



**REPORT ON THE COMPLIANCE AUDIT OF ST MARY'S
COLLEGE KISUBI FOR CALENDAR YEAR 2023**

AUGUST 2024

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EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance audit on the procurement and disposal activities of St. Mary's College Kisubi that covered a sample of 9 procurement transactions under Calendar Year 2023.

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of St. Mary's College Kisubi's procurement system and processes with the provisions of the PPDA Act, Cap. 205 and PPDA Regulations, 2023 and assess the level of procurement performance over the audit period.

From the findings of the compliance audit exercise, the summary performance of the school revealed an aggregate risk rating of **56.2%** which is a **moderately satisfactory** performance.

The following exceptions were noted:

1. There was no segregation of duties between the Bursar and the Procuring and Disposing Unit contrary to Section 33 (a) of the PPDA Act, Cap. 205 which indicates a weak control system.
2. Failure to prepare and report procurement activities to the Authority which is contrary to Regulation 20 of the PPDA (Procuring and Disposing Entity) Regulations, 2023 and Paragraph 5.2 of the PPDA Guidelines for Schools in Uganda, 2014. This is a sign of a lack of transparency and accountability in the conducted by the school.
3. The School issued Local Purchase Orders (LPOs) worth UGX 2,635,038,459 in the academic year 2023 without conducting a proper procurement process. This implies that the school did not attain value for money.
4. Failure to maintain procurement records on all sampled procurements worth UGX 2,635,038,459 contrary to Section 31 (o) of the PPDA Act, Cap. 205. This makes it difficult to fully account for the funds spent on procurements;
5. Signing contracts without Solicitor General's clearance in three contracts worth UGX 2,301,135,432, contrary to Regulation 7 (1) (f) of the PPDA (Contracts) Regulations, 2023. This implies that the school could miss out on legal guidance and backing of Government that would safeguard against any litigation issues that may arise during contract execution; and

In view of the above, the Authority recommends that:

1. The Accounting Officer should:
 - i. Ensure that all procurements conducted by the Entity are reported to the Authority in accordance with Regulation 15(1) of the PPDA (Procuring and Disposing Entities) Regulations 2023 and Paragraph 5.2 of the PPDA Guidelines for Schools in Uganda, 2014.
 - ii. Ensure that the Solicitor General's clearance is obtained before signing the contract as per thresholds in accordance with Regulation 7 (1) (f) of the PPDA (Contracts) Regulations, 2023
 - iii. Ensure that procurements are conducted in a manner that promotes efficiency in accordance with Section 48 of the PPDA Act, Cap. 205.

2. The Head Procurement and Disposal Unit:

- i. Should use standardised requisition forms (Form 5) during requisitions of goods and services;
- ii. Where there is no proper procurement process followed, no LPOs should be issued;
- iii. Should maintain all procurement records on procurement action files in accordance with Paragraph 7.3.1 of the PPDA (Procurement and Disposal Guideline for Schools in Uganda) Guidelines, 2014.

CHAPTER 1: INTRODUCTION

1.1 Structure of the Entity

St. Mary's College Kisubi's mission is to pursue excellence in holistic education with Christian values, bringing forth principled professionals for the development of society

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 Procurement and Disposal Entity. The Accounting Officer during the financial year under review was Bro. Simeon Simeon Mpanga

The PS/ST of Ministry of Finance, Planning & Economic Development approved the members of the Contracts Committee listed in Table 1 below who also acted during the period under review:

Table 1: Members of the Contracts Committee

No	Name	Position on the Committee	Substantive position at the Entity
1.	Mr. Katatumba Justus	Chairperson	Deputy Headteacher
2.	Mr. Sisye Samuel	Secretary	Teacher
3.	Mr. Zirimu Salimu	Member	Teacher
4.	Ms. Akwetaireho Mildred	Member	Teacher
5.	Mr. Tumusiime Elides	Member	Teacher

According to Section 31 (a) of the PPDA Act, Cap.205, all procurement or disposal activities of the Procurement and Disposal Entity except adjudication and the award of contract are to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the academic year under review was headed by Ms. Joselyn Karungi

1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out a compliance audit of St. Mary's College Kisubi that covered a representative sample of 9 procurement transactions under Calendar Year 2023. The audit involved a review of procurement structures, procurement, and asset disposal processes, as well as contract performance following the provisions of the PPDA Act, Cap. 205 and Regulations, 2023.

1.3 Objective of the Compliance Audit

The overall objective of the procurement and disposal audit was to assess and establish the degree of compliance of St. Mary's College Kisubi's procurement system and processes with the provisions of the PPDA Act, Cap. 205 and Regulations, 2023 and assess the level of procurement performance over the audit period.

The specific objectives were to:

1. To establish the level of compliance by the Entity with the general provisions of the PPDA Act, Cap. 205 and Regulations 2023 with regard to the performance of the procurement structures and conduct of procurement and disposal processes.
2. To assess the degree of compliance of the Entity' disposal process with the provisions of the PPDA Act, Cap. 205 and Disposal Regulations, 2023.

3. To assess the level of efficiency and effectiveness in the contract implementation including the application of Environmental, Social, Health and Safety (EHS) Requirements in the procurement process

1.4 Scope of the Compliance Audit

The audit involved a review of the procurement process, disposal process, general compliance issues and contract implementation on a sample basis. The exercise covered a sample of 9 procurement transactions worth UGX 2,635,038,459 conducted during the Calendar Year 2023, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained in **Annex 1**.

1.5 Methodology

The audit team examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive inspection conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and processes.

A debrief meeting to clear all pending issues that arose during the inspection was held with the school management and staff on 5th March, 2024 before the audit team could embark on preparation of the management letter. The team prepared the management letter, which was sent to the school on 9th April, 2024 with a request to submit a management response by 16th April, 2024 which was submitted on 14th May, 2024.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2. Level of compliance by the School with the general provisions of the PPDA Act, Cap. 205, and the PPDA Regulations, 2023 with regard to the performance of the procurement structures and conduct of procurement and disposal processes

The Authority made the following findings in regard to the level of compliance with the general provisions of the PPDA Act, Cap.205, PPDA Regulations 2023 and the *PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014* with regard to the performance of the procurement structures and conduct of procurement processes of St. Mary's College Kisubi

2.1 Functioning of Procurement Structures

2.1.1 Lack of independence in functions and exercise of powers

Despite the existence of a Procurement and Disposal Unit, the Authority found that 90% of the procurements were conducted by the Bursar contrary to Paragraph 5.19 of the PPDA Guidelines for Schools, 2014 which mandates the Procurement and Disposal Unit to manage all procurement activities of the School. As a result, there was no segregation of duties between the bursary and the Procuring and Disposing Unit contrary to Section 33 (a) of the PPDA Act, Cap. 205.

Risk Implications

- This indicates a weak internal control system.
- Having the Bursar issue Local Purchase Orders (LPOs) and also pay providers can result into purchase of items at inflated costs, paying for LPOs multiple times or even paying for undelivered items.

Management Response

- Management has reviewed the observation and has found that the procurements were not conducted by the Bursar.
- Instead it's a collective effort initiated by procurement office, checked by bursary office for budget management follow up and guidance, and finally approved by the accounting officer before any LPO is issued.

Authority's Comment

The Authority noted the Entity's response however, according to the attached requisitions, the Procurement officer initiated the requisitions, which is the responsibility of the User Department according to Paragraph 5.20.1 (b) of the PPDA Guidelines for Schools ,2014.

Recommendation

The Head Procurement and Disposal Unit should ensure that User Departments use standardised requisition forms (Form 5) during requisitions of goods and services.

2.1.2 Performance of the Contracts Committee

- The Contract Committee had never been inducted by the Authority on public procurement since their appointment on 15th June 2022.

- Contracts Committee meeting minutes were not systematically numbered. This makes it difficult to ascertain how many Contracts Committee meetings were held during the year 2023.
- All Contracts Committee members did not sign the Contract Committee meeting minutes held on: 25th January 2023, 12th May 2023, 16th May 2023, 24th May 2023 and 16th September 2023 contrary to Guideline 5.16.3 (e) of the PPDA Guidelines for Schools in Uganda, 2014.
- The Secretary Contracts Committee did not maintain all records of attendance signed by all the members, advisors and observers who attended Contracts Committee meetings. contrary to Paragraph 5.14.2 (a) of the PPDA Guidelines for Schools in Uganda, 2014.

Risk Implications

- Failure to sign the Contracts committee meeting minutes undermines the public procurement principle accountability.
- Without a record of attendance Contracts committee members may not take full responsibility of the decisions/actions.

Management Response

- Contracts committee meeting minutes are now signed.
- The secretary Contracts Committee maintains records of attendance. However, by the time of audit the file was with the secretary and is available for verification. Contracts committee members attended PPDA training workshop which took place at the PPDA head office in an attempt to induct them.

Recommendations

- The Chairperson Contracts Committee should guarantee that the contracts committee meeting minutes are fully signed by all members in accordance with Guideline 5.16.3(e) of the PPDA Guidelines for Schools in Uganda, 2014; and
- The Secretary Contracts Committee should maintain records of attendance of the Contracts Committee meetings in accordance with Paragraph 5.17.1(e) of the PPDA Guidelines for Schools in Uganda, 2014.

2.1.3 Performance of the Procurement and Disposal Unit

In the sampled procurements, the Procurement and Disposal Unit did not:

- Recommend appropriate procurement and disposal procedures contrary to Paragraph 5.19.1(f) of the PPDA Guidelines for Schools in Uganda, 2014. As a result, the Bursar and the Procurement Disposal Unit were both issuing LPOs without conducting procurement due processes;
- Maintain and archive procurement and disposal records of the school contrary to Paragraph 5.19.1(n) of the PPDA Guidelines for Schools in Uganda, 2014; and
- Prepare monthly reports for the Contracts Committee contrary to Paragraph 5.19.1(o) of the PPDA Guidelines for Schools in Uganda, 2014.

Risk Implications

- Failure to recommend appropriate procurement and disposal procedures exposes procurements to the risk of mismanagement if handled without the Procurement and Disposal Unit guidance and intervention from the Contracts Committee.

- Failure to maintain and archive Procurement and disposal records implies that the School cannot effectively account for the fund allocated; and
- Failure to prepare monthly reports makes it difficult for responsible stakeholders to conduct timely interventions in case of challenges during implementation.

Management Response

- Procurement and Disposal Unit shall recommend the appropriate procedures in the subsequent procurements and disposal methods.
- Procurement and Disposal Unit shall also ensure that archive of procurement and disposal records is maintained.

Monthly reports have been always prepared but not submitted. The Procurement and Disposal Unit shall start submitting them every end of the school term.

Recommendations

- The Head Procurement and Disposal Unit should recommend procurement and disposal procedures to follow during all procurement and disposal activities of the school in accordance to Paragraph 5.19.1(f) of the PPDA Guidelines for Schools in Uganda, 2014.
- The Accounting Officer should put in place a mechanism of ensuring that all procurement records are kept in accordance with Paragraph 5 of the PPDA Guidelines for Schools in Uganda, 2014; and
- The Head Procurement and Disposal Unit should periodically prepare and submit to Contracts Committee, reports on procurement activities conducted by the school.

2.1.4 Performance of the User Departments

The Authority noted that in all sampled cases;

- There was no evidence of the User Departments identifying their procurement needs, preparing and submitting 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) Guidelines, 2014;
- The User Departments did not initiate procurement and disposal requirements and forward them to Procurement and Disposal Unit contrary to Paragraph 5.20.1 (b) of the PPDA Guidelines for Schools in Uganda, 2014; and
- Propose technical inputs to statements of requirements for procurement to the Procurement and Disposal Unit contrary to Paragraph 5.20.1 (c) of the PPDA Guidelines for Schools in Uganda, 2014.

Risk Implications

- This adversely impacted procurement scheduling, financial predictability, accounting and control over the procurement budget.
- Failure to initiate procurement and disposal requirements results in acquisition of procurements that are not needed by the Entity.

Management Response

Management shall ensure that the end users prepare work plans, end user procurement plans, initiate the procurements and disposal requirements as well as propose the technical inputs without centralizing them at the stores department.

However, user departments do submit their proposals through writing requisitions approved by departmental heads, accounts, deputies and the accounting officer before any procurement is initiated by the procurement office.

Recommendations

- The Accounting Officer should task the Heads of User Department to provide an explanation as to why they did not prepare and submit departmental work plans to the Procurement and Disposal Unit for integration.
- The Accounting Officer should direct User Departments to initiate procurements and the Head Procuring and Disposing Unit should not conduct/commence the procurement process without duly signed and approved requisitions.
- The User Departments should propose technical specifications to the Procuring and Disposing Unit at the time of requisitioning in accordance with Paragraph 5.20.1 (c) of the PPDA Guidelines for Schools in Uganda, 2014.

2.2 Procurement plan management

2.2.1 Inappropriate procurement plan format

The Entity did not use the standard procurement plan format template recommended by the Authority , and as such, its procurement plan does not include the source of funding, application of reservation and preference schemes, contract type , procurement lead time and completion date for the execution of the planned procurement contrary to Section 58 (3) of the PPDA Act, Cap. 205.

Risk Implication

This affects efficiency in the implementation of the procurement plan and hinders the Authority from assessing the performance of the school

Management Response

The school has received the revised template of the procurement plan from PPDA and shall start using it in the subsequent Financial Years.

Recommendation

The school should, when developing its procurement plan, use the standard annual procurement plan template issued by the Authority in accordance with Section 58 (3) of the PPDA Act, Cap. 205.

2.2.2 Procurement plan implementation

During the calendar year under review, the Entity implemented 30% of its planned procurement activities. Procurements worth UGX 3,098,673,831 were implemented out of the planned UGX 10,370,174,500. Table 2 below provides for the procurement plan implementation rate;

Table 2: Procurement plan implementation rate

Total procurement plan for the year 2023 (UGX)	10,370,174,500
Total actual procurement spend for the year 2023 (UGX)	3,098,673,831
Procurement Implementation Variance (UGX)	7,271,500,669

Percentage implementation rate (%)	30
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Risk Implication

Failure to implement all the planned projects affects service delivery to the intended objectives.

Management Response

Management shall ensure that every need which arises within the calendar year and not include in the procurement plan is updated and submitted to the PPDA.

Recommendation

The Accounting Officer should always monitor the procurement plan implementation and where necessary update the procurement plan in accordance with Section 58 (4) of the PPDA Act, Cap. 205 to ensure improved performance ensure that all procurements conducted are included in the procurement plan.

2.2.3 Procuring outside the procurement plan

Procurements worth UGX 253,070,000, were procured outside the procurement plan contrary to Section 58 (7) of the PPDA Act, Cap. 205 as shown in table 3 below;

Table 3: Procurements conducted outside the procurement plan

No	Subject of procurement	Contract Value (UGX)
1.	80 pcs Dell Desktops	200,000,000
2.	Double beds	34,350,000
3.	Partitioning of the main hall	1,160,000
4.	Fixing aluminum in H/Ms office	17,560,000
	TOTAL	253,070,000

Risk Implementation

This undermines the principle of transparency and accountability

Management Response

- Management shall ensure that every need which arises within the financial year and not include in the procurement plan is updated and submitted to the PPDA.
- For procurement of computers, the process started in 2023 year but relates to financial year 2024 as per 2024 budget.
- UNEB marking for 2023 exams included I.C.T of which the college had fewer computers, therefore in addressing the matter we had to procure computers using the existing service providers , for beds and main hall was a result of increased numbers which called for space for classes and beds in the dormitory

Recommendation

The Head Procurement and Disposal Unit should monitor and update the procurement plan on a quarterly basis in accordance with to Section 58 (7) of the PPDA Act, Cap. 205.

2.2.4 Failure to track departmental budgets

There was no evidence of the School monitoring departmental budgets through the User Departments capturing the budget vote information and balance remaining against the purchase requisition form to guide confirmation of funds contrary to Regulation 4 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. Notably, the School modified the purchase requisition form to eliminate the Head of Department approval and the funds availability section.

Risk Implication

There is a risk of misappropriating already committed funds or committing the School to enter contracts for which funds are not available hence undermining the principle of accountability.

Management Response

Bursar always monitor user departments' budget votes, however we shall encourage him to start using the procurement requisitions Form 5.

Recommendation

The Accounting Officer should provide an explanation for the basis of confirming funds on purchase requisitions which did not capture the funds available information in accordance with Regulation 4 (2) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.2.5 Failure to report procurement activities to the Authority

The school neither prepared nor submitted to the Authority, the disposal plan, quarterly procurements, and disposal reports for the months of May, June, July and August 2023 contrary to Paragraph 5.2 of the PPDA Guidelines for Schools in Uganda, 2014.

Additionally, The Authority observed that the Procurement and Disposal Unit did not report on the disposal of a motor vehicle Toyota Mark 11 UAG 111W.

The school also did not have a procurement notice board to display procurement activities.

Risk Implication

This undermines the principles of transparency and accountability as well as the oversight role of PPDA plays in monitoring compliance of government entities.

Management Response

PDU shall submit procurement plan, disposal plan every financial year and all procurement and disposal activities every end of the school term.

However, this was noted and submitted in 2023 work plan.

Recommendations

- The Accounting Officer should ensure that all procurements and disposals conducted by the school are reported to the Authority in accordance with Paragraph 5.2 of the PPDA Guidelines for Schools in Uganda, 2014.
- The Head, procurement and Disposal Unit should follow the issuance of Guideline No.1/2018 on reservation schemes to promote local content in public procurement; PPDA updated the

procurement plan templates to provide for mechanisms to increase the input of local labour, goods and services in public procurement within the country.

2.2.6 Unjustified use of direct procurement

The school used direct procurement method in 9 procurements worth UGX 299,525,300 without justification Contrary to Regulations 8,9 and 10 of the PPDA (Rules and Methods for Procurement of Supplies , Works and Non-Consultancy Services) Regulations, 2023 as shown in table 4 below;

Table 4: Direct Procurements without justification

No	Subject of Procurement	Contract Value (UGX)
1.	Double beds	34,350,000
2.	Electrical items	7,756,600
3.	Painting materials for F5 and toilets	5,868,700
4.	Construction of a toilet facility at Pentagon	118,750,000
5.	Furniture for DOS	7,800,000
6.	Artectual plan for dormitory	14,100,000
7.	Toilet paper 150ctns	22,500,000
8.	Maize flour	20,000,000
9.	Beans	68,400,000
	TOTAL	299,525,300

Risk Implication

Using direct procurement method limits competition and affects achievement of value for money.

Management Response

- Due to emergencies the school used direct procurements to save the situation and the LPOs were signed by all responsible officers including the Procurement Officer, Bursar and Accounting Officer.
- For the Toilet, it was a directive from Katabi Town council to demolish the one which existed, in two weeks.
- Beds, it was only one service provider then and furniture as well.
- The rest of the procurements were based on call for quotation using prequalification list.

Recommendations

- The school should use framework agreements for repeatedly procured items like beans, maize flour and toilet papers to enhance efficiency.
- 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 school should adhere to the provisions spelt out in Regulations 8,9 and 10 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023

2.2.7 Misapplication of the Quotation Method

The Authority observed that, when applying quotation method, the School simply requests for invoice(s) from providers in all the sampled procurements without justification, issues Local

Purchase Orders (LPOs) and proceeds to make payment upon receiving supplies/ services contrary to the procedural steps highlighted in Annex 4 of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014. The following anomalies were observed in the application of quotation method.

Anomalies observed at initiation

- i. The procurement and Disposal Unit did not assign reference numbers for all sampled procurements contrary to Paragraph No.2 of the PPDA (Reference Numbers for the Procurement and Disposal Transactions) Guidelines, 2014.
- ii. There was no evidence of the User Departments recommending detailed specifications in the sampled procurements.

During the bidding process:

- i. There was no evidence of the Procurement and Disposal Unit recommending the quotation method and obtaining Contracts Committee approval contrary to Paragraph 5.19.1 (f) of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014.
- ii. There was no evidence of the Procurement and Disposal Unit recommending the shortlist of providers and obtaining Contracts Committee approval contrary to Regulation 15 (4) of the PPDA (Rules and Methods for Supplies, Works and Non-Consultancy Services) Regulations, 2023.
- iii. There was no evidence of the Procurement and Disposal Unit preparing bidding documents with clear bidding terms of reference and specifications using the Standard Bidding Document for supplies under quotation method issued by PPDA in 2014 contrary to Paragraph 5.19.1 (i) of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014.
- iv. There was no evidence of the Procurement and Disposal Unit issuing an invitation notice to shortlist bidders and maintaining evidence of receipt of the invitation notices.
- v. There was no evidence of the Procurement and Disposal Unit issuing bidding documents to shortlist providers and receiving bids contrary to Paragraph 5.19.1 (k) of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014 i.e. there were no form 8 (record of issuing bidding documents) and 11 (record of receipt of bids) maintained in this regard.
- vi. There was no evidence of the Procurement and Disposal Unit managing the bid opening and closing sessions with a Contracts Committee representative in witness contrary to Paragraph 5.19.1 (h) of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014 i.e. there was no form 12 (record of bid opening) maintained in this regard.

During the evaluation process:

- vii. There was no evidence of the Procurement and Disposal Unit recommending the composition of Evaluation Committees and obtaining Contracts Committee approval contrary to Paragraph 5.19.1 (s) of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014 with the exception of the construction of classroom Blocks with Library worth

UGX 1,851,565,205 where evaluation Committee members were nominated but three did not sign on the evaluation report and these include ; Mr.Moses Sozi Musisi, Mr. Steven Kiyingi and Eng. Gayita Dagalars

Furthermore, Gali Technical Services Ltd, the best evaluated bidder, did not provide the 10% performance security worth UGX 185,156,520.5 as requested but was found compliant.

- viii. Since there were neither bidding documents issued nor bids received, the evaluation was solely based on price quotations which did not provide a comprehensive analysis of bidders' compliance to the deliver the preliminary and technical procurement requirements.

During the contracting process:

- ix. There was no evidence of the Contracts Committee awarding contracts contrary to Paragraph 5.10.1 (b) of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014.
- x. There was no evidence of the Procurement and Disposal Unit preparing, displaying and issuing the Notice of Best Evaluated Bidder in nine procurements contrary to procedural steps in Annex 4 of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014.

Risk Implication

This indicates a capacity gap in the Procurement and Disposal Unit in the administration of their public procurement duties and responsibilities.

Management Response

The Procurement and Disposal Unit shall ensure that proper procedures of Quotation method is used.

Recommendations

- The Accounting Officer should task the Procurement and Disposal Unit to provide an explanation for the irregularities observed in the application of the quotation method.
- The Contracts Committee should not approve evaluation reports that are not signed by all members of the Evaluation Committee.

2.2.8 Application of framework contracts management

The Authority noted the following exceptions in regard to the application and management of framework contract agreements during the calendar year 2023.

i. **Expired framework contracts**

The school's framework contracts had expired in December 2022.

ii. **Wrong format of the framework contract agreement**

All the framework contract agreements signed for the period of 2020 to 2022 did not specify the procurement reference numbers, provision for price adjustment, provision for issuance of call off orders as well as limitations and exceptions of call off orders contrary

to Paragraph 6.2 of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014.

iii. **No evidence of issuing call off orders to providers**

There was no evidence of the Procurement and Disposal Unit issuing call off orders for supplies under framework contract agreements such as food, kitchen supplies, briquettes, cleaning supplies contrary to Paragraph 6.2 of the PPDA (Procurement and Disposal Guidelines for Schools in Uganda) Guidelines, 2014.

Rather, upon receiving a purchase requisition from the User, the bursar merely issued LPOs to providers which LPOs did not capture a unique procurement reference number and delivery period.

Risk Implication

This limits efficiency, cost effectiveness and flexibility in procuring supplies, services, works required repeatedly over a set period of time.

Management Response

- The process of having new framework contracts started.
- PDU shall use right format of the framework contract.
- The Procurement and Disposal Unit shall maintain the record of evidence of issue of the call off orders.

Recommendation

The Accounting Officer should ensure that the Procurement and Disposal Unit uses framework contracts for repeatedly required items.

2.3 Contract management

2.3.1 Signing a contract without Solicitor General’s clearance

The Authority noted that in three contracts worth UGX 2,301,135,432, the school signed without obtaining Solicitor General’s clearance contrary to Regulation 7 (1) (f) of the PPDA (Contracts) Regulations, 2023 as shown in table 5 below;

Table 5: Contracts signed without Solicitor General’s approval

No	Subject of procurement	Contract Value (UGX)
1.	Purchase of 80 Dell desktop computers	200,000,000
2.	Construction of a boundary wall fence phase 111 from western gate	249,570,227
3.	Construction of classroom Blocks with Library	1,851,565,205
	TOTAL	2,301,135,432

Risk Implication

Failure to seek Solicitor General’s clearance implies that the school could miss out on legal guidance and backing of Government that would safeguard against any litigation issues that may arise during contract execution.

Management Response

The contracts were submitted to school Lawyer which reduced the risk mentioned.

Recommendation

The Accounting Officer should ensure that the Solicitor General's clearance is obtained before signing the contract as per thresholds in accordance with Regulation 7 (1) (f) of the PPDA (Contracts) Regulations, 2014

2.3.2_ Irregularities at contract signing

In the procurement for the construction of classroom Blocks with Library worth UGX 1,851,565,205. there was change of contract terms at contract signing which is contrary to Regulation 10 (2) of the PPDA (Contracts) Regulations, 2023; The provider was paid 30% (UGX 550,000,000) for the first instalment contrary to GCC 60.1 which required the provider to be paid 10% of the contract sum.

Consequently, the contract was signed on 13th May 2022 after expiry of bid validity of 18th October 2020 contrary to Regulation 52 (5) of the PPDA (Rules and Methods for procurement of Works, Supplies Non-Consultancy Services) Regulations, 2023.

Risk Implications

- Change of contract terms at contract signing is an indicator of unfairness to potential bidders who may not have participated in the bidding process due to terms stated in the bidding documents.
- The provider can reject the contract price or even fail to deliver since they are no longer bound by their bid leading to a financial loss.

Management Response

The initial Payment was based on the security guarantee which management received from pax insurance company.

Authority's Comment

The Authority has noted your management response.

Recommendations

- The Head, procurement and Disposal Unit should not change contract terms stated in the bidding document when drafting contracts in accordance with Regulation 10 (2) of the PPDA (Contracts) Regulations, 2023
- The Head Procurement and Disposal Unit should monitor validity of bids and seek extension where bids are due to expire before contract signing in accordance with Regulation 52 (5) of the PPDA (Rules and Methods for procurement of Works, Supplies Non-Consultancy Services) Regulations, 2023.
- The Accounting Officer should not sign contracts where bids have expired

2.4 Records Management

2.4.1 Failure to maintain all procurement records on file

The Procurement and Disposal Unit did not maintain individual procurement action files for all implemented procurements contrary to Paragraph 7.3.1 of the PPDA (*Procurement and Disposal Guideline for Schools in Uganda*) Guidelines, 2014. The Authority found that the Bursar maintained and archived all procurement records from initiation to contract payment.

Risk Implication

Without complete records, it is difficult to fully account for the funds spent on procurements.

Management Response

The Procurement and Disposal Unit shall ensure that all records are maintained on the file.

Recommendations

- The Accounting Officer should provide an explanation as to why the Procurement and Disposal Unit did not maintain and archive copies of all procurement related records.
- The Head Procurement and Disposal Unit should maintain all procurement records on the procurement action files in accordance with to Paragraph 7.3.1 of the PPDA (*Procurement and Disposal Guideline for Schools in Uganda*) Guidelines, 2014.

2.3 Compliance of the School's disposal process with the provisions of the PPDA Act. Cap. 205 and Regulations, 2023

The Authority made the following findings in regard to the level of compliance of St. Mary's College Kisubi's disposal process with the provisions of the PPDA Act, Cap. 205 and Regulations 2023.

2.3.1 Absence of a disposal plan for the calendar year 2023

The School did not prepare a disposal plan for the year 2023 contrary to Section 58 (1) of the PPDA Act, Cap. 205.

2.3.2 Irregularities in the disposal of motor vehicles

The school had undertaken a disposal of two motor vehicles Mark 11 Grande UAG 11W and a Landcruiser UBD 570Z in the Calendar Year 2023. According to the Disposal file, only one car was disposed off, there was no evidence on file as to why the Landcruiser was not disposed yet the Contracts Committee had approved its disposal. A negotiation team consisting of Brother Waswa Peter, Mr. Ssemwogere Charles (Transport Officer, Mr. Kiyingi Stephen (Accountant) and they agreed to communicate to the public through staff members and the community about the disposal.

The school nominated Peak Valuers and Surveyors who valued the car at UGX 7,000,000.

The school did not comply with the following rules for disposal of public assets;

- i. The school used a wrong method for disposal, they should have used public auction but instead used communication through staff members and the community
- ii. There was no evidence that the User Department declared the assets for disposal contrary to Paragraph 9.2.1.

- iii. There was no evidence of the entity soliciting for bids to dispose public assets by public auction thru publishing an invitation notice to the public contrary to Regulation 7 (3-4) of the PPDA (Disposal) Regulations, 2023.
- iv. There was no evidence of the auctioneer providing a performance security contrary to Regulation 8 (4) of the PPDA (Disposal) Regulations, 2023.

Implication

This indicates laxity of an entity to comply with the provisions of disposal through public auction

Management Response

- Management shall ensure that the disposal plan is prepared every financial.
- Management shall also ensure that the disposal activities comply with PPDA disposal regulation

Recommendation

The Accounting Officer should ensure that assets of the School are valued and disposed of following the methods recommended in the PPDA Guidelines for Schools in Uganda, 2014.

3 Level of efficiency and effectiveness in contract implementation including te 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 Entebbe Secondary School including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process.

3.3.1 Failure to appoint contract managers and prepare contract management plans

There was no evidence that the User Departments nominated Contract Managers for all sampled procurements for subsequent appointment by the Accounting Officer Contrary to Regulation 51(1) of the PPDA (Contracts) Regulations, 2023. As such, there was no preparation of contract implementation plans.

Risk Implication

Failure to appoint ccontract managers and to prepare contract implementation plans makes monitoring of contract performance difficult which may lead to delays in contract execution and/or delivery of substandard items.

Management Response

Unless for consumables, other running contract we have Copla for classroom block as the supervisor checked by the head estates.

Recommendations

- The Accounting Officer should task Heads of User Departments to ensure that contract managers are nominated for Accounting Officer's appointment in accordance with Regulation 52 (1) of the PPDA (Contracts) Regulations, 2023.

- The Accounting Officer should ensure that contract implementation plans, performance reports and/or progress reports are prepared and shared with the Procurement and Disposal Unit for monitoring purposes and archiving.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Entity's Performance

The performance for St. Mary's College Kisubi for Calendar Year 2023 was moderately satisfactory with the overall weighted average rate of 56.2%.

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in Table 8 below;

Table 6: Risk Score

Risk Rating	No	%No	Value	%Value	Weights	Total Weighted Score	
						By No.	By Value
High	2	22.2	449,570,227	17	0.6	13.3	10.2
Medium	5	56	2,115,507,205	80	0.3	16.8	24
Low	2	22.2	99,961,027	3.8	0.1	2.2	0.4
Satisfactor y	0	0	0	0	0	0	0
Total	9	100	2,635,038,459	100	1	32.3	35

$$\text{Performance by Number} = \frac{32.3 \times 100}{60} = 54\%$$

$$\text{Performance by Value} = \frac{35 \times 100}{60} = 58.3\%$$

$$\text{The average weighted risk rating} = \frac{54+58.3}{2} = 56.2\%$$

Table 7: Risk Rating

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

Annex 1: Transaction List for the Compliance Audit for the Calendar Year 2023

No.	Subject of Procurement	Method of Procurement	Name of Provider	Contract Value (UGX)	Risk Rating
1.	Procurement of uniforms	Direct	3D Embroidary	106,165,000	Medium Risk
2.	Purchase of 80 Dell desktop computers	Direct	Janine Services Ltd	200,000,000	High Risk
3.	Architectural design for the twin dormitory	Direct	Seka Associates	14,100,000	Medium Risk
4.	Construction of a boundary wall fence Phase 111 from western gate	Direct	Woodco. Limited	249,570,227	High Risk
5.	Construction of pit latrines and showers	Direct	Tashil (U) Ltd	118,750,000	Medium Risk
6.	Procurement of food items	Request for Request Quotation	Mirongo Enterprises ltd	87,983,500	Low Risk
7.	Procurement of Biology detergents for term 3 2023	Request for Quotation	Laboratory Needs Solutions Ltd	11,977,527	Low Risk
8.	Procurement of stationery	Request for Quotation	Janine Services Ltd	24,927,000	Medium Risk
9.	Construction of classroom Blocks with Library	Restricted bidding	Gali Technical Services Ltd	1,851,565,205	Medium Risk
	TOTAL			2,635,038,459	

Annex 2: Procurement and Disposal Unit Members

1.	Ms. Joselyn Karungi	Procurement Officer
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