations 2014 with regard to the performance of the procurement structures and conduct of procurement processes

2.1.1 Failure to implement previous PPDA recommendations

The Authority noted that the school did not fully implement all the previous PPDA recommendations. Out of the nine recommendations made, six were fully implemented, while three were partially implemented as indicated in Table 1 below:

Table 1: Status of Implementation of previous Audit Recommendation

No	Recommendation	Status
1.	The Head Procurement and Disposal Unit should always use appropriate procurement methods as specified in the Central Government Guidelines (Thresholds for Procurement Methods) PPDA Guidelines, 2014.	Partially implemented
2.	User Departments should initiate procurement requirements in accordance with Regulation 3 (l) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014 and Section 34 (l) of the PPDA Act, 2003.	Partially implemented
3.	The Head Procurement and Disposal Unit should ensure that the procurement action files are complete with all documents in accordance with Section 31 (o) of the PPDA Act 2003.	Partially implemented

Risk Implication

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

Recommendation

The Accounting Officer should take overall responsibility for the implementation of all recommendations in accordance with Section 26 (1) of the PPDA Act, 2003.

Management Response

We regret the failure to fully implemented all the recommendations, but we will try as much as possible to implement them in the next calendar year.

2.1.2 Procurement planning and plan management

The Authority reviewed the school's planning process, and the approved procurement plan for the year 2023 and noted the following:

i. **Failure to include some of the budgeted items in the procurement plan**

Eighteen items in the approved budget estimated at UGX 846,500,000 were not included in the procurement plan for the year 2023 contrary to Guideline 7.5.1 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014. The items are listed in Table 2 below:

Table 2: Budgeted items not included in the procurement plan for the year 2023

No.	Procurement Details	Budget Value (UGX)
1.	Transport for staff	40,000,000
2.	Postage and telephone	9,000,000
3.	Audit fees	6,500,000
4.	Staff gifts	5,000,000
5.	Office entertainment	6,000,000
6.	Visual aids students, files and cum. Reports	2,000,000
7.	Academic awards for best performance	75,000,000
8.	Security	22,000,000
9.	Public relations and publicity	7,000,000
10.	Administrative expenses e.g. adverts, legal fees	100,000,000
11.	Students' entertainment	25,000,000
12.	Staff break tea and utensils	82,000,000
13.	Compound upkeep	50,000,000
14.	Furniture repairs	35,000,000
15.	Text books	50,000,000
16.	Tennis and basketball courts	57,000,000
17.	General equipment	25,000,000
18.	Make shift shade	250,000,000
Total		846,500,000

ii. **Poor planning**

The school under/overcast the value of two items in the procurement plan resulting into variances between the budgeted and planned values as indicated in Table 3 below:

Table 3: Under/overcast Plan Items

No.	Procurement Details	Budget Value (UGX)	Plan Value (UGX)	Variance (UGX)
1.	Departmental consumables	471,265,000	334,000,000	137,265,000
2.	Examination stationery	108,117,200	247,578,000	(139,460,800)

iii. **Procurement plan implementation rate**

The review of the school's quarterly reports against the procurement plan revealed that the school implemented only 35% (UGX 2,425,676,527) of the procurement plan for the year 2023 (UGX 6,940,659,400). Table 4 below shows the procurement plan implementation rate of the school during the calendar year 2023:

Table 4: Procurement plan implementation rate

Total procurement plan 2023 value (UGX)	6,940,659,400
Total quarterly procurement report of 2023 value (UGX)	2,425,676,527
Procurement plan implementation rate (%)	35%
Procurement plan implementation variance (UGX)	4,514,982,873

The low implementation rate was partly due to failure to report on some procurements such as fuel, postage, audit fees etc. contrary to Guideline 10.1.1 (a) of the PPDA (Procurement and Disposal Guideline for Schools in Uganda, 2014.

Risk Implications

- Not including all budget items in the procurement plan affects budget implementation which ultimately leads to poor service delivery.
- Under/overestimation of procurement requirements leads to budget overruns which creates domestic arrears.
- There is a possibility that the school prepared and approved an ambitious procurement plan in spite of the incapacity to fully utilize the budget which denied the public anticipated services and goods.

Recommendations

1. The Accounting Officer and Contracts Committee should thoroughly review the procurement plan before its approved to ensure that all items in the approved budget are well captured in the procurement plan in accordance with Section 58 (2) (d) of the PPDA Act, 2003 and Regulation 5 of the PPDA (Procurement Planning) Regulations, 2023.
2. The Accounting Officer should task User Departments to conduct thorough cost estimation and risk analysis during the planning phase to minimize the risk of under/over cost estimations.
3. Where Users fail to report on the expenditure of delegated procurements to the Procurement and Disposal Unit, the Accounting Officer should revoke the delegated function through written instruction in accordance with Regulation 16 (6) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

Management Response

We appreciate the advice given and we undertake to plan properly in the next calendar year.

2.1.3 Preparing and issuing inadequate bidding documents

In six procurements worth UGX 178,610,000, the school issued bidding documents with inconsistencies and missing requirements contrary to Regulation 23 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-consultancy Services) Regulations, 2014 as indicated in Table 5 below:

Table 5: Procurements with irregularities in the issued bidding documents

No.	Procurement Details	PPDA Findings	Management Response
1.	Supply of twenty laptops worth UGX 28,900,000	i. The technical specifications were tailored to a particular manufacturer contrary to Regulation 28 (1) to the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2014. The document referred to a laptop trade mark i.e. “255 G8 model only” which is solely manufactured by HP, thus disqualifying suppliers of other laptop brands such as Lenovo and Dell.	<i>The Users now submit their statement of requirements without reference to brand names/models of a particular product.</i>

No.	Procurement Details	PPDA Findings	Management Response
		<p>ii. The technical evaluation criteria were not adequately spelt out in the bidding document. Requirements such as a manufacturers' authorization, provision for warranties, NITA certificate and evidence of past experience supplying similar products of similar quantities were not included.</p>	<p><i>PDU places emphasis on technical evaluation in the bidding document by seeking technical input from Users.</i></p>
2.	Supply of HP laser jet printer at UGX 10,800,000	<p>i. The bidding document referred to a brand name for the jet laser printers i.e. HP Laserjet pro m400 and HP laser jet 2055d contrary to Regulation 28 (1) to the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2014.</p> <p>ii. The technical evaluation criteria were not adequately spelt out in the bidding document. Requirements such as a manufacturers' authorization, provision for warranties, NITA certificate and evidence of past experience supplying similar products of similar quantities were not included. This was contrary to Regulation 25 (2) (e) & (f) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2014.</p>	<p><i>The Users now submit their statement of requirements without attachment to brand names/ models of a product.</i></p> <p><i>PDU places emphasis on technical evaluation in the bidding document by seeking technical input from Users.</i></p>
3.	Design and printing 6,300 calendars at UGX 42,210,000	<p>The technical evaluation criteria were not adequately spelt out in the bidding document. Requirements such as a manufacturers' authorization, provision for warranties, NITA certificate and evidence of past experience supplying similar products of similar quantities were not included. This was contrary to Regulation 25 (2) (e) & (f) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2014.</p>	<p><i>PDU places emphasis on technical evaluation in the bidding document by seeking technical input from Users.</i></p>
4.	Supply of a multi-functional printer	<p>The technical evaluation criteria were not adequately spelt out in the bidding document.</p>	<p><i>PDU places emphasis on</i></p>

No.	Procurement Details	PPDA Findings	Management Response
	at UGX 47,950,000	Requirements such as a manufacturers' authorization, provision for warranties, NITA certificate and evidence of past experience supplying similar products of similar quantities were not included. This was contrary to Regulation 25 (2) (e) & (f) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2014.	<i>technical evaluation in the bidding document by seeking technical input from Users.</i>
5.	Supply of 6,000 school magazines at UGX 37,800,000	The technical evaluation criteria were not adequately spelt out in the bidding document. Requirements such as a manufacturers' authorization, provision for warranties, NITA certificate and evidence of past experience supplying similar products of similar quantities were not included. This was contrary to Regulation 25 (2) (e) & (f) of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2014.	<i>PDU places emphasis on technical evaluation in the bidding document by seeking technical input from Users.</i>
6.	Supply of air conditioners at UGX 10,950,000	The bidding document referred to a brand name of the air conditioners i.e. Hisense contrary to Regulation 28 (1) to the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2014. Notably, this resulted into elimination of Transtel Uganda which supplies Samsung, and Appliance World Limited which supplies LG air conditioners.	<i>The Users now submit their statement of requirements without attachment to brand names/models of a product.</i>

Risk Implications

- i. Referring to brand names is discriminatory to potential bidders of other brands thus compromising the principle of non-discrimination and achievement of competition in public procurement.
- ii. Inadequate bidding documents result in preparation and submission of non-responsive bids thus deterring the achievement of the desired objectives.

Recommendation

The Accounting Officer should task the Procurement and Disposal Unit and Contracts Committee to thoroughly review all bidding documents for accuracy and completeness before approving and issuing them to bidders in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023 and Section 29 (1) (a) (ii) of the PPDA Act, 2003.

2.1.4 Failure to prepare and issue a bidding document

In the procurement for refurbishment of the drainage system at the Centenary Block toilet worth UGX 89,288,848, there was no evidence that the school prepared and issued a bidding document with detailed bidding terms contrary to Guideline 5.19.1 (i) of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.

Consequently, the contractor- Ferguson Enterprises Ltd - did not submit a bid, and the Authority could not establish how the contract price was determined.

Risk Implications

- i. Without bidding documents, bidders make assumptions about what the school needs which lead to misunderstandings.
- ii. It also creates subjectivity and unfairness in evaluation of bids since no clear and uniform assessment criteria were developed and communicated to bidders prior to evaluation

Recommendations

- i. The Accounting Officer should task the Procurement and Disposal Unit to prepare and issue complete and accurate bidding documents to bidders for all procurements in accordance with Guideline 16 of the PPDA (Procurement and Disposal Guideline for Schools in Uganda) Guidelines, 2014.
- ii. The Contracts Committee should not approve any procurement where the Procurement and Disposal Unit has not prepared and submitted bidding documents, shortlist and proposed Evaluation Committee in accordance with Section 31 (i) & 32 (a) of the PPDA Act, 2003.

Management response

We regret this and we pledge to do better in the next calendar year.

2.1.5 Irregularities during the evaluation process

The Authority noted irregularities during the evaluation of bids in four procurements worth UGX 81,910,000 as indicated Table 6 below:

Table 6: Procurements with irregularities in the evaluation process

No.	Procurement Details	Findings	Management Response
1.	Supply of twenty laptops worth UGX 28,900,000	<p>i. Passing non-compliant bidders</p> <p>The Evaluation Committee found three bidders administratively and technically compliant despite not meeting the set evaluation criteria contrary to Guideline 12.7.4. (a) of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014. The bidders are indicated below:</p> <ul style="list-style-type: none">• Micro Net Computers Ltd (BEB) did not submit a tax clearance certificate as evidence of fulfilling tax obligations;	<p><i>This was an error of omission; however, Evaluation Committees have been sensitized to analyze all details submitted in the bids as per the evaluation criteria in the issued bidding documents.</i></p>

No.	Procurement Details	Findings	Management Response
		<ul style="list-style-type: none"> • TK Vision Investments Ltd was not legally registered, did not submit a trading license, tax clearance certificate and an NSSF clearance certificate; and • WRENAB General Enterprise Ltd was not legally registered, did not submit any of the evaluation criteria i.e. certificate of registration, trading license, tax clearance certificate and NSSF clearance certificate. <p>ii. Omitting material criteria at evaluation The Evaluation Committee omitted the criteria on evidence of fulfilling tax obligations and a NSSF clearance certificate as evidence of fulfilling social contributions without proof of waiving them contrary to Guideline 12.7.2 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.</p>	
2.	Supply of HP laser jet printer at UGX 10,800,000	<p>i. Passing non-compliant bidders The Evaluation Committee found three bidders administratively and technically compliant despite not meeting the set evaluation criteria contrary to Guideline 12.7.4. (a) of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014. The bidders are indicated below:</p> <ul style="list-style-type: none"> • TK Vision Investments Ltd (BEB) was not legally registered and did not submit the NSSF clearance certificate; and • Global 7 Ltd did not submit a tax clearance certificate and an NSSF clearance certificate. <p>ii. Omitting material criteria at evaluation: The Evaluation Committee omitted the criteria on evidence of fulfilling tax obligations and an NSSF clearance certificate as evidence of</p>	<i>This was an error of omission; however, Evaluation Committees have been sensitized to analyze all details submitted in the bids as per the evaluation criteria in the issued bidding documents.</i>

No.	Procurement Details	Findings	Management Response
		fulfilling social contributions without proof of waiving them contrary to Guideline 12.7.2 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.	
3.	Design and printing calendars at UGX 42,210,000	<p>Omitting material criteria at evaluation The Evaluation Committee omitted the criteria for submitting a tax clearance certificate as evidence of fulfilling tax obligations and an NSSF clearance certificate as evidence of fulfilling social contributions without proof of waiving them contrary to Guideline 12.7.2 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.</p> <p>Notably, none of the three bidders i.e. Blue Orchid Ltd (BEB), Impressive Designs Ltd and Palet Plus (U) Ltd had neither submitted a tax clearance certificate nor a NSSF clearance certificate thus all bidders were non-administratively compliant.</p>	<i>This was an error of omission; however, Evaluation Committees have been sensitized to analyze all details submitted in the bids as per the evaluation criteria in the issued bidding documents.</i>
4.	Supply of air conditioners at UGX 10,950,000	<p>No evidence of conducting evaluation There was no evidence of the school evaluating the submitted quotations by Smartec Electronics Limited, Transtel Uganda and Appliance World Limited contrary to Guideline 12.7 and Annex 4 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014.</p>	<i>This is noted and will no be repeated. The Procurement and Disposal Unit will always ensure to use the most appropriate method as per the total cost of the procurement at hand.</i>

Risk implications

- i. Recommending award of contracts to non-registered or legally non-existent companies leaves the school with no recourse in case the contractor fails to meet their obligations.
- ii. Failure to conduct evaluation risks awarding a contract a technically and financially non-responsive bidder thus impacting the quality of outputs.

Recommendations

- i. The Head Procurement and Disposal Unit should ensure that Evaluation Committees adhere to the evaluation criteria stated in the bidding document when conducting evaluations in accordance with Section 71 (3) of the PPDA Act, 2003.

- ii. The Accounting Officer should take steps to request for capacity building from PPDA to develop the capacity of the School's staff in regards to performing their roles in the procurement process including evaluation of bids.

2.1.6 Irregularities in displaying the notice of best evaluated bidder

In two procurements worth UGX 71,110,000, the school displayed the notice of best evaluated bidder for six days instead of ten days recommended under Guideline 12.10.6 and Annex 4 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014 as indicated in Table 7 below.

Table 7: Procurements where the best evaluated bidder notice was displayed for a shorter period

No.	Subject of Procurement	Value (UGX)	Notice Display Period
1.	Supply of twenty laptops	28,900,000	Six working days from 20 th to 26 th March 2023
2.	Design and printing calendars	42,210,000	Six working days from 21 st to 30 th October 2023
Total		71,110,000	

Additionally, in two procurements worth UGX 48,600,000 there was no evidence of the Procurement and Disposal Unit preparing, displaying and sharing copies of the notice of best evaluated bidder contrary to Guideline 12.10.6 and Annex 4 of the PPDA Procurement and Disposal Guideline for Schools in Uganda, 2014. The procurements are listed in Table 8 below.

Table 8: Procurements without notices of best evaluated bidder

No.	Subject of Procurement	Value (UGX)
1.	Supply of HP laser jet printer	10,800,000
2.	Supply of school magazines	37,800,000
Total		48,600,000

Risk Implication

Failing to display, or displaying the notice of best evaluated bidder for a shorter period denies unsatisfied bidders ample time to prepare and seek redress.

Recommendation

The Accounting Officer should ensure that the notice of best evaluated bidder is displayed for ten working days within five working days after the award decision of the Contracts Committee in accordance with Regulation 3 of the PPDA (Contracts) Regulations, 2023.

Management response

It was an error to display the notice of best evaluated bidder for six instead of ten working days hence we pledge to work better.

2.1.7 Retrospective award of contracts

Two contracts worth UGX 21,750,000 were awarded retrospectively by the Contract Committee contrary to Annex 4 of the PPDA (Procurement and Disposal Guideline for Schools in Uganda, 2014 as indicated in Table 9 below:

Table 9: Contracts awarded retrospectively

No.	Procurement Details	PPDA Findings	Management Response
1.	Supply of HP laser jet printer worth UGX 10,800,000	The Contracts Committee awarded the contract on 21 st October 2023 - 11 working days after the School had issued a Local Purchase Order to TK Vision Investments Ltd on 6 th October 2023 and received printers on 10 th October 2023.	<i>This has been noted and we pledge to respect the timelines before awarding any contract or issuing an LPO.</i>
2.	Supply of air conditioners worth UGX 10,950,000	The Contracts Committee awarded the contract on 20 th March 2023 - 11 working days after the School had been issued job cards for completing air conditioner installation in the board room on 6 th March 2023 and Head Teacher's office on 15 th March 2023.	<i>This has been noted and we pledge to respect the timelines as stipulated in the PPDA Act, 2003.</i>

Risk Implication

Retrospectively awarding contract indicates that the Contracts Committee's oversight role of contract award is undermined which risks contracting non-responsive bidders.

Recommendation

The Accounting Officer should desist from signing contracts or issuing Local Purchase Orders for contracts that have not been subjected to Contracts Committee approval in accordance with Section 26 (2) of the PPDA Act, 2003.

2.2 Level of compliance of the School's disposal process with the provisions of the PPDA Act, 2003 and Regulations 2014

The Authority made the following findings in regard to the level of compliance of Mengo Senior School's disposal process with the provisions of the PPDA Act, 2003 and Regulations 2014.

2.2.1 Absence of a disposal plan for the year 2023

The school did not prepare a disposal plan for the year 2023 contrary to Section 58 (1) of the PPDA Act, 2003.

Risk Implication

Failure to track obsolete assets will further depreciate and lose value alongside the financial risk of over or under maintenance of public assets.

Recommendation

The Accounting Officer should prepare a disposal plan to help in the planning and disposing of obsolete items and where the School does not plan to carry out any disposal during the year, a "Nil" disposal plan should be submitted to the Authority in accordance with Section 58 (1) of the PPDA Act, 2003.

Management Response

We appreciate the advice given and we have prepared a disposal plan for the new calendar year.

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

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

2.3.1 Retrospective preparation of contract implementation plans

The Authority noted that in four procurements worth UGX 171,198,848, the contract managers prepared and shared copies of the contract implementation plan with the Procurement and Disposal Unit after contract execution contrary to Guideline 12.12.1 of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014. The procurements are listed in Table 10 below.

Table 10: Contracts where contract implementation plans were prepared retrospectively

No.	Procurement Details	PPDA Findings	Management Response
1.	Supply of twenty laptops worth UGX 28,900,000	Mr. Wabbi Benedicto prepared the contract implementation plan on 15 th May 2023 - 28 working days after delivery on 6 th April 2023.	<i>The contract managers now prepare contract management plans before delivery of any item to ensure quality and effectiveness</i>
2.	Refurbishment of the drainage system at the Centenary Block toilet at UGX 89,288,848	Mr. Kiguli Stanley prepared the contract implementation plan on 16 th October 2023 - 61 working days after submission of final payment on 24 th July 2023.	<i>The contract managers now prepare contract management plans before delivery of any item to ensure quality and effectiveness</i>
3.	Supply of HP laser jet printer at UGX 10,800,000	Mr. Wabbi Benedicto prepared the contract implementation plan on 18 th October 2023 - seven working days after delivery of printers on 10 th October 2023.	<i>The contract managers now prepare contract management plans before delivery of any item to ensure quality and effectiveness</i>
4.	Design and printing calendars at UGX 42,210,000	Mr. Lule Patrick prepared the contract implementation plan on 31 st December 2023 - 28 working days after delivery on 22 nd November 2023.	<i>The contract managers now prepare contract management plans before delivery of any item to ensure quality and effectiveness</i>

Risk Implication

This impedes contract monitoring and can result in the expiry of contracts before execution of contracts thus deterring the achievement of value for money.

Recommendation

The Accounting Officer should task contract managers to prepare contract implementation plans immediately after being appointed, and use the same to monitor contract implementation in accordance with Regulation 50 (3) of the PPDA (Contracts) Regulations, 2023.

2.3.2 No evidence of preparing and sharing performance/ progress reports with Procurement and Disposal Unit

In seven procurements worth UGX 3,397,860,818, there was no evidence that the appointed contract managers prepared and shared contract progress and/or performance reports with the Accounting Officer and the Procurement and Disposal Unit contrary to Guideline 5.20.21 (h) of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014. The procurements without performance reports are listed in Table 11 below.

Table 11: Procurements without performance reports

No.	Procurement Details	Amount (UGX)	Contract Manager
1.	Completion of the classroom block, ramp, external works	3,140,911,970	Mr. Charles Mpwabe
2.	Refurbishment of the drainage system at the Centenary Block toilet	89,288,848	Mr. Stanley Kiguli
3.	Design and printing calendars	42,210,000	Mr. Patrick Lule
4.	Supply of twenty laptops	28,900,000	Mr. Benedicto Wabbi
5.	Supply of school magazines	37,800,000	Mr. A. Epaphras
6.	Supply of HP laser jet printer	10,800,000	Mr. Benedicto Wabbi
7.	Supply of a multi-functional printer	47,950,000	Mr. Benedicto Wabbi
Total		3,397,860,818	

Risk Implication

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

Recommendation

The Accounting Officer should task contract managers to prepare performance and/or progress reports and share the share with the Procurement and Disposal Unit for monitoring purposes and archiving in accordance with Regulations 52 (3) (g) & 53 (4) of the PPDA (Contracts) Regulations, 2023.

Management Response

The contract managers are now tasked and sensitized to prepare performance reports to help the Procurement and Deposal Unit to monitor contract implementation.

2.3.3 Failure to meet contractual obligations

The Authority found that in five contracts worth UGX 3,358,160,818, the school and/or the contractors did not meet their contractual obligations as indicated in Table 12 below:

Table 12: Procurements with breach in contractual terms and conditions

No.	Procurement Details	PPDA Findings	Management Response
1.	Completion of the classroom block, ramp, external works at UGX 3,140,911,970	<p>i. Failure to submit a performance security There was no evidence that the contractor - Zebra Associates Ltd - submitted a performance security of 10% of the contract price contrary to GCC 52.1 of the signed contract.</p> <p>ii. Anomalies in retention percentage The School retained 5% instead of 10% per payment certificate contrary to GCC 48.1 of the signed contract which provided for 10% retention.</p> <p>iii. Failure to certify works before making payment The contract manager neither verified works nor certified payments totaling to UGX 259,400,000 upon receiving invoices from Zebra Associates Ltd and before the school made payment contrary to Guideline 13.2.1 (k) of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014.</p>	<p><i>The PDU now ensures that the contractors submit a performance security as per the bidding document.</i></p> <p><i>The PDU will ensure that the retention provided for in the contract is paid.</i></p> <p><i>Contract managers now inspect and verify works done in addition to certifying payments before actual payment is made by the School.</i></p>
2.	Refurbishment of the drainage system at the Centenary Block toilet at UGX 89,288,848	<p>i. Anomalies in retention percentage The School retained 5% instead of 10% per payment certificate contrary to GCC 48.1 of the signed contract which provided for 10% retention.</p> <p>ii. Failure to issue a practical completion certificate The contract manager issuing a practical completion certificate to Ferguson Enterprises Ltd upon completion of works on 21st July 2023.</p> <p>iii. Failure to submit as built drawings and operating manuals The contractor - Ferguson Enterprises Ltd – did not submit as-built drawings and operating manuals within 30 days after practical completion on 21st July 2023 contrary to GCC 58.2 of the signed contract.</p>	<p><i>The PDU will ensure that the retention provided for in the contract is paid.</i></p> <p><i>The completion certificate has been issued to Ferguson Enterprises Limited.</i></p> <p><i>This was an error and will not be repeated.</i></p>

No.	Procurement Details	PPDA Findings	Management Response
		<p>Additionally, there was no evidence of the school withholding UGX 500,000 against delayed submission of as-built drawings and operating manuals as provided for in the contract.</p> <p>iv. Paying retention before lapse of the defects liability period The school paid the full retention amount of UGX 6,880,993 on 1st February 2024 which was 140 instead of 180 working days after practical completion contrary to GCC 48.2 of the contract.</p>	<p><i>The Accounts Department has been cautioned to only clear retention fees after lapse of the defects liability period.</i></p>
3.	Design and printing calendars at UGX 42,210,000	<p>Delay to pay the provider The school delayed by 52 working days to make payment to Blue Orchid Limited; payment was made on 6th February 2024 following submission of the invoice and payment request on 27th November 2023 contrary to Regulation 59 (3) of the PPDA (Contracts) Regulations, 2014 which provides for a payment period of thirty days from certification of invoices.</p>	<p><i>Payment was delayed to uneven cash flows in the School.</i></p>
4.	Supply of a multi-functional printer at UGX 47,950,000	<p>i. Delaying to deliver the multi-functional printer Ultra (U) Ltd delayed by 21 working days to deliver the multi-functional printer. It made delivery on 21st August 2023 after expiry of the contract on 21st July 2023.</p> <p>ii. Failure to extend the contract before its expiry The contract expired on 21st July 2023 without evidence of the contract manager seeking approval for and issuing the contract extension for the pending delivery made on 21st August 2023 contrary to Regulation 54 (1) of the PPDA (Contracts) Regulations, 2014.</p>	<p><i>PDU now works hand in hand with the contract managers to ensure on-time deliveries and proper contract management.</i> <i>PDU will always liaise with the contract managers to monitor contracts and extend them in case of delayed delivery.</i></p>

No.	Procurement Details	PPDA Findings	Management Response
5.	Supply of school magazines at UGX 37,800,000	<p>i. Delaying to deliver school magazines: Blue Orchid Limited delayed by 11 working days to deliver the school magazines. Delivery was on 19th August 2023 after expiry of the contract on 3rd August 2023.</p> <p>ii. Failure to extend the contract before its expiry: The contract expired on 3rd August 2023 without evidence of the contract manager seeking approval for and issuing the contract extension for the pending delivery made on 19th August 2023 contrary to Regulation 54 (1) of the PPDA (Contracts) Regulations, 2014.</p>	<p><i>PDU will ensure proper contract management by liaising with contract managers to ensure goods are delivered within the time period stated on the LPO.</i></p> <p><i>PDU will always liaise with the contract managers to monitor contracts and extend them in case of delayed delivery.</i></p>

Risk Implications

- i. Failure to obtain a performance security implies that the school was not protected from contract non-performance.
- ii. Failure to verify works and certify payments results in paying for unsatisfactory or non-existent works thus deterring the achievement of value for money.
- iii. Retaining less percentage deters the provider from correcting defects during the defects liability period.
- iv. Failure to issue a practical completion certificate affects the monitoring of the defects liability period.
- v. Failure to action the submission of as-built drawings and operating manuals deters the promotion of sustainable procurement practices.
- vi. Paying retention before lapse of the defects liability period allows the provider to avoid correcting defects thus compromising the quality of works.
- vii. Delays to pay providers frustrate the effective and efficient execution of desired outputs thus impeding the achievement of value for money.
- viii. Delays to deliver requirements deter the efficient fulfilment of desired needs resulting in nugatory expenditure.
- ix. Failure to extend a contract before contract expiry risks project failure since contract terms and conditions become non-binding.

Recommendation

The Accounting Officer should task the appointed contract managers to effectively monitor contract performance and ensure that all the responsible parties to the contract meet their obligations as per the terms and conditions of contract in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023.

CHAPTER 3: OVERVIEW OF THE RATING OF THE SCHOOL

This section will graphically present the procurement performance of Mengo Senior School for the calendar year 2023.

3.1. Overall Compliance Audit Conclusion

Mengo Senior School had an overall weighted average risk rating of **70.61%** which is **moderately satisfactory**. The risk rating analysis is demonstrated in Table 13 below:

Table 13: Risk Rating Descriptions

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

School's Performance

The risk rating was weighted to determine the overall risk level of the School. The weighting was derived using the average weighted index as shown in Table 14 below: -

Table 14: Weighted Average Score by Number and Value of Sampled Procurements

Risk Category	No.	%No	Value (UGX)	%Value	Weights	Total Weighted Average	
						By No.	By Value
High	2	20	3,230,200,818	92.23	0.6	12	55.34
Medium	4	40	107,500,000	3.07	0.3	12	0.92
Low	4	40	164,700,000	4.70	0.1	4	0.47
Total	10	100	3,502,400,818	100	1	28	56.73

$$\text{Weighted Average (By No.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{28}{60} \times 100 = 46.67\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{56.73}{60} \times 100 = 94.55\%$$

$$\text{Combined Weighted Average} = \frac{46.67\% + 94.55\%}{2} = 70.61\%$$

Figure 1 below is the graphical representation of the risk rating of Mengo Senior School by number of contracts and contract value for the calendar year 2023.

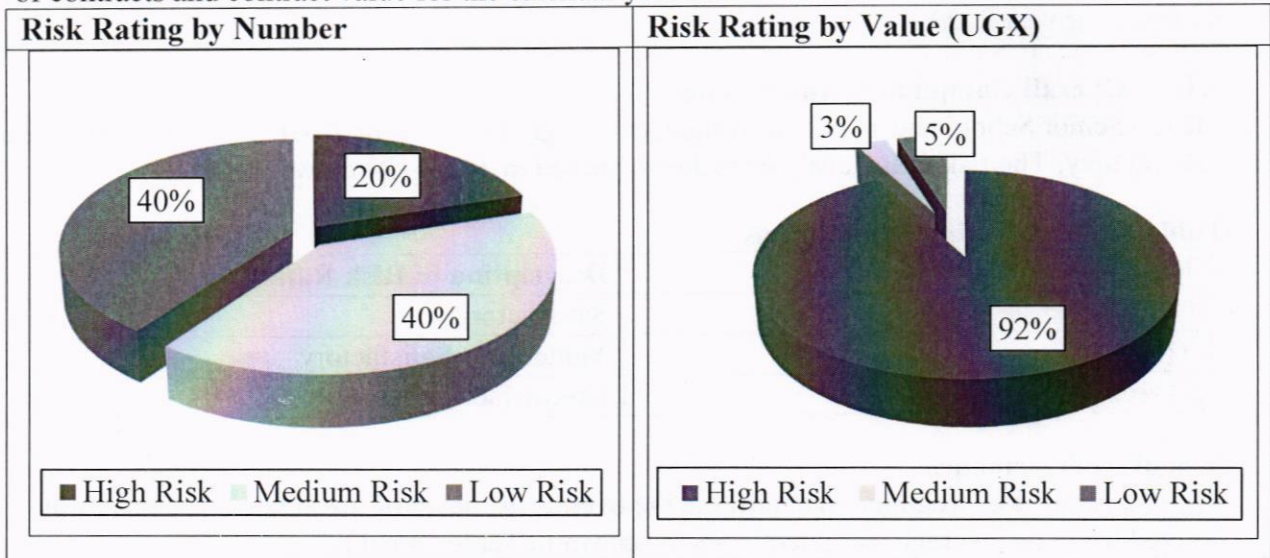


Figure 1: Graphical representation of the risk rating of Mengo Senior School by number of contracts and contract value for the calendar year 2023

3.2. Recommended Action Plan

Mengo Senior School should implement the following recommendations within the timeframe given in order to improve its performance in procurement and disposal listed in Table 15 below.

Table 15: Recommended Action Plan

Origin	Recommended Action	Target Date
Accounting Officer	<ol style="list-style-type: none"> 1. The Accounting Officer should prepare a disposal plan to help in the planning and disposing of obsolete items and where the School does not plan to carry out any disposal during the year, a “Nil” disposal plan should be submitted to the Authority in accordance with Section 58 (1) of the PPDA Act, 2003. 2. Where Users fail to report on the expenditure of delegated procurements to the Procurement and Disposal Unit, the Accounting Officer should revoke the delegated function through written instruction in accordance with Regulation 16 (6) of the PPDA (Procuring and Disposing Entities) Regulations, 2023. 3. The Accounting Officer should take steps to request for capacity building from PPDA to develop the capacity of the Sschool’s staff in regards to performing their roles in the procurement process including evaluation of bids. 4. The Accounting Officer should desist from signing contracts or issuing Local Purchase Orders for contracts that have not been subjected to Contracts Committee 	Immediately

Origin	Recommended Action	Target Date
	approval in accordance with Section 26 (2) of the PPDA Act, 2003.	
Contracts Committee	The Contracts Committee should thoroughly review the procurement plan before its approved to ensure that all items in the approved budget are well captured in the procurement plan in accordance with Section 58 (2) (d) of the PPDA Act, 2003 and Regulation 5 of the PPDA (Procurement Planning) Regulations, 2023.	Immediately
Procurement and Disposal Unit	<ol style="list-style-type: none"> 1. The Procurement and Disposal Unit and Contracts Committee should thoroughly review all bidding documents for accuracy and completeness before approving and issuing them to bidders in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023 and Section 29 (1) (a) (ii) of the PPDA Act, 2003. 2. The Head Procurement and Disposal Unit should always use appropriate procurement methods as specified in the Central Government Guidelines (Thresholds for Procurement Methods) PPDA Guidelines, 2014. 3. The Head Procurement and Disposal Unit should ensure that the procurement action files are complete with all documents in accordance with Section 31 (o) of the PPDA Act 2003. 	Immediately
Evaluation Committees	The Evaluation Committees should adhere only to the evaluation criteria stated in the bidding document when conducting evaluations in accordance with Section 71 (3) of the PPDA Act, 2003.	Immediately
User Departments	<ol style="list-style-type: none"> 1. The contract managers should prepare contract implementation plans on time and share performance and/or progress reports with the Procurement and Disposal Unit for contract monitoring purposes and archiving in accordance with Regulations 50 (3), 52 (3) (g) & 53 (4) of the PPDA (Contracts) Regulations, 2023. 2. The appointed Contract Managers to effectively monitor contract performance and ensure that all the responsible parties to the contract meet their obligations as per the terms and conditions of contract in accordance with Regulation 52 of the PPDA (Contracts) Regulations, 2023. 	Immediately

ANNEXES

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

No.	Proc. Ref. No.	Subject of Procurement	Method of Procurement	Name of Provider	Contract Value (UGX)	Risk Rating
1.	MSS/WRKS/23/00009	Refurbishment of the drainage system at the Centenary Block	Direct Procurement	Ferguson Enterprises Ltd	89,288,848	High Risk
2.	MSS/SRVCS/23/00027	Designing and printing of calendars for the year 2024	Request for Quotation	Blue Orchid Ltd	42,200,000	Low Risk
3.	MSS/SUPLS/23/00017	Supply of a multi-functional printer	Request for Quotation	Ultra-Uganda Limited	47,950,000	Medium Risk
4.	MSS/SUPLS/23/00023	Supply of HP laser jet printers for ICT laboratories	Request for Quotation	TK Vision Investments Ltd	10,800,000	Medium Risk
5.	MSS/SUPLS/23/00018	Supply of school magazines	Request for Quotation	Blue Orchid Ltd	37,800,000	Medium Risk
6.	MSS/SUPLS/23/00009	Supply of twenty laptops	Request for Quotation	Micro Net Computers Ltd	28,900,000	Low Risk
7.	MSS/WRKS/23/00012	Completion of the classroom/ laboratory block, ramp, external kitchen and staircase at Chaplain's residence	Direct Procurement	Zebra Associates Ltd	3,140,911,970	High Risk
8.	MSS/SRVCS/23/00027	Supply and servicing air conditioners	Request for Quotation	Smartec Electronics Limited	10,950,000	Medium Risk
9.	MSS/SUPLS/23/00015	Supply of short sleeved white shirts for students	Framework Arrangement	Uganda Uniform Manufacturers & Distributors Ltd	63,000,000	Low Risk
10.	MSS/SUPLS/23/00045	Supply of rice for students' meals	Framework Arrangement	Mukisa Global Investments Ltd	30,600,000	Low Risk
Total					3,502,400,818	