



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

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

**COMPLIANCE AUDIT REPORT OF UGANDA LAND  
COMMISSION FOR FINANCIAL YEAR 2021/2022**

**NOVEMBER 2022**

**Table of Contents**

**EXECUTIVE SUMMARY ..... 5**

**CHAPTER 1: INTRODUCTION..... 7**

1.1. Background ..... 7

1.2. Objective of the compliance inspection ..... 7

1.3. Structure of the Entity ..... 7

1.4. Scope of the compliance audit ..... 7

1.5. Methodology ..... 8

1.6. Reporting..... 8

**CHAPTER TWO: FINDINGS OF THE AUTHORITY..... 9**

2.1 Compliance with the provisions of the PPDA Act, Regulations and Guidelines ..... 9

2.1.2 Failure to fully implement previous audit recommendations..... 9

2.2 To establish the level of compliance with the PPDA Act 2003 and Regulations, 2014 in the conduct of procurement and disposal activities ..... 10

2.2.1 Funds availability section not completed by user department ..... 10

2.2.2 Use of brand names ..... 11

2.2.3 Irregularities during the bidding process..... 11

2.2.4 Delays in the procurement process..... 12

2.2.5 Irregularities during evaluation..... 13

2.2.6 Irregular display of the Notice of Best Evaluated Bidder ..... 14

2.2.7 Irregular Contract Signature..... 15

2.2.8 Record keeping ..... 15

2.2 Conclusion and opinion on the performance of the Entity ..... 17

**CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY ..... 18**

**3.1. Overall Compliance Audit Conclusion..... 18**

The overall compliance level for procurement process and structure ..... 18

**3.2. Recommended Action Plan ..... 20**

Annex 1: Findings and rating on the individual contracts reviewed ..... 22

Annex 2: Audit Sample List for FY 2021/2022..... 25

Annex 3: Risk Rating Criteria..... 27

Annex 4: Composition of Contracts Committee..... 30

Annex 5: Composition of the Procurement and Disposal Unit..... 30

**Table of Figures**

Figure 1: Graphical representation of the cases by number

19

Figure 2: Graphical representation of the cases by value

19

## Acronyms

AO	Accounting Officer
CC	Contracts Committee
EC	Evaluation Committee
FY	Financial Year
HPDU	Head, Procurement and Disposal Unit
ICT	Information Communication Technology
LPO	Local Purchase Order
NOBEB	Notice of the Best Evaluated Bidder
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
RFP	Request for Proposals
RFQ	Request for Quotation
SBD	Standard Bidding Document
UGX	Uganda Shillings
ULC	Uganda Land Commission

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance audit on the procurement and disposal activities of Uganda Land Commission. The exercise covered a sample of ten (10) procurement transactions carried out during Financial Year 2021/2022. The compliance inspection exercise involved a review of procurement system, procurement processes following the Public Procurement and Disposal of Assets Act, 2003 and the PPDA Regulations, 2014.

From the findings of the compliance audit exercise, the performance of Uganda Land Commission (ULC) for the Financial Year 2021/22 was **moderately satisfactory** with an overall weighted average risk rating of **45.5%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the audit report.

### The following exceptions were noted:

1. Failure to implement previous audit recommendations. Although the Entity had been issued its previous audit report for the Financial Year 2020-2021 in October 2019, the audit noted that 25% of the previous audit recommendations were partially implemented which affected improved performance of the procurement function.
2. In the procurement of supply of dry ration items for staff welfare for Quarter four in two procurements worth UGX 45,270,720, the availability of funds section of the requisition was left blank contrary to Regulation 28 3 (1) (c) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services), 2014. The funds availability section acts as the budget tracker for any particular procurement transaction and therefore failure to fill the budget tracker deprives the Accounting Officer vital information on funds availability while confirming availability of funds.
3. In the procurement of supply of ICT equipment for Uganda Land Commission, the solicitation document that was issued to bidders specified the HP brand for the purchase of a multi-functional colored printer, contrary to Regulation 28 (1) of the PPDA (Rules and Methods of Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014. This contravenes the principle of competition and fairness as other potential bidders are denied an opportunity to participate in public procurement.
4. In the Procurement of venue for ULC Backlog Handling Retreat scheduled in May 2022 worth UGX 47,526,000, the Entity received bids after bid closing. Miika Eco Resort Submitted its bid on 12<sup>th</sup> April 2022, yet the record of bid opening indicates that bids were opened on 11<sup>th</sup> April 2022. This undermines the principles of transparency and accountability and leads to forgeries, including accepting late bids.
5. In two (2) procurements worth UGX 223,725,100, there were delays across the different stages of the procurement process. Delays in the procurement process create a lengthy lead time which consequently impedes timely service delivery.
6. Irregular display of the Notice of Best Evaluated Bidder. In the Supply and installation of compact mobile shelving system for the security registry worth UGX 86,588,800, the Notice of

Best Evaluated Bidder was displayed before the Contracts Committee awarded the contract. The Notice of Best Evaluated Bidder was displayed from 27<sup>th</sup> May 2022 to 9<sup>th</sup> June 2022, but the evaluation report was approved on 2<sup>nd</sup> June 2022. This implies that the Procurement and Disposal Unit usurped the powers of the Contracts Committee and puts the Entity at risk of fraudulent practices, compromises value for money, accountability and could be an indicator of lack of transparency in the procurement process.

7. The Authority noted that access to some key procurement records was difficult which hampered the audit trail. These included the following; bidding documents, contracts committee minutes, contract management reports and payment documents.

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

1. The Accounting Officer should ensure that all audit recommendations are implemented so as to improve the Entity's performance.
2. User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.
3. The Authority recommends that where there is no other sufficiently precise or intelligible way of characterizing a requirement except by making reference to a particular brand name, the description be followed by the words "or equivalent" and the brand name only serve as a benchmark during the evaluation process in accordance with Regulation 28 (3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2014.
4. The Procurement and Disposal Unit and Contracts Committee should ensure that the bidding process for all procurements is conducted in a manner that is transparent in accordance with Regulation 65 (7) of the PPDA Rules and Methods for Procurement of Services, Works and Non-Consultancy Services Regulations, 2014. The Accounting Officer should also caution the Head, Procurement and Disposal Unit for receipt of late bids.
5. Evaluation Committees should strictly adhere to the evaluation criteria outlined in the solicitation documents and firms that do not comply should be eliminated in accordance with Regulation 7 (1) of the PPDA (Evaluation) Regulations, 2014.
6. The Accounting Officer should caution, in writing, the Procurement and Disposal Unit for undertaking procurements without respecting the necessary procurement structures and thereby usurping the powers of the Contracts Committee.
7. The Head Procurement and Disposal Unit should maintain all procurement records on file in accordance with Section 31 (o) of the PPDA Act, 2003.

## CHAPTER 1: INTRODUCTION

### 1.1. Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a compliance audit exercise of Uganda Land Commission. The exercise covered a sample of ten (10) procurement transactions carried out during Financial Year 2021/2022. The exercise involved a review of the procurement system, procurement processes following the Public Procurement and Disposal of Assets Act, 2003 as amended and the PPDA Regulations, 2014.

### 1.2. Objective of the compliance inspection

The primary objective of the exercise was to provide assurance on full and correct application of the PPDA Act, Regulations and Guidelines by Uganda Land Commission.

The specific objectives were to:

1. Establish the level of compliance of the procurement and disposal activities with the provisions of the PPDA Act, Regulations and Guidelines.
2. Establish the level of efficiency in the conduct of the procurement and disposal process up to contracting in the Entity.
3. Assess the level of achievement of Value for Money (efficiency, cost and effectiveness) in contract execution.

### 1.3. Structure of the Entity

The Uganda Land Commission (ULC) was established by the 1995 Constitution Art. 238. The mandate of the Commission is to hold and manage any land in Uganda vested in or acquired by the Government of Uganda in accordance with the provisions of the Constitution.

#### a. User Departments

The Entity has the following departments:

**Table 1: User Departments**

No	User Department
1.	Finance and Administration
2.	Land Management

#### b. Budget and source of funding

The Entity is funded by the Government of Uganda and its procurement budget for the Financial Year 2021/2022 was UGX 5,435,920,000.

### 1.4. Scope of the compliance audit

PPDA carried out the procurement and disposal compliance inspection of Uganda Land Commission from 19<sup>th</sup> to 26<sup>th</sup> July 2022. The exercise covered a sample of ten (10) procurement transactions conducted during the FY 2021/2022. review of procurement structures and procurement plan performance. The list of sampled transactions is contained in Annex 2.

### **1.5. Methodology**

Uganda Land Commission was notified about the audit exercise on 12<sup>th</sup> July 2022. A sample of ten (10) procurement transactions was selected based on stratified random sampling using the Contracts Committee minutes, the contracts register, and the monthly procurement and disposal reports.

Two staff of the Authority carried out the exercise under the supervision of the Manager Performance Monitoring. During the exercise, the team examined records and documents for each of the sampled procurement transactions. The team also reviewed the procurement plan for FY 2021/2022 and monthly procurement and disposal reports.

On completion of data collection, members of the team met with various stakeholders such as the Accounting Officers, Contracts Committee members and Procurement and Disposal Unit staff to discuss and get clarifications on some of the preliminary findings.

### **1.6. Reporting**

The summary performance of the Entity revealed an aggregate risk rating of **45.5%** which is moderately satisfactory performance. The Entity had three (3) high risk cases, five (5) medium risk cases and two (2) low risk cases.

## CHAPTER TWO: FINDINGS OF THE AUTHORITY

### 2.1 Compliance with the provisions of the PPDA Act, Regulations and Guidelines

The audit revealed the following exceptions with regard to the performance of the procurement structures.

#### 2.1.1 Procurement planning and procurement plan management

The Authority assessed the Entity's procurement plan. The table below details information about the plan and utilization of funds. The procurement plan absorption rate was 32% with a variance of UGX 3,795,909,994 as indicated below:

**Table 2: Procurement plan implementation**

<i>Analysis of procurement spend</i>	
Total procurement budget/plan value inclusive VAT (UGX)	5,584,420,000
Total procurement spend value inclusive VAT (UGX)	1,788,510,006
Procurement plan implementation (%)	32
Budget Variance (UGX)	3,795,909,994

#### **Implication**

Procurements worth UGX 3,795,909,994 were not implemented thereby denying the services to the intended beneficiaries.

#### **Management Response**

*We have noted the observation by the PPDA Inspection and compliance team. However due to budget cuts by the Ministry of Finance, Planning and Economic Development, we could not meet our planned procurements.*

#### **Recommendation**

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

#### 2.1.2 Failure to fully implement previous audit recommendations

Although the Entity had been issued its previous audit report for the Financial Year 2020-2021 in October 2019, the audit noted that 25% of the previous audit recommendations were partially implemented as indicated in Table 4 below:

**Table 4: Status of implementation of previous audit recommendations**

No.	Recommendation	Status of Implementation
1.	The Accounting Officer should ensure that procurement processes are conducted in a timely manner that promotes efficiency in accordance with Section 43 of the PPDA Act, 2003	Partially implemented
2.	The Head Procurement and Disposal Unit should ensure that all records are maintained on the procurement action files in accordance with Section 41 (1) (a) of the PPDA Act 2003	Partially implemented

**Implication**

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

**Management response**

*We take note of the observations made by the PPDA Inspection and compliance team. Efforts to improve in the above-mentioned areas are progressing on well. All procurements are now handled in a timely and effective manner and the procurement action files and procurement records are well maintained.*

**Recommendation**

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

**2.2 To establish the level of compliance with the PPDA Act 2003 and Regulations, 2014 in the conduct of procurement and disposal activities**

**2.2.1 Funds availability section not completed by user department**

In the procurement of supply of dry ration items for staff welfare for Quarter four in two procurements worth UGX 45,270,720, the availability of funds section of the requisition was left blank contrary to Regulation 3 (1) (c) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services), 2014

**Implication**

The funds availability section acts as the budget tracker for any particular procurement transaction and therefore failure to fill the budget tracker deprives the Accounting Officer of vital information on funds availability while confirming availability of funds.

**Management Response**

*We take Note of the observations made by the PPDA Inspection and compliance team. However, the user departments always indicate the amount of funds available at the initiation of form 5 before the confirmation by the Accounting Officer.*

### **Recommendation**

User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.

#### **2.2.2 Use of brand names**

The Authority observed that in the procurement of supply of ICT equipment for Uganda Land Commission the solicitation document that was issued to bidders specified the HP brand for the purchase of a multi-functional colored printer.

### **Implication**

Use of brand names contravenes the principle of competition and fairness as other potential bidders are denied an opportunity to participate in public procurement.

### **Management Response**

*We take note of the observations made by the PPDA Inspection and compliance team. However, we pledge to correct the anomalies in the subsequent procurement process*

### **Recommendations**

The Authority recommends that where there is no other sufficiently precise or intelligible way of characterizing a requirement except by making reference to a particular brand name, the description be followed by the words "or equivalent" and the brand name only serve as a benchmark during the evaluation process in accordance with Regulation 28 3 (1) (c) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services), 2014

#### **2.2.3 Irregularities during the bidding process**

The Authority observed the following irregularities/anomalies during the bidding process:

##### **a) Witnessing of bid receipt and opening by one person**

The Authority observed that in the procurement of two television sets, bid opening was witnessed by only one person (Mr. Milton Uciran). The Secretary to the Contracts Committee Ms. Naomi Owino did not sign the record of bid opening.

### **Implication**

The bids may be tampered with in the absence of a witness. This also contravenes the principle of transparency enshrined in Section 46 of the PPDA Act 2003.

### **Management Response**

*We take note of the observations made by the PPDA Inspection and compliance team, however the member of the contracts committee witnessed the opening of the bidding documents and signed on the respective forms.*

### **Authority's Comment**

The Authority noted the Entity's response however, no records were submitted for review and therefore the query is maintained.

### **Recommendation**

The Head Procurement and Disposal Unit should ensure that the receipt of bids is witnessed by a member of the Contracts Committee or the User Department in accordance with Regulation 59 (7) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2014.

### **b) Receipt of Bids After Bid Closing**

The Authority observed that in the Procurement of venue for ULC Backlog Handling Retreat Scheduled in May 2022 worth UGX 47,526,000, the Entity received bids after bid closing. Miika Eco Resort Submitted its bid on 12<sup>th</sup> April 2022, yet the record of bid opening indicates that bids were opened on 11<sup>th</sup> April 2022.

### **Implication**

This undermines the principles of transparency and accountability and leads to forgeries, including accepting late bids.

### **Management Response**

*We take Note of the observations made by the PPDA Inspection and compliance team. However, the bids for the venue of the backlog handling retreat were handled in a transparent manner with the date of submission and opening of the bids for Miika Eco resort handled accordingly.*

### **Authority's Comment**

The Authority noted the Entity's response however, no records were submitted for review and therefore the query is maintained.

### **Recommendations**

- The Procurement and Disposal Unit and Contracts Committee should ensure that the bidding processes for all procurements are conducted in a manner that is transparent in accordance with Regulation 65 (7) of the PPDA Rules and Methods for Procurement of Services, Works and Non Consultancy Services Regulations, 2014.
- The Accounting Officer should caution the Head, Procurement and Disposal Unit for receipt of late bids.

### **2.2.4 Delays in the procurement process**

The Authority observed that in two (2) procurements worth UGX 223,725,100 there were delays across the different stages of the procurement process as shown below:

**Table 5: Delays in the procurement process**

No	Subject of Procurement	PPDA Findings
1.	Supply of ICT Equipment for ULC worth UGX 179,929,000	<b>Delay in submission of evaluation report to the Contracts Committee:</b> Evaluation was concluded on 16 <sup>th</sup> February 2022, and yet the evaluation report was submitted for approval on the 24 <sup>th</sup> March 2022 and approved on 25 <sup>th</sup> March 2022.

No	Subject of Procurement	PPDA Findings
2.	Provision of hotel services for staff of Uganda Land Commission Staff Retreat worth UGX 43,796,100	<b>Delays in conducting bid opening.</b> Whereas bids were submitted to the Entity on 13 <sup>th</sup> April 2022 they were opened almost a month later on 11 <sup>th</sup> May 2022

### Implication

Delays in the procurement process create a lengthy lead time which consequently impedes timely service delivery.

### Management response

*We take note of the observation of the PPDA Inspection and Compliance team. The delays in submitting the procurements for approvals were due to the cuts in the Budgets of the entity not until the release of money is available then procurement documents are processed.*

### Recommendation

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

### 2.2.5 Irregularities during evaluation.

The Authority observed irregularities during the evaluation process of the following transactions:

**Table 6: Irregularities during evaluation**

S/no	Subject of Procurement	PPDA Findings
1.	Provision of hotel services for staff of Uganda Land Commission Staff Retreat worth UGX 43,796,100	<ul style="list-style-type: none"> <li>• <b>Poor evaluation criteria:</b> The eligibility criteria did not state Powers of Attorney as a requirement for preliminary examination and assessment of eligibility. This could render the contract null and void.</li> <li>• <b>Unfair disqualification of bidders in the technical evaluation:</b> Two bidders ie, Source of the Nile Hotel and Kampala Nile Resort were marked as technically non-responsive with the reason as “bidders did not quote for the team building activities which was the core purpose of the retreat”, however, the solicitation document on file did not specify this as a deliverable in the price schedule/terms of reference for this procurement.</li> </ul>
2.	Procurement of venue for ULC Backlog Handling Retreat Scheduled in May 2022 worth UGX 47,526,000	<b>There was only evidence of financial evaluation of bids:</b> While the evaluation report indicated that the evaluation committee had carried preliminary, technical and financial evaluation under the Technical

		Compliance Selection. No technical evaluation criteria were stated in the issued bidding document.
--	--	--

**Implications**

- Irregular practices during evaluation promotes unfairness. This contravenes one of the principles of public procurement enshrined in Section 43 (a) and (b) of the PPDA Act, 2003 as amended.
- Unfairness during evaluation leads award of contracts to non-compliant bids.

**Management response**

*We take note of the observations made by the PPDA Inspection and compliance team. The evaluation Committees should strictly adhere to the evaluation criteria outlined in the solicitation documents and firms that do not comply should be eliminated in accordance with Regulation 7 (1) of the PPDA (Evaluation) Regulations, 2014.*

*In the above case, we pledge to correct the anomalies noted above.*

**Recommendation**

Evaluation Committees should strictly adhere to the evaluation criteria outlined in the solicitation documents and firms that do not comply should be eliminated in accordance with Regulation 7 (1) of the PPDA (Evaluation) Regulations, 2014.

**2.2.6 Irregular display of the Notice of Best Evaluated Bidder**

In the Supply and installation of compact mobile shelving system for the security registry worth UGX 86,588,800, the Notice of Best Evaluated Bidder was displayed before the Contracts Committee awarded the contract. The Notice of Best Evaluated Bidder was displayed from 27<sup>th</sup> May 2022 to 9<sup>th</sup> June 2022, but the evaluation report was approved on 2<sup>nd</sup> June 2022.

**Implications**

- This implies that the Procurement and Disposal Unit usurped the powers of the Contracts Committee.
- This puts the Entity at risk of fraudulent practices, compromises value for money, accountability and could be an indicator of lack of transparency in the procurement process.

**Management Response**

*We take note of the observations made by the PPDA Inspection and compliance team.*

**Recommendation**

The Accounting Officer should caution, in writing, the Procurement and Disposal Unit for undertaking procurements without respecting the necessary procurement structures and thereby usurping the powers of the Contracts Committee.

### 2.2.7 Irregular Contract Signature

The Authority observed in the Provision of hotel services for the end of Financial Year 2021-2022 Party and team building activities for ULC staff worth UGX 117,500,000, the contract was irregularly signed.

The Local Purchase Order was signed by a party that did not have Powers of Attorney. It was signed by Mr. Herbert Momento an Executive Marketer and yet the bid was signed by Mr. Valentina Ajay (Company Secretary) and Mr. Amit Sachdeva (Marketing Manager) who both had Powers of attorney to commit the service provider.

#### **Implication**

This implies that the contract terms and conditions were not accented to by both parties. In case of non-performance, the Entity has no course of redress.

#### **Management Response**

*We take note of the observations made by the PPDA Inspection and compliance team about the Local Purchase Order was signed by the party that did not have Powers of Attorney.*

#### **Authority's Comment**

The Authority noted the Entity's response however, no records were submitted for review and therefore the query is maintained.

#### **Recommendation**

The Accounting Officer should ensure that only individuals with Power of Attorney sign contracts on behalf of respective providers in accordance with Section 52 of the Companies Act, 2012.

### 2.2.8 Record keeping

The Authority noted that access to the following key procurement records was difficult which hampered the audit trail:

**Table 7: Missing records**

S/no	Subject of Procurement	Missing records
1.	Provision of hotel services for staff of Uganda Land Commission Staff Retreat worth UGX 43,796,100	<ul style="list-style-type: none"><li>• Bidding document</li><li>• Contracts Committee minutes</li><li>• Bid documents, contract document</li><li>• Payment documents</li><li>• appointment of Contract Manager</li><li>• Contract management reports.</li></ul>
2.	Assorted Stationery for Q4 worth UGX 73,592,500	<ul style="list-style-type: none"><li>• Contract management plan on file.</li><li>• Payment records on file</li></ul>
3.	Supply of ICT Equipment for ULC worth UGX 172,929,000	<ul style="list-style-type: none"><li>• Payment documents were not on file</li><li>• Contract management report was not on file</li></ul>

S/no	Subject of Procurement	Missing records
4.	Supply and installation of compact mobile shelving system for the security registry worth UGX 86,588,800	<ul style="list-style-type: none"> <li>• Contracts Committee decisions or minutes approving the evaluation team, method of procurement, shortlist of providers and the bid document.</li> <li>• The best evaluated bidder's bid document was not on file.</li> <li>• Contract management reports. There was no goods received note on file to show that the goods were received by ULC.</li> <li>• Payment documents.</li> </ul>
5.	Repair of motor vehicle Reg. No. UG 0735B worth UGX 16,979,999	<ul style="list-style-type: none"> <li>• Contract management records on file</li> <li>• Payment documents</li> <li>• Contract or LPO.</li> </ul>
6.	Provision of hotel services for the end of Financial Year 2021-2022 Party and team building activities for ULC staff worth UGX 117,500,000	<ul style="list-style-type: none"> <li>• Contract management records. There was no evidence of the consumption of these services</li> <li>• Payment records.</li> </ul>
7.	Supply of dry rations items for staff welfare Quarter four worth UGX 45,270,720	<ul style="list-style-type: none"> <li>• Payment records.</li> </ul>
8.	Procurement of venue for ULC Backlog Handling Retreat Scheduled in May 2022 worth UGX 47,526,000.	<ul style="list-style-type: none"> <li>• No evidence of delivery by the service provider (no contract management records on file).</li> <li>• Best Evaluated Bidder's bid was not on file.</li> </ul>
9.	Procurement of Two Television Sets for Uganda Land Commission worth UGX 10,974,000	<ul style="list-style-type: none"> <li>• Payment records were not on file.</li> </ul>

### **Implications**

- Missing records affect the audit trail
- This leads to poor contract management and poor oversight over contract deliverables

### **Management Response**

*We take note of the observations made by the PPDA Inspection and compliance team, however all the necessary procurement documents were put on file in accordance with Section 31 (o) of the PPDA Act, 2003.*

### **Authority's Comment**

The Authority noted the Entity's response however, no records were submitted for review and therefore the query is maintained.

**Recommendation**

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

**2.2 Conclusion and opinion on the performance of the Entity**

The Authority observed that three (3) of the sampled procurements were high risk, five (5) cases were medium risk and two (2) cases were low risk. The Entity needs to improve on the quality of the solicitation documents, record keeping, evaluation and contract management.

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

This section will present graphically the scores per area assessed under different compliance audit questions.

#### 3.1. Overall Compliance Audit Conclusion

The performance of Uganda Land Commission for the Financial Year 2021/22 was **moderately satisfactory** with overall weighted average risk rating of **45.5%**

The risk rating is as follows:

**Table 8: Overall Entity Ranking**

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

The overall compliance level for procurement process and structure

**Table 9: Summary of performance of Uganda Land Commission**

Risk category	No.	No. %	Value	Value %	Weights	Total weighted Average	
						By No.	By Value
High	3	30	108,302,099	7.6	0.6	18	4.56
Medium	5	50	413,813,100	29	0.3	15	8.7
Low	2	20	903,918,725	63.4	0.1	2	6.34
Satisfactory	0	0	0	0	0	0	0
<b>Total</b>	<b>10</b>	<b>100</b>	<b>1,426,033,924</b>	<b>100</b>	<b>1</b>	<b>35</b>	<b>19.6</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{35}{60} \times 100 = 58.3\%$$

$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{19.6}{60} \times 100 = 32.7\%$$

$$\text{Combined Weighted Average} = \frac{58.3 + 32.7}{2} = 45.5\%$$

Figure 1: Risk Rating by Number

### PERFORMANCE BY NUMBER OF CONTRACTS

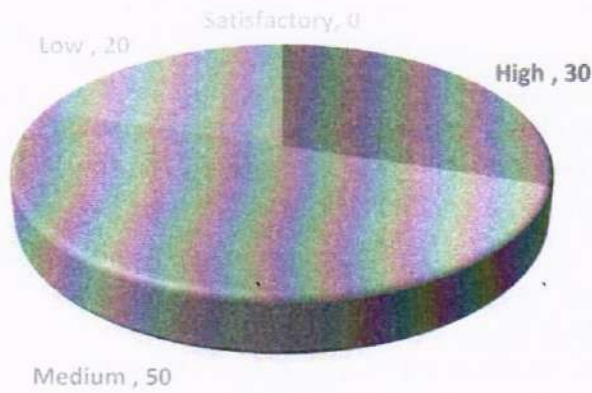
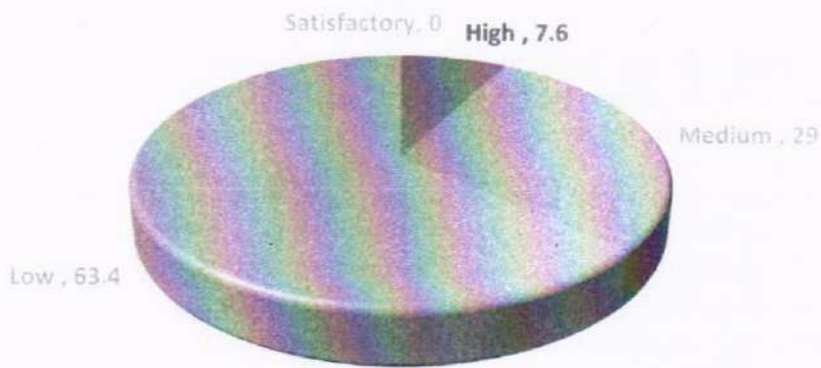


Figure 2: Risk rating by Value

### PERFORMANCE BY VALUE OF CONTRACTS



### 3.2. Recommended Action Plan

Uganda Land Commission should implement the following recommendations within the timeframe given in order to improve its performance in Procurement and Disposal.

**Table 10: Action plan**

No.	Recommended Action	Target Date
1	The Accounting Officer and management should constantly review the budget and procurement plan to ensure that all procurements planned and budgeted for are undertaken. Where need arises, a review of the plan and budget should be done in accordance with Section 58(4) of the PPDA Act, 2003.	Continuous
2	The Head Procurement and Disposal Unit should always use appropriate procurement methods in accordance with Regulations 6, 9 and 10 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-consultancy Services) Regulations, 2014.	Immediate
3	The Head, Procurement and Disposal Unit should guide the users on inclusion of specifications for procurements when initiating procurements in accordance with Regulation 24 and 25 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2014.	Continuous
4	The Accounting Officer should ensure that all audit recommendations are implemented so as to improve the Entity's performance.	Continuous
5	User Departments should always indicate the amount of funds available at initiation from their budget allocation prior to confirmation of funding by the Accounting Officer.	Immediate
6	The Authority recommends that where there is no other sufficiently precise or intelligible way of characterizing a requirement except by making reference to a particular brand name, the description be followed by the words "or equivalent" and the brand name only serve as a benchmark during the evaluation process in accordance with Regulation 28 (3) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2014.	Immediate
7	The Procurement and Disposal Unit and Contracts Committee should ensure that the bidding process for all procurements is conducted in a manner that is transparent in accordance with Regulation 65 (7) of the PPDA Rules and Methods for Procurement of Services, Works and Non Consultancy Services Regulations, 2014.	Continuous
8	The Accounting Officer should ensure that all procurements are conducted in a manner which promotes economy, efficiency and value for money in accordance with Section 48 of the PPDA Act, 2003.	Immediate

No.	Recommended Action	Target Date
9	Evaluation Committees should strictly adhere to the evaluation criteria outlined in the solicitation documents and firms that do not comply should be eliminated in accordance with Regulation 7 (1) of the PPDA (Evaluation) Regulations, 2014.	Immediate
10	The Accounting Officer should caution, in writing, the Procurement and Disposal Unit FOR undertaking procurements without respecting the necessary procurement structures and thereby usurping the powers of the Contracts Committee.	Immediate
11.	The Accounting Officer should ensure that only individuals with Power of Attorney sign contracts on behalf of respective providers in accordance with Section 52 of the Companies Act, 2012.	Immediate
11	The Head Procurement and Disposal Unit should maintain all procurement records on file in accordance with Section 31 (o) of the PPDA Act, 2003.	Immediate

**Annex 1: Findings and rating on the individual contracts reviewed**

No.	HIGH RISK CONTRACTS	REASON FOR HIGH RISK
1.	<p>Procurement of Venue for ULC Backlog Handling Retreat  <b>Procurement Method:</b> Request for quotation  <b>Provider</b> Eka Hoima Hotel  <b>Contract Value:</b> UGX 47,526,000</p>	<ul style="list-style-type: none"> <li>• Irregular evaluation</li> <li>• Receipt of bids after bid closing.</li> <li>• No evidence of consumption of services, there were no contract management documents on file</li> <li>• Best Evaluated Bidder's bid was not on file</li> </ul>
2.	<p>Provision of hotel services for staff of Uganda Land Commission Staff Retreat  <b>Procurement Method:</b> Request for quotation  <b>Provider:</b> Mbale Courts View Hotel  <b>Contract Value:</b> UGX 43,796,100</p>	<ul style="list-style-type: none"> <li>• Delays in bid opening. Bids were submitted to the Entity on 13<sup>th</sup> April 2022 they were opened almost a month later on 11<sup>th</sup> May 2022</li> <li>• Poor evaluation criteria</li> <li>• Unfair disqualification of bidders in the technical evaluation</li> <li>• The Local Purchase Order was signed by a party that did not have Powers of Attorney.</li> <li>• Missing documents on file which included: Bidding documents, contracts committee minutes, payment documents, contract management documents, appointment letter for the contract manager.</li> </ul>
3.	<p>Repair of motor vehicle Reg. No. UG 0735B  <b>Procurement Method:</b> Request for quotation  <b>Provider:</b> MM Workshop Limited  <b>Contract Value:</b> UGX 16,979,999</p>	<ul style="list-style-type: none"> <li>• Splitting of procurements</li> <li>• Receipt of bids after bid closing</li> <li>• There were no contract management records on file</li> <li>• There were no payment documents</li> <li>• There was no contract or LPO on file</li> </ul>

No.	MEDIUM RISK CONTRACTS	REASON FOR MEDIUM RISK
1.	<p>Supply of ICT Equipment for ULC  <b>Procurement Method:</b> Request for quotation  <b>Provider:</b> Eurasia Business Systems (U) Ltd  <b>Contract Value:</b> UGX 179,929,000</p>	<ul style="list-style-type: none"> <li>• Poor specifications, use of brand names</li> <li>• Delays in submitting evaluation report to the CC</li> <li>• There were no payment documents on file</li> </ul>
2.	<p>Procurement of Two Television Sets for Uganda Land Commission  <b>Procurement method:</b> Request for Quotation  <b>Provider:</b> Techsys limited  <b>Contract Value:</b> UGX 10,974,000</p>	<ul style="list-style-type: none"> <li>• Payment records not on file</li> <li>• Bid opening was witnessed by only the Head PDU</li> <li>• Poor specifications</li> </ul>
3.	<p>Supply of Stationery and Toner for Quarter Four in the Financial Year 2021-2022  <b>Procurement Method:</b> Request for quotation  <b>Provider:</b> Canon World (U) Limited  <b>Contract Value:</b> UGX 73,592,500</p>	<ul style="list-style-type: none"> <li>• Payment records not on file</li> <li>• Contract management plan not on file</li> </ul>
4.	<p>Procurement and supply of ICT accessories for ULC  <b>Procurement method:</b> Request for Quotation  <b>Provider:</b> Eurasia Business Systems (U) Ltd  <b>Contract Value:</b> UGX 62,728,800</p>	<ul style="list-style-type: none"> <li>• There were no payment documents on file</li> </ul>
5.	<p>Supply and installation of compact mobile shelving system for the security registry  <b>Procurement Method:</b> Request for quotation  <b>Provider:</b> M/S Smart Shelves Automart Limited  <b>Contract Value:</b> UGX 86,588,800</p>	<ul style="list-style-type: none"> <li>• There were no Contracts Committee decisions or minutes approving the evaluation team, method of procurement, shortlist of providers and the bid document.</li> <li>• There were no contract management reports. There were no goods received notes on file to show that the goods were received by ULC.</li> </ul>

No.	LOW RISK CONTRACTS	REASON FOR LOW RISK
1.	Procurement of three (3) Station Wagons for Uganda Land Commission <b>Procurement Method:</b> Open Domestic bidding <b>Provider:</b> M/S CFAO Motors <b>Contract Value:</b> UGX 858,648,005	<ul style="list-style-type: none"> <li>• There were no payment documents on file</li> </ul>
2.	Supply of Dry Rations for ULC Staff Welfare for Quarter Four in the Financial Year 2021-2022 <b>Procurement Method:</b> Request for Quotation <b>Provider:</b> Smart Legacy Logistics (U) Ltd <b>Contract Value:</b> UGX 45,270,720	<ul style="list-style-type: none"> <li>• Lack of detailed statement of requirements</li> <li>• No payment records on file</li> </ul>

**Annex 2: Audit Sample List for FY 2021/2022**

NO	REFERENCE NUMBER	SUBJECT OF PROCUREMENT	METHOD OF PROCUREMENT	PROVIDER	CONTRACT VALUE(UGX)	RISK RATING
1.	ULC/SUPLS/2021-2022/0007	Supply of Dry Rations for ULC Staff Welfare for Quarter Four in the Financial Year 2021-2022	Request for Quotation	Smart Legacy Logistics (U) Ltd	45,270,720	Low
2.	ULC/NCONS/2021-22/0004	Procurement of Venue for ULC Backlog Handling Retreat	Request for Quotations	Eka Hoima Hotel	47,526,000	High
3.	ULC/SUPPLIES/2021-2022/00053	Procurement of Two Television Sets for Uganda Land Commission	Request for Quotations/Proposals (RFQ/P)	Techsys limited	10,974,000	Medium
4.	ULC/SUPLS/21-22/0037	Procurement of three (3) Station Wagons for Uganda Land Commission	Open Domestic	CFAO Motor	858,648,005	Low
5.	ULC/SUPLS/21-22/00077	Supply of Stationery and Toner for Quarter Four in the Financial Year 2021-2022	Request for Quotations	Canon World (U) Limited	73,592,500	Medium
6.	ULC/NCONS/21-22/00042	Provision of hotel services for staff of Uganda Land Commission Staff Retreat	Request for Quotations	Mbale Courts View Hotel	43,796,100	High
7.	ULC/SUPLS/21-22/00017	Supply of ICT Equipment for ULC	Request for Quotations	Eurasia Business systems (U) Ltd	172,929,000	Medium
8.	ULC//SUPLS/21-22/00018	Procurement and supply of ICT accessories for ULC	Request for Quotations	Eurasia Business Systems (U) Ltd	62,728,800	Medium
9.	ULC/SUPLS/21-22/00036	Supply and installation of compact mobile shelving	Request for Quotations	M/S Smart Shelves	86,588,800	Medium

NO	REFERENCE NUMBER	SUBJECT OF PROCUREMENT	METHOD OF PROCUREMENT	PROVIDER	CONTRACT VALUE(UGX)	RISK RATING
		system for the security registry		Automart Limited		
10.	ULC/NCONS/21-22/00012	Repair of motor vehicle Reg. No. UG 0735B	Request for Quotations	MM Workshop Limited	16,979,999	High
	<b>TOTAL</b>				<b>1,426,033,924</b>	

**Annex 3: Risk Rating Criteria**

RISK	DESCRIPTION	AREA	IMPLICATION
<p><b>HIGH</b></p>	<p>Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management.</p> <p>Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".</p>	<p><b>Planning:</b> Lack of or failure to procure within the approved plan</p>	<p>This implies emergencies and use of the direct procurement method which affects competition and value for money.</p>
		<p><b>Bidding Process:</b> Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.</p>	<p>This implies use of less competitive methods which affects transparency, accountability and value for money.</p>
		<p><b>Evaluation:</b> Use of inappropriate evaluation methodologies or failure to conduct evaluation.</p>	<p>This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.</p>
		<p><b>Record Keeping:</b> Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.</p>	<p>This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.</p>
		<p><b>Fraud/forgery:</b> Falsification of Documents</p>	<p>This implies lack of transparency and value for money.</p>
		<p><b>Contract Management:</b> Payment for shoddy work or work not delivered.</p>	<p>This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries</p>
<p><b>MEDIUM</b></p>	<p>Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk</p>	<p><b>Planning:</b> Lack of initiation of procurements and confirmation of funds.</p>	<p>This implies committing the Entity without funds thereby causing domestic arrears.</p>

RISK	DESCRIPTION	AREA	IMPLICATION
	damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.	<b>Bidding Process:</b> Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms and splitting procurement requirements.	This implies lack of efficiency, standardisation and avoiding competition.
		<b>Procurement Structures:</b> Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		<b>Record Keeping:</b> Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		<b>Contract and Contract Management:</b> Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.  Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	

RISK	DESCRIPTION	AREA	IMPLICATION
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	<b>Planning:</b> Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		<b>Bidding Process:</b> Not signing the Ethical Code of Conduct	This leads to failure to declare conflict of interest and lack of transparency.

**Annex 4: Composition of Contracts Committee**

S/NO	Names	Position in the Entity/Designation	Position in the Contracts Committee (CC)	Date of approval by PS/ST
1.	Ms. Namulondo Joan	Principal Human Resource Officer	Chairperson	26 <sup>th</sup> April 2021
2.	Mr. Lubega Farouq	Lawyer-Ministry of Justice and Constitutional Affairs	Legal Representative-Member	20 <sup>th</sup> April 2019
3.	Ms. Nandugwa Winfred	Land Officer	Member	14 <sup>th</sup> October 2019
4.	Ms. Nakandi Daisy	Communications Officer	Member	11 <sup>th</sup> April 2022
5.	Ms. Awino Beatrice Constance Naomi	Human Resource Officer	Secretary	11 <sup>th</sup> April 2022

**Annex 5: Composition of the Procurement and Disposal Unit**

S/No	Names	Position	Qualifications
1.	Mr. Ucircan Milton	Procurement Officer	Master in Procurement and Supply Chain Management MCIPS BBA