



**PUBLIC PROCUREMENT AND DISPOSAL  
OF PUBLIC ASSETS AUTHORITY**  
*"Regulating for Results"*

**COMPLIANCE INSPECTION REPORT OF BUHWEJU  
DISTRICT LOCAL GOVERNMENT FOR THE FINANCIAL  
YEAR 2023/24**

**JULY 2025**

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## **Acronyms**

BEB	Best Evaluated Bidder
DLG	District Local Government
ESHS	Environmental, Social, Health and Safety
ESMP	Environmental and Social Management Plan
FY	Financial Year
HC	Health Centre
ITB	Instructions to Bidders
LTD	Limited
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act, Cap. 205	The Public Procurement and Disposal of Assets Act, Cap. 205
SCC	Special Conditions of the Contract
UGX	Uganda Shilling
VAT	Value Added Tax

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (the Authority) carried out a compliance inspection of Buhweju District Local Government that covered a representative sample of 10 procurement and disposal transactions in the Financial Year 2023/2024. The inspection involved a review of the procurement system, the procurement processes, and disposal of public assets.

From the findings of the compliance inspection exercise, the Entity's total weighted score was **68.2%**, which is a **moderately satisfactory** risk rating. The details of the rating are shown in chapter three of the report.

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

### A. Exceptions noted in compliance inspection:

1. The Entity did not fully implement 60% of the previous audit recommendations for the Financial Year 2022/2023. Only three out of 10 previous recommendations were implemented while the remaining seven were not implemented contrary to Section 10 of the PPDA Act, Cap. 205. Non-implementation of Authority recommendations deprives the Entity of the opportunity to improve its procurement system.
2. Two sampled procurements worth UGX 89,618,000 were implemented outside of the procurement plan for the Financial Year 2023/24 contrary to Section 60 (10) of the PPDA Act, Cap.205. Procuring outside of the plan affects implementation of planned activities which deprives the intended beneficiaries of effective service delivery.
3. There were no micro procurements reported by the Entity in the quarterly and monthly reports submitted to the Authority in the Financial Year 2023/24 contrary to Regulation 15(1) of the PPDA (PDEs) Regulations, 2023. Failure to report micro procurements to the Authority increases the risk of anomalies committed while undertaking micro procurements going unnoticed.
4. Irregularities were noted during the disposal of assets, namely; disposing assets without carrying out a Board of Survey or User Department providing a status on the selected items, no initiation or disposal requisitioning, failure to use standard forms and deviating from the conditions of the contract during implementation. Failure to follow the disposal procedures may result into loss of public resources.
5. Six bidding documents issued to bidders for procurements worth UGX 1,239,907,194 had irregularities. Such irregularities included failure to indicate address where bids should be submitted; inadequate evaluation criteria and inconsistencies on the bid data sheet. Such irregularities increase the risk of submitting non-responsive bids, deter competition, and could result in conflicts during contract implementation.
6. There were irregularities at evaluation of bids in four procurements worth UGX 1,189,909,594. Such irregularities included change of the evaluation criteria, unfairness in recommending award of contracts where non-compliant bidders were passed, thus awarding contracts to non-responsive bidders who may not have the capacity to undertake the works.
7. Failure to effectively incorporate in the statements of requirements and report on Environmental, Social, Health, and Safety safeguards exposing the environment and the people to the negative effects posed by the projects as noted in two procurements worth UGX 484,122,268 contrary to Section 66 of the PPDA Act, Cap. 205.
8. Six procurements worth UGX 994,427,388 had irregularities at contract execution. The irregularities included failure by the contract supervisors to perform their roles, failure by

the User Departments to prepare progress reports and irregular contract amendment which leads to delays at implementation, thus affecting service delivery.

9. Contrary to Regulation 42 of the PPDA (Contracts) Regulations, 2023 payments were effected with inaccuracies as noted below:
  - (i) In eight procurements conducted under the Force Account Mechanism, a total of UGX 104,742,000 was irregularly paid to staff members and not providers, as allowances for field work despite the fact that the Entity had a cash imprest account that was used in for grading, shaping and spot improvement of Kashenyi-Karembe-Bihanga Road 17km worth UGX 34,258,000. Irregular payments made to staff increase the risk of funds misappropriation;
  - (ii) In the procurement for the construction of Katagata Gravity Flow Scheme Phase 1 in Burere Sub County worth UGX 391,166,226, Real Irrigation Engineering Co. Limited was under paid by UGX 17,874,152. The contractor was paid a total of UGX 344,120,355 including 6% withholding tax instead of UGX 361,994,507. Underpayment of providers may result into litigation from providers hence affecting their participation at bidding; and
  - (iii) In the construction of a staff house at Kiyanja HC II and partial construction of Bitsya HC II worth UGX 382,147,848, there were no documentation to support the second payment of UGX 158,964,100 dated 11<sup>th</sup> June 2024. Such missing documents included evidence of works done like the progress report and interim payment certificate. Failure to attach supporting documents at payment may result in payment for undelivered services.

In light of the above findings, Buhweju District Local Government should implement the following recommendations:

1. The Accounting Officer should:
  - (i) Ensure that all PPDA audit recommendations are fully implemented and a status provided within four months of receipt of the report in accordance with Section 10 (1) (a) of the PPDA Act Cap, 205;
  - (ii) Ensure that the monthly reports submitted to the Authority include all micro procurements undertaken in accordance with Form 2 (Part IV) of the Schedules in the PPDA (Procuring and Disposing Entities) Regulations, 2023;
  - (iii) Ensure that payments are made upon submission of satisfactory payment certificates with proof of actual work done in form of progress reports and interim payment certificates, among others in accordance with Regulation 48 (2) (j) of the PPDA (Contracts) Regulations, 2023; and
  - (iv) Instruct the Contract Manager and the Finance Department to investigate funds paid to Real Irrigation Engineering Co. Limited and ensure that the right amount is effected in accordance with 52 (3a) (iii) of the PPDA (Contracts) Regulations, 2023;
  - (v) Ensure that payments are made upon submission of satisfactory payment certificates with proof of actual work done in form of progress reports, among others in accordance with Regulation 48 (2) (j) of the PPDA (Contracts) Regulations, 2023.
2. The Head Procurement and Disposal Unit should:
  - (i) Ensure to state the date up to which a bid shall be valid in accordance with Regulation 62 (1) of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023; and
  - (ii) Include requirements on beneficial ownership for companies in the bidding document by requiring bidders to indicate their indirect beneficiaries in the bidding forms to their bids in accordance with PPDA Circular No. 4 of 2022 on submission of beneficial ownership information for firms that are awarded Government contracts;

3. The Contracts Committee should:
  - (i) Prior to approval of the disposal of an asset ensure that the procedures enshrined in the PPDA (Disposal) Regulations, 2023 are adhered to especially Regulations 2,3,6,27,28 and 47 of the PPDA (Disposal) Regulations, 2023; and
  - (ii) Task the Procurement and Disposal Unit to investigate why the cost of the procurement exceeds the budget of the Entity before approving negotiations to reduce the scope of the procurement in accordance with Section 80 (3) of the PPDA Act, Cap. 205.
4. The Evaluation Committee(s) should
  - (i) Verify the accuracy, validity and authenticity of the documents submitted by a bidder in accordance with Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2023; and
  - (ii) Conduct the evaluation of bids based on the evaluation criteria stated in the bidding document and desist from making any amendment including any addition to the evaluation criteria stated in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023.
5. The User Department should:
  - (i) Upon the recommendation of the Board of Survey to dispose of the assets, initiate the process of disposal of the asset in accordance with Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023;
  - (ii) On a quarterly basis or wherever necessary review and update their procurement plans submit to the Procurement and Disposal Unit for consolidation in accordance with Section 60 (7) of the PPDA Act, Cap. 205; and
  - (iii) Undertake environmental and social screening of the projects to guide the inclusion of mitigation measures in the statements of requirements, making necessary cost provisions, evaluation criteria and contract terms for example; requiring bidders to submit Environmental and Social Management plans, requiring environmental and social specialists among technical staff, and to conduct project screening in accordance with Section 66 of the PPDA Act, Cap. 205.
6. The Contract Managers/Supervisors should:
  - (i) Endeavour to carry out their obligations as stated in the appointments letters and in accordance with Regulation 50 and 52 of the PPDA (Contracts) Regulations, 2023;
  - (ii) Prepare progress reports that includes the following among others; the level of mobilisation vis avie the work program and contract, fulfilment of contractor's obligations like the work program, Performance Securities, and instructions, evidence to support the status of the works, and implementation of the contractor's ESMP; and
  - (iii) Task the contractors to submit program updates and where the contractor fails to abide by the requirement, the penalties stated in the contracts should be taken up in accordance with GCC 36.3 of the General Conditions of the Contract.

**B. Exceptions noted in contract audit for the upgrade of Bitsya Health Centre II to Health Centre III worth UGX 794,727,166 by Mariam and Brothers Trading Company Limited:**

- (i) Numerous contract extensions were granted to the contractor regardless of the huge delays during implementation. At the time of the first contract renewal, Mariam and Brothers Trading Company Limited had only executed 2% of works in 98% of the contract period. The Entity awarded Mariam and Brothers Trading Company Limited a contract extension of 4 months running up to 30<sup>th</sup> March 2024 after expiry of the original contract. The contractor was awarded five additional months extension running up to 30<sup>th</sup> November 2024, citing heavy rains and the works were at only 40% in 150 of lapsed

time%. Although the works are currently completed, the delays during implementation resulted into slow progress and delayed service delivery.

- (ii) The contractor did not submit monthly program updates contrary to Clause 36.3 of the Special Conditions of the Contract;
- (iii) Materials like wire and wire meshes were not kept under sheds as had been instructed under preliminaries but kept under damp conditions which exposed them to oxidation effects like rusting; and
- (iv) There was no indication that the contractors' technical personnel were involved during contract execution. On 11<sup>th</sup> February 2025, the Authority noted that there was no record to show that key personnel such as the site Engineer, health and safety officer and an environmentalist were involved in the execution of works.

In light of the above findings, Buhweju District Local Government should implement the following recommendations:

1. The Accounting Officer should going forward not extend contracts for non-performing contractors where the events leading to delayed completion do not amount to compensation events in accordance with Clause 53 of the General Conditions of the Contract;
2. Going forward, the Contract Managers should appraise and report on the performance of the provider to the Procurement and Disposal Unit in accordance with Regulation 52 (3f) of the PPDA (Contracts) Regulations, 2023;
3. Going forward, the contract managers should task the contractors to submit program updates and where the contractors fail to abide by the requirement, the penalties stated in the contract should be applied in accordance with GCC 36.3 of the General Conditions of the Contract;
4. The contract supervisor/manager should going forward ensure that the contractors put up proper temporary shades for the safe storage of materials like steel trusses, cement, iron bars, and wire meshes such that their strength is not compromised; and
5. The Contract Managers should always ensure that the contractors mobilise the proposed key personnel or equivalent replacements and take appropriate action whenever there's failure to abide by the requirement in accordance with Clause 14.1 of the General Conditions of the Contract.

## CHAPTER 1: INTRODUCTION

### 1.1 Background

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance inspection of Buhweju District Local Government (DLG) that covered a representative sample of 10 procurement and disposal transactions in the Financial Year (FY) 2023/24. The inspection involved a review of the procurement system, the procurement process, and disposal.

### 1.2 Objective of the Compliance Inspection

The overall objective of the inspection was to assess and establish the degree of procurement and disposal of Buhweju District Local Government's procurement system, and procurement and disposal processes with the provisions of the PPDA Act Cap. 205, Regulations, 2006 and PPDA Regulations 2023 and assess the level of procurement performance over the inspection period.

The specific objectives of the inspection were to:

1. Establish the level of compliance of the Entity with the PPDA Act, Cap. 205 and attendant Regulations with regard to the performance of the procurement structures and conduct of the procurement processes;
2. Assess the degree of compliance of the Entity's disposal processes with the PPDA Act, Cap. 205, and attendant Regulations 2006; and
3. Assess the level of efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health, and Safety (ESHS) requirements.

### 1.3 Procurement Structures

The procurement structures were in place, that is, a substantive Accounting Officer, a Contracts Committee comprising of five members, Procurement and Disposal Unit (PDU) comprising of a Senior Procurement Officer and a Procurement Officer, and ad-hoc Evaluation Committees appointed for each procurement transaction.

#### a. Accounting Officer

At the time of inspection in February 2025, the Accounting Officer at Buhweju District Local Government was the Chief Administrative Officer, Mr. Fred Kalyesubula.

#### b. Procurement and Disposal Unit

The Procurement and Disposal unit was fully constituted with a Senior Procurement Officer and a Procurement Officer consisted of the following members as detailed in Table 1 below:

**Table 1: Composition of the PDU**

S/N	Name	Position
1.	Mr. George Basasibwa	Senior Procurement Officer
2.	Mr. Methodius Tuhimbisemukama	Procurement Officer

#### c. Contracts Committee composition

The Contracts Committee consisted of the members detailed in Table 2 below:

**Table 2: Composition of the Contracts Committee**

S/N	Name	Position on the Committee
1.	Mr. Dan Nkore Mucunguzi	Chairperson
2.	Ms. Allison Natuha	Secretary
3.	Ms. Caroline Agumya	Member
4.	Ms. Macklin Kiconco	Member
5.	Mr. Robert Bwesigye	Member

**1.4 Scope of the compliance inspection**

PPDA carried out the inspection of Buhweju District Local Government from **3<sup>rd</sup> to 5<sup>th</sup> February 2025**. The exercise covered a sample of 10 procurement and disposal transactions worth UGX **2,323,608,780** conducted during the FY 2023/24, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained in **Appendix A** and the analysis of the population and sample is detailed in Table 3 below:

**Table 3: Analysis of Population and Sample Selected for Inspection of FY 2023/24**

S/N	Population			Sample		Percentage (%)	
	Procurement method	Value (UGX)	No.	Value (UGX)	No.	Value	No.
1.	Open Domestic Bidding	2,249,241,559	15	1,988,987,680	8	88.4	53.3
2.	Quotation	370,203,959	4	314,621,100	1	85.0	25.0
<b>Total</b>		<b>2,619,445,518</b>	<b>22</b>	<b>2,303,608,780</b>	<b>9</b>	<b>87.9</b>	<b>47.4</b>
3.	Disposal (Public bidding)	40,060,000	4	20,000,000	1	49.9	25.0

**1.5 Methodology**

The Entity was notified about the upcoming exercise on **23<sup>rd</sup> January 2025**. A sample of 10 procurement and disposal transactions was selected based on stratified random sampling using the Contracts Committee minutes, the contracts register, and quarterly procurement and disposal reports.

Two senior officers carried out the exercise under the supervision of the Manager Performance Monitoring. During the exercise, the team examined records and documents for each of sampled transaction. The team also reviewed the procurement plan for FY 2023/24 and quarterly procurement and disposal reports.

On completion of data collection, members of the team met with various stakeholders such as the Accounting Officer, Contracts Committee members, Procurement and Disposal Unit staff, and User Department representatives to discuss and get clarifications on some of the preliminary findings. A debrief meeting was held with the Accounting Officer to share the preliminary findings. A management letter was sent to the Entity on **1<sup>st</sup> April 2025** with a request to submit a management response by **16<sup>th</sup> April 2025** which was officially submitted on **17<sup>th</sup> April 2025**. The inspection report presents the key findings and conclusions arising from the inspection.

## CHAPTER TWO: KEY FINDINGS AND RECOMMENDATIONS

This Section presents the key findings arising from the inspection based on the specific objectives of the exercise.

### 2.1 COMPLIANCE WITH THE PPDA ACT, CAP. 205, AND ATTENDANT REGULATIONS REGARDING THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT PROCESSES

#### 2.1.1 Implementation of previous recommendation from the Financial Year 2022/2023

The Entity failed to fully implement six out of 10 inspection recommendations for the Financial Year 2022/2023 representing 60% of the issued recommendations contrary to Regulation 14 (k) of the Local Governments (PPDA) Regulations, 2006. The status of implementation is given in Table 4 below:

**Table 4: Unimplemented recommendations from 2022/2023**

S/N	Recommendations	Implementation Status	Management Response
1.	The Accounting Officer should immediately instruct the contractor, Cream General and Technical Services Ltd, to submit an adequate advance payment security in accordance with Regulation 43 of PPDA (Contracts) Regulations, 2023.	Not implemented	<i>Cream General and Technical Services Ltd submitted an adequate advance payment security.</i>  <b>Authority's comment</b> There was no evidence submitted to indicate that Cream General and Technical Services Ltd submitted an adequate advance payment security.
2.	The Accounting Officer should terminate a contract where a provider fails to provide the required Performance Security within the specified time and should, on termination of contract, award the contract to the bidder who is ranked second after the best evaluated bidder and where that bidder is not able to perform the contract, in descending order, to the next qualified bidder, provided the period for bid validity has not expired in accordance with Regulation 12 (2&3) of the PPDA (Contracts) Regulations, 2023.	Not implemented	<i>This was noted.</i>
3.	Evaluation Committees should strictly adhere to the evaluation criteria set out in the solicitation document in accordance with Section 76 (3) of the PPDA Act,	Not implemented	<i>This has been noted</i>

S/N	Recommendations	Implementation Status	Management Response
	Cap. 205.		
4.	The Head Procurement and Disposal Unit should appropriately provide guidance to the Evaluation Committees in accordance with Regulation 2 (2) (b) of the PPDA (Evaluation) Regulations, 2023.	Partially implemented	<i>This was fully implemented.</i>  <b>Authority's comment</b> There are irregularities still being noted at evaluation like change of evaluation criteria which is an indicator that the recommendation is not fully implemented.
5.	Contract managers should ensure that they promptly fulfil their responsibilities with regard to contract management as stipulated in Regulation 52 of the PPDA (Contracts) Regulations, 2023.	Partially implemented	<i>This was fully implemented.</i>  <b>Authority's comment</b> There are indicators that contract management is still lacking like irregularities in payments, incomplete progress reports which shows that the recommendation is not fully implemented.
6.	Contract managers should ascertain that the providers meet all their performance or delivery obligations following the terms and conditions of the contract in accordance with Regulation 52 (3) (a) (i) of the PPDA (Contracts) Regulations, 2023.	Partially implemented	<i>This was fully implemented.</i>  <b>Authority's comment</b> Irregularities like failure to submit program updates are an indicator that the recommendation is not fully implemented.

### Implication

Non-implementation of Authority recommendations deprives the Entity of the opportunity to improve its procurement system.

### Recommendation

The Accounting Officer should take deliberate effort to fully implement the recommendations noted above and those that come with this report and provide a status within four months of receipt of this report in accordance with Section 10 (1) (a) of the PPDA Act Cap, 205.

### 2.1.2 Procurement plan and reporting to the Authority

#### 2.1.2.1 Procurement Plan Implementation Rate

The Authority found that the Entity procured items worth UGX 2,619,445,518 during the Financial Year 2023/2024. This amounted to 101% of the planned procurement value UGX 2,596,959,981 with a procurement implementation variance of UGX 22,485,537 above the budget as detailed in Table 5 below:

**Table 5: Procurement plan implementation rate**

Total procurement plan value inclusive VAT (UGX)	2,596,959,981
Total procurement spend value inclusive VAT (UGX)	2,619,445,518
Procurement Plan Implementation Rate	101%

Procurement Plan Implementation Variance (UGX)	22,485,537
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The above notwithstanding, the Authority noted that two procurements worth UGX 89,618,000 were conducted outside the consolidated procurement plan contrary to Section 60 (7) of the PPDA Act, Cap. 205 as shown in Table 6 below:

**Table 6: Procurements conducted outside the plan**

S/N	Subject of procurement	Contractor	Amount (UGX)
1.	Desktop, laptops, printers, photocopying machines and consumables and accessories.	Cat and Agencies Limited	5,208,000
2.	Tyres, tubes and batteries	Steka Auto Engineering Company Limited	84,410,000
<b>TOTAL</b>			<b>89,618,000</b>

#### **Implications**

- Spending over and above the procurement plan may result in failure by the Entity to meet its payment obligations leading to domestic arrears.
- Conducting procurements outside the procurement plan leads to implementation of procurement activities in a haphazard manner.

#### **Management Response**

The supply of Tyres, tubes and batteries was budgeted under repair and maintenance of equipment whereas that for supply of computers was planned under supply of Desktop, laptops, printers, photocopying machines and consumables and accessories as shown under a copy of the procurement plan.

#### **Authority's comment**

The copy of the updated procurement plan referred to in the management response was not provided for review, the query as raised above was based on the procurement plan submitted to the Authority on 20<sup>th</sup> July 2023.

#### **Recommendations**

1. The User Departments should on a quarterly basis and whenever necessary, review their work plans and inform the Procurement and Disposal Unit to update the consolidated procurement plan in accordance with Section 60 (4) of the PPDA Act, Cap. 205.
2. The Contracts Committee should not approve procurements outside the procurement plan except in cases of emergency in accordance with Section 60 (7) of the PPDA Act, Cap. 205.

#### **2.1.2.2 Failure to contract out the planned revenue targets**

The Entity contracted out only UGX 36,220,800 (72.14%) of the planned UGX 50,000 indicted on the procurement plan leaving out a variance worth UGX 13,779,200 (27.6%). The Authority noted that the procurement plan had UGX 50,000,000 as revenue collection without stating the revenue centre. Therefore, it was hard to ascertain whether the reasons for low realisation was due to not contracting out some revenue centres or a variance between reserve and quoted prices.

#### **Implication**

This implies that procurements planned under Local Revenue to a tone of UGX 13,779,200 were not conducted due to failure to realise the planned local revenue.

### **Management response**

The district collected local revenue worth 303,158,585 against the budgeted 258,492,000 as evidenced by the final accounts attached. Therefore, there was no under collection of local revenue as stated above.

### **Authority's comment**

The Authority take note of the response however no evidence was provided to explain the variance between the planned revenue procurements worth UGX 50,000,000 and what was eventually contracted out worth UGX 36,220,880.

### **Recommendation**

The Procurement and Disposal Unit should review the implementation of the procurement plan on a regular basis and report any deviations to the concerned parties for action to improve procurement plan implementation.

#### **2.1.2.3 Failure to report on micro procurements conducted to the Authority**

The quarterly and monthly reports submitted to the Authority did not include micro procurements contrary to Local Government (PPDA) Guideline 6/2008 on the format for Local Governments procurements and disposal quarterly reports and Form 2 (Part IV) of the Schedules in the PPDA (Procuring and Disposing Entities) Regulations, 2023.

### **Implication**

This increases the risk of anomalies committed while undertaking micro procurements going unnoticed.

### **Management Response**

This has been noted and users were reminded to report accordingly.

### **Recommendation**

The Accounting Officer should ensure that the monthly reports on procurements submitted to the Authority include the micro procurements undertaken in accordance with Form 2 (Part IV) of the Schedules in the PPDA (Procuring and Disposing Entities) Regulations, 2023.

#### **2.1.3 Bidding**

##### **2.1.3.1 Inadequate bills of quantities**

Section ae of the bills of quantities for the completion of the Administration Block Phase II worth UGX 101,974,420 did not state the scope, specifications and quantities to enable the bidders quote their own price on the item contrary to Regulation 37 (2c) of the PPDA (Rules and Methods for procurement of supplies, works and non-consultancy services) Regulations, 2023. It was stated as follows, "Allow a provisional sum of UGX 10,000,000 for electrical works on the 8 rooms and corridor" which is ambiguous and creates room for assumption.

### **Implication**

Inadequate bills of quantities limit the bidders' ability to prepare responsive bids.

### **Management response**

Detailed bills of quantities and technical specifications are always prepared. However, a new technique has been introduced where bills of quantities and technical specifications are prepared and reviewed by other technical officer to eliminate items as provisional sum.

### **Recommendation**

The Authority has taken note of the Entity's initiative and emphasises that, the User Departments should when recommending technical specifications desist from indicating the items as provisional sums and prepare the statement of requirements in a manner that leaves no doubt and assumptions for the bidders in accordance with Regulation 42(a) of the PPDA (Rules and Methods for the Procurement of Work, Supplies, and Non-Consultancy Services) Regulations, 2023.

#### **2.1.3.2 Low bidder participation**

The Entity failed to receive at least three bids in two of the 10 sampled procurement transactions worth UGX 82,748,292 contrary to Section 46 of the PPDA Act, Cap. 205 that requires all procurement and disposal processes to be conducted in a manner that maximizes competition to achieve value for money. The details are noted in Table 7 below:

**Table 7: Procurements with low bidder participation**

<b>S/N</b>	<b>Subject of procurement</b>	<b>Amount (UGX)</b>	<b>Method</b>	<b>Number of bids received</b>
1.	Supply of a motorcycle	18,840,000	Open domestic bidding	2
2.	Construction of 3 public rain water harvesting tanks and 3 protected springs	63,908,292	Open domestic bidding	1
<b>TOTAL</b>		<b>82,748,292</b>		

### **Implication**

This is an indicator of loss of confidence by bidders in the procurement processes of the Entity and as a result competition is limited.

### **Management Response**

The recommendation has been noted and the situation has improved to better in this financial year.

### **Recommendation**

The Procurement and Disposal Unit should review the Entity practices that deter competition like evaluation malpractices, shortlisting related bidders, stringent requirements, and payment delays, among others, and also sensitize bidders in order to improve their level of in the procurement processes of the Entity so as to maximize competition in accordance with Section 46 of the PPDA Act, Cap. 205.

#### **2.1.3.3 Irregularities in the preparation of standard bidding documents**

The Entity issued bidding documents with irregularities or anomalies in six procurements worth UGX 1,239,907,194 contrary to Regulation 48 of the Local Governments (PPDA) Regulations, 2006.

In addition, there was non-inclusion of beneficial ownership requirements in the bidding documents. These details were subsequently not included in the Quarterly reports, contrary to

PPDA Circular No. 4 of 2022 on the submission of beneficial ownership information for firms that are awarded Government Contracts as detailed in Table 8 below:

**Table 8: Procurement with irregularities in the bidding documents**

S/N	Procurement details	Contract amount (UGX)	Findings
1.	Construction of Katagata Gravity Flow Scheme Phase 1 in Burere Sub County	391,166,226	The Entity did not provide an explicit date for bid validity contrary to Regulation 62(1) of the PPDA (Rules and Methods for the Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023. Instruction to the Bidders (ITB) 19.1 stated that bids must be valid until after 90 working days from the date of bid submission.
2.	Construction of 3 public rain water harvesting tanks and 3 protected springs	63,908,292	(i). The Entity did not provide an explicit date for bid validity. ITB 19.1 stated that bids must be valid until after 90 working days from the date of bid submission.  (ii). <b>Inadequate evaluation criteria.</b> The documentation required to provide evidence of fulfilment of payment of social security contributions under Section 3.2 of the Evaluation Methodology and Criteria was not stated in the bidding document which would create room for assumption.
3.	Construction of 2 stance VIP Lined Pit Latrines at Butare and Nyakashaka P/Schools and Renovation of 2 classroom block at Rwajere Primary School	69,583,728	The Entity did not provide an explicit date for bid validity. ITB 19.1 stated that bids must be valid until after 90 working days from the date of bid submission.
4.	Supply of a motorcycle	18,480,000	<b>(i). Inconsistencies in the bidding document.</b> a) The Entity did not provide an explicit date for bid validity. ITB 19.1 stated that bids must be valid until after 90 working days from the date of bid submission. b) The Bid data sheet under ITB 24.1 stated the deadline for submission as 13 <sup>th</sup> March 2023 whereas the bid notice stated it as 15 <sup>th</sup> September 2023.

S/N	Procurement details	Contract amount (UGX)	Findings
			<b>(ii). Inadequate evaluation criteria.</b> The Entity did not request for Manufacturer's authorization in the bidding document even though it is important to eliminate counterfeit products and also provide a guarantee for access to spare parts and after sale services.
5.	Design, supply and installation of Micro scale Irrigation systems in Buhweju District	314,621,100	<b>Change in scope without approval and justification:</b> There was change of scope from that approved at initiation. The approved initiation form had a total of 14 farmers; however, the bidding document had a total of 18 farmers.
6.	Construction of staff house at Kiyanja HC II and partial construction of Bitsya HC II	382,147,848	<b>Inadequate evaluation criteria</b> The evaluation criteria were inadequate in terms of value to assess the capacity of a contract to undertake works estimate at 365,000,000: a) Minimum average annual turnover of UGX 300,000,000. Turnover refers to the annual revenue of the firm and this should at least be more than the proposed contract sum. b) Participation as contractor, management contractor, or subcontractor, in at least TWO contracts within the last Three years (2020, 2021&2022), each with a value of at least UGX 200,000,000.
<b>Total</b>		<b>1,239,907,194</b>	

### **Implication**

Unclear requirements in the solicitation documents raise assumptions and deter the bidders from preparing responsive bids.

### **Management Response**

The recommendation has been noted and compliance will be strictly made in future procurements.

### **Recommendations**

The Procurement and Disposal Unit should, when preparing each bidding document:

- i. Ensure to state the date up to which a bid shall be valid in accordance with Regulation 62 (1) of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023;
- ii. Include requirements on beneficial ownership for companies in the bidding document by requiring bidders to indicate their indirect beneficiaries in the bidding forms to their bids in accordance with PPDA Circular No. 4 of 2022 on submission of

beneficial ownership information for firms that are awarded Government contracts; and

- iii. Include evaluation criteria that is appropriate to assess compliance with the statement of requirements, the technical and financial ability of a bidder to perform the contract and the availability of the required resources in accordance with Regulation 47(3) of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023.

#### 2.1.4 Evaluation

##### 2.1.4.1 Evaluation irregularities

The Authority found irregularities during the evaluation of bids in four procurements worth UGX 1,189,909,594. The irregularities included; passing non-compliant bidders, and change of criteria from that stated in the bidding document. The details are in Table 9 below:

**Table 9: Procurements with bids evaluated irregularly**

S/N	Procurement subject	Findings
1.	Construction of Katagata Gravity Flow Scheme Phase 1 in Burere Sub County worth UGX 391,166,226  <b>Real Irrigation Engineering Co. Limited</b>	<b>Change in the evaluation criteria</b> Section 3 (6.1 B) required bidders to demonstrate access to one 2-tonne dump truck. Although it did not affect compliance of bidders, this was changed to two 2-tonne dump trucks at evaluation.
2.	Completion of Administration Block-Phase II worth UGX 101,974,420  <b>Katuma Construction Limited</b>	<b>Passing a non-compliant bidder</b> a) Katuma Construction Limited, the BEB submitted expired lease agreements for equipment and therefore could not have been compliant to the requirement. Section 6.1 (B) of the Evaluation Methodology and Criteria required bidders to indicate that they shall have access to the key equipment listed hereafter (either by ownership, lease, hire). However, Katuma Construction Limited submitted an intent letter to lease two 7 tons Dump Trucks, one 1.5-ton truck, one concrete mixer and a poker vibrator from Cream General and Technical Services Limited that expired on 19 <sup>th</sup> August 2022 before bid closing date of 15 <sup>th</sup> September 2023. This implies that these agreements could not provide commitment of availability of this equipment during the contract period. b) The audit report submitted by Katuma Construction Limited for the year ended 30 <sup>th</sup> June 2022 had inconsistencies ought to have been clarified or verified. It was not signed by the Directors, it would interchangeably state that the accounts were for the year ended 30 <sup>th</sup> June 2021 and again 30 <sup>th</sup> June 2022. The signing dates that had been indicated for the directors to sign on the different pages were for 2021 yet the report was for the year 2022.

S/N	Procurement subject	Findings
3.	Construction of staff house at Kiyanja HC II and partial construction of Bitsya HC II at UGX 382,147,848  <b>Muhwezi Abert Construction Limited</b>	<b>Passing a non-compliant bidder</b> Muhwezi Abert Construction Limited the BEB presented the following technical persons that did not sign the declaration in the submitted CVs confirming the information and their availability contrary to Form 2 of Section 4 of the bidding document; Peter Mbabazi the Site Engineer, Wilson Nuwajuna Nimwijuka the Site General Foreman, Amos Musinguzi the Health and Safety Officer, Jane Nakya Anapoleon Mwesigwa the Social Development Officer, and Simon Seguya Lubega the Quantity Surveyor.
4.	Design, supply and installation of Micro scale Irrigation systems in Buhweju District worth UGX 314,621,100  <b>Karf Engineering Solutions Ltd</b>	<b>Biased evaluation of bids</b> a) Karf Aqua Engineering Solutions the BEB did not provide evidence of fulfilment of payment of social security contributions but was passed against the requirement yet Bekunda Investments Limited was failed against the same requirement. b) Karf Aqua Engineering Solutions submitted a lease agreement for equipment from Masajja Loaders and Transporters that included; a Fuso Fighter motor vehicle, a Canter, a double cabin pick up, two tractor heads and a crane that had expired on 7 <sup>th</sup> January 2023 yet bid closing was on 1 <sup>st</sup> March 2024 and hence invalid but were passed against the requirement.

### **Implication**

Evaluation irregularities deter the Entity from awarding contracts to the most suitable and deserving providers and gives room to corruption in form of tender manipulation.

### **Management Response**

- i. The evaluation for the design, supply and installation of Micro scale Irrigation systems in the district was not biased per say, though there were some inconsistencies. Otherwise, compliance will be effected in subsequent procurements.
- ii. The district also intends to organise training of all users on the conduct of evaluation and we hope this will help them to gain enough skills in the conduct of evaluation.

### **Recommendations**

The Authority takes note of the Entity's initiatives and further advises the Evaluation Committees to:

1. Verify the accuracy, validity and authenticity of the documents submitted by a bidder in accordance with Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2023; and
2. Conduct the evaluation of bids based on the evaluation criteria stated in the bidding document and desist from making any amendment including any addition to the evaluation criteria stated in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023.

#### **2.1.4.2 Irregularities in the process of negotiations**

**(i). Failure to investigate why the procurement costs were higher than the budget before undertaking negotiations**

The Entity did not investigate the noted huge variances prior to conducting negotiations to reduce scope contrary to Section 80 (3) of the PPDA Act, Cap. 205. This was noted in two procurements worth UGX 705,787,326 as detailed in Table 10 below.

**Table 10: Procurements with huge variances**

S/N	Procurement details	Findings
1.	Design, supply and installation of Micro scale Irrigation systems in Buhweju District worth UGX 314,621,100  Karf Engineering Solutions Ltd	The Entity did not investigate why the best evaluated bid price of UGX 664,196,400 was higher than the budget of 303,599,054 (UGX 404,798,738 taking into consideration the farmer's 25% contribution) before undertaking negotiations.  It should be noted that the other bidders, Associated Design and Build Engineers' Limited and Bekunda Investments Limited had quoted UGX 467,432,300 and UGX 524,933,500 respectively even though they did not reach financial evaluation.
2.	Staff house at Kiyanja HC II at UGX 382,147,848	The PDE did not investigate why the BEB price worth UGX 523,086,000 was way above the budget of UGX 365,647,848 by over 44% before undertaking negotiations contrary to Section 80(3) of the PPDA Act, Cap. 205.  It should be noted the prices of the price of this bid was abnormally higher than the rest of the other bidders. i.e. Discovery Engineering Limited with a price of UGX 357,013,516 eliminated for not providing a quality assurance plan, MP Lamb Construction Services and Joinery Co. Limited with a price of UGX 362,994,248 eliminated for not submitting a valid NSSF Certificate, ESHS code of conduct, quality assurance management plan, and Rimston and Mark Projects Limited with a price of UGX 360,579,347 eliminated for not providing a foreman electrical works, a 10 ton dumper truck, carpentry and joinery kit and a service vehicle.
3.	Construction of Katagata Gravity Flow Scheme Phase 1 in Burere Sub County by Real Irrigation Engineering Co. Limited worth UGX 349,998,023	The PDE did not investigate why the BEB's quoted price worth UGX 424,390,233 after arithmetic corrections was way above the budget of UGX 350,000,000 by over 21% before undertaking negotiations contrary to Section 80(3) of the PPDA Act, Cap. 205.

### **Implication**

Failure to investigate the huge variances leave the reasons for variances unchecked resulting in awarding contracts over and above the market price.

### **Management Response**

- i. Design, supply and installation of Micro scale Irrigation systems in Buhweju District. The bidders were required to make site visits to all the farmers. The farmers were so scattered

and also the terrain could have contributed to all bidders quoting above the available budget i.e Associated Design and Build Engineers' Limited quoted UGX 467,432,300, Bekunda Investments Limited, UGX 524,933,500 and Karf Engineering Solutions Ltd, UGX 664,196,400 yet the entity's budget was UGX 314,621,100.

- ii. The BEB price was not UGX 424,390,233 as stated in the management letter. The cost of the procurement did not exceed the budget of the procuring and disposing entity as the entity's budget was UGX 350,000,000 and the project cost was UGX 349,998,023 for the Construction of Katagata Gravity Flow Scheme Phase 1.

#### **Authority's comment**

1. The Entity did not provide documented evidence of the investigations that were undertaken on what could have caused the variances before undertaking negotiations.
2. All factors affecting the procurement cost ought to have been put into consideration while undertaking market price assessment in accordance with Regulation 3(3) of the PPDA (Rules and Methods for the Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023.
3. The BEB's bid price of UGX 424,390,233 was not captured in error as stated in the management response under ii. That was Real Irrigation Engineering Co. Limited's bid price before negotiations were undertaken to reduce it to UGX 349,998,023 so as to fit within the budget.

#### **Recommendation**

The Contracts Committee should always task the Procurement and Disposal Unit to investigate why the cost of the procurement exceeds the budget of the Entity before approving for negotiations and may:

- a) Cancel the procurement process and request for new proposals; or
- b) Negotiate with the best evaluated bidder in order to obtain a reduction of the scope of the quantities of the procurement in accordance with Section 80(3) of the PPDA Act, Cap. 205.

#### **(ii).Irregular negotiations**

The Negotiations between the Entity and Karf Engineering Solutions Ltd relating to the design, supply and installation of Micro scale Irrigation systems in Buhweju District worth UGX 314,621,100 were conducted irregularly. The contract variable costs for preliminary items did not reduce with the reduction in the scope of works. The total preliminary costs for 18 sites were UGX 24,550,000 which implied that the preliminary cost per site was UGX 1,363,888. However, after negotiations to reduce the sites from 18 to 12 sites, the preliminary cost was maintained at UGX 24,550,000 instead of the expected UGX 16,366,666 on a pro rata basis. The preliminary items included general mobilization for 18 sites worth UGX 5,000,000, temporary works worth UGX 6,000,000, shifting between sites worth UGX 3,555,000, and visibility worth UGX 10,000,000.

#### **Implication**

Failure to effect the reduction in costs for variable items reduced during the negotiation results in overpricing the items.

#### **Management Response**

The amount for the variable items totalling to UGX 24,500,000 has not been paid and this will be effected per farmer. Payment will be effected based on the Engineer's certified

amount. As per the second certificate dated 4<sup>th</sup> November 2024, only UGX 14,787,191.7 had been paid out for preliminaries.

### **Recommendation**

The Authority has taken note of the Entity's efforts and recommends that Contracts Committee should scrutinise the negotiation report and assess the level of achievement of the negotiation objectives and may reject the recommendations of the negotiation team where they are not justifiable in accordance with Regulation 4(6) of the PPDA (Negotiations) Regulations, 2023.

#### **2.1.5 Failure to fulfil contract terms and conditions**

The Contractor, Mket Technical Services Limited did not fulfil the requirement to submit 5% Performance Security within 21 calendar days of signing the contract contrary to GCC 61.1 of the Special Conditions of the Contract and general conditions of the contract. This was noted in Construction of 2 stance VIP Lined Pit Latrines at Butare and Nyakashaka P/Schools and Renovation of 2 classroom block at Rwajere Primary School worth 69,583,728

### **Implication**

The Entity did not have recourse in case of contract non-performance and material breaches by the contractors.

### **Management Response**

This has been noted and performance guarantees will be requested before contract signing as an internal control.

### **Recommendation**

The Contracts Committee should, where the best evaluated bidder fails to furnish the required Performance Security within the specified time, award the contract to the next best evaluated bidder in accordance with Regulation 12(3) of the PPDA (Contracts) Regulations, 2023.

## **2.2 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESS WITH THE PROVISIONS OF THE PPDA ACT CAP 205, AND PPDA (DISPOSAL OF PUBLIC ASSETS) REGULATIONS, 2023**

### **2.2.1 Irregularities at disposal**

In the conduct of the disposal process, the Authority noted the following:

- a) Six assets were disposed without a survey report from a board of survey or a User Department recommending their disposal contrary to Regulation 2(2) of the PPDA (Disposal of Public Assets) Regulations, 2023. Table 11 shows anomalies between the assets verified, planned, valued and initiated for disposal.

**Table 11: Irregularities at Disposal of Assets**

S/N	ALL ITEMS	Board of survey	Planned	Valued	Initiated
1.	Changlin 713 motor grader	✓	✓	✓	✓
2.	JMC pickup		✓	✓	✓
3.	Nissan hardbody pickup		✓	✓	✓
4.	FAW Dump truck		✓	✓	✓
5.	Landcruiser hardtop		✓	✓	✓

S/N	ALL ITEMS	Board of survey	Planned	Valued	Initiated
6.	Toyota Hilux double cabin		✓	✓	
7.	Jialing motorcycle		✓	✓	✓

- b) Although the Toyota Hilux double cabin was not initiated, it was bided on and disposed contrary to Regulation 3(1) of the PPDA (Disposal of Public Assets) Regulations, 2023.
- c) Failure by the PDU to use standard forms, that is, Form 29, the request by the Procurement and Disposal Unit to Contracts Committee for disposal by public bidding.
- d) The bidding document (14 pages in number) was sold at UGX 70,000 which is over and above the cost of copying documents contrary to Regulation 6(8) of the PPDA (Disposal of Public Assets) Regulations, 2023.
- e) Deviation from the conditions of the contract. Paragraph 3 of the general conditions of the contract stated that the PDE may terminate the contract if the buyer has failed to pay the full contract price within one week of the due date for payment which was two weeks from contract signature 12<sup>th</sup> October 2023. However, the buyer for the Changlin 713 motor grader contracted at UGX 55,000,000 failed to fulfil his obligations and the Entity did not terminate the contract but wrote to the buyer two months late on 11<sup>th</sup> December 2023 requesting him to pay or pull out. There was no proof to indicate that the buyer had subsequently paid as of 7<sup>th</sup> March 2025.

#### **Implication**

Failure to follow the disposal procedures may result into loss of public resources and disposal of Assets that are still of value to the Entity.

#### **Management response**

- (i) Toyota Hilux double cabin was initiated.
- (ii) There was no deviation from the terms and conditions of contract as we extended the offer to the next best evaluated bidder who paid all the amount of UGX 55,000,000.

#### **Authority's comment**

- (i) The evidence showing that the Toyota Hilux double cabin was initiated also indicates that the item had been added to the list of the items in the disposal requisition form submitted to the Authority during the inspection exercise.
- (ii) Evidence of the UGX 55,000,000 payment was not attached for review. Therefore, the findings are maintained.

#### **Recommendation**

The Contracts Committee should prior to approval of the disposal of an asset ensure that the procedures enshrined in the PPDA (Disposal) Regulations, 2023 are adhered to especially Regulations 2,3,6,27,28 and 47 of the PPDA (Disposal) Regulations, 2023.

## 2.3 EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION INCLUDING THE APPLICATION OF ENVIRONMENTAL, SOCIAL, HEALTH, AND SAFETY (ESHS) REQUIREMENTS IN THE PROCUREMENT PROCESS

### 2.3.1 Non- Implementation of Environmental, Social, Health, and Safety safeguard Requirements (ESHS)

According to the approved budget for the financial year 2023/24, UGX 4,000,000 and UGX 842,000 was allocated for environmental impact assessment for capital works under the department of water and Natural Resources respectively.

However, the Authority noted the following issues in regards to environmental, social, health and safety safeguards contrary to Section 66 of the PPDA Act, Cap. 205:

- a) There was no evidence of environmental and social screening for the various projects undertaken during the financial year.
- b) There were irregularities noted in the costing of the ESHS issues in two procurements worth UGX 484,122,268 as detailed in Table 12 below.

**Table 12: Procurements with issues on ESHS**

S/N	Details of the procurement	Findings on ESHS
1.	Completion of Administration Block-Phase II worth UGX 101,974,420	The contractors ESMP costing was not provided for in the bills of quantities
2.	Construction of a staff houses at Kiyanja HC II and partial construction of Bitsya HC II worth UGX 382,147,848	The bidders were restricted to put a sum of UGX 1,000,000 for ESHS in their bids and were not allowed to provide their own prices to fairly compete on this item.

- c) There was no evidence to indicate that the implementation of the ESMPs was monitored.

#### **Implications**

- ESHS issues such as not catering for the ESHS requirements, not conducting environmental screening and not monitoring the implementation of ESMPs expose the environment and the people to the negative effects posed by the projects.
- Restricting bidders to fixed sum for ESHS implies bidders are not allowed to offer their best price and compete competitively on this component. Furthermore, the fixed amount may not reflect the actual ESHS costs associated with the projects

#### **Management Response**

Costed ESMP were developed by the Environment Officer and District community Development Officer during preparation of bills of quantities in order to eliminate under quotation by bidders, the reason a provisional sum was provided in the bills of quantities.

#### **Authority's comment**

ITB 17.2 of the standard bidding document bars the Entity from filling in rates and prices in the bills of quantities. It was therefore irregular for the Entity to include prices for the bidders in the bills of quantities.

## Recommendation

The User Departments should undertake environmental and social screening for the projects to inform the mitigation measures included in the statements of requirements, evaluation criteria and contract terms for example; requiring bidders to submit Environmental and Social Management plans, requiring environmental and social specialists among technical staff in accordance with Section 66 of the PPDA Act, Cap. 205.

### 2.3.2 Contract execution irregularities

There were irregularities noted in the contract execution of six procurements worth UGX 994,427,388. These included; missing documentation, contract supervisors not fulfilling their duties, incomplete progress reports and irregular contract amendment as detailed in Table 13 below:

**Table 13: Procurements with irregularities during contract execution**

S/N	Procurement	Findings
1.	Completion of Administration Block-Phase II worth UGX 101,974,420	(i). The Authority noted that there were no updated work programs as required under SCC 36.3; as built drawings as required by SCC 67.1 and the statements of estimated value of works executed required on a monthly basis as per SCC 50.1. (ii). The appointed Contract Supervisor Mr. Samuel Nkwatsibwe did not prepare a contract implementation plan, a completion certificate and organize for project hand over upon completion. (iii). Incomplete contract management report. The completion report dated 22 <sup>nd</sup> May 2024 prepared by Mr. Samuel Nkwatsibwe indicated that the works that included; Floor tiling, fixing wooden door frames, door shutters, window glazing, and electrical installation were 100% complete but did not attach pictorial evidence to support this status.
2.	Construction of a staff houses at Kiyanja HC II and partial construction of Bitsya HC II worth UGX 382,147,848	(i). The Contract Supervisor did not issue a completion certificate and a completion report. (ii). Irregular contract amendment <ul style="list-style-type: none"><li>○ The Entity amended the contract to include works that were not related to the original scope of the contract contrary to Regulation 53(1) of the PPDA (Contracts) Regulations 2023, that is, completion of a staff house at Engaju HC III that was abandoned by Rimson and Marks Projects Limited in the FY 2022-2023 worth UGX 16,500,000 was not related to the scope in this contract. This was a separate procurement that could have been handled differently.</li><li>○ There wasn't a signed contract amendment with bills of quantities and contract terms for the amended scope contrary to Regulation 54(1) of the PPDA (Contracts) Regulations, 2023.</li></ul> (iii). The Authority noted that there were no updated work programs as required under SCC 36.3; as built drawings as required by SCC 67.1 and the statements of

S/N	Procurement	Findings
		<p>estimated value of works executed required on a monthly basis as per SCC 50.1.</p> <p>(iv). The quality of progress reports for the staff house at Kiyanja HC II prepared by Eng. Dicklus Twinamatisko was lacking. The report dated 20<sup>th</sup> June 2024 indicated that the works were 100% complete and indicated that a tank stand had been installed, plastering of internal walls, fixing of ward robes and painting of internal walls. It however did not provide pictorial proof to back up this status. The report was also silent on the mobilization of key personnel, materials, and equipment during the reporting period. It was also silent on the implementation of ESHS, any site meetings held, challenges faced, and revisions to the work program.</p>
3.	<p>Construction of 3 public rain water harvesting tanks and 3 protected springs worth UGX 63,908,292</p>	<p>(i). There were no updated work programs as required under SCC 36.3; as built drawings as required by SCC 67.1 and the statements of estimated value of works executed required on a monthly basis as per SCC 50.1.</p> <p>(ii). Mr. Mutegyereize Ericson the District Water Engineer appointed as the Project Manager did not prepare monthly progress and completion reports, contract implementation plan, completion certificate and organize handover upon completion</p>
4.	<p>Construction of 2 stance VIP Lined Pit Latrines at Butare and Nyakashaka P/Schools and Renovation of 2 classroom block at Rwajere Primary School worth UGX 69,583,728</p>	<p>(i). There were no updated work programs as required under SCC 36.3; as built drawings as required by SCC 67.1 and the statements of estimated value of works executed required on a monthly basis as per SCC 50.1.</p> <p>(ii). Mr. Twinamatsiko Dicklus the Ag. Engineer appointed as Contract Supervisor did not prepare completion reports, contract implementation plan, and completion certificate and organize handover upon completion.</p>
5.	<p>Grading, shaping and improvement of Nyabugando-Kankara Road 6km worth UGX 62,192,000</p>	<p>(i). Deviation from the work plan. The Entity planned for supply and installation of 2 lines (6 pieces each) of 900 mm culverts However, during implementation, only one line of the 900 mm diameter culverts was procured with 6 lines of the 600mm diameter culverts which initially were not part of the work plan. This change was not approved.</p> <p>(ii). Failure to communicate changes. There was not document on file communicating the changes to the Roads Committee, the Force Account Supervisor and the Accounting Officer contrary to Regulation 6 (4) of the PPDA (Force Account Mechanism) Regulations, 2014.</p>
6.	<p>Design, supply and installation of Micro scale Irrigation</p>	<p>There was no evidence of completion of installation of micro irrigation systems for the following paid up farmers even though the contract ended on 20<sup>th</sup> August 2024 with a</p>

S/N	Procurement	Findings
	systems in Buhweju District worth UGX 314,621,100  Karf Engineering Solutions Ltd	<p>payment worth UGX 240,559,054 out of UGX 314,621,100 made to the contractor. The farmers included;</p> <ul style="list-style-type: none"> <li>(i). Tumwine Venantius at UGX 24,184,000</li> <li>(ii). Eric Ahairwe at UGX 24,189,000</li> <li>(iii). Osman Aryahereza at UGX 24,000,000</li> <li>(iv). Batamugaya Jameson at UGX 24,000,000</li> <li>(v). Namanya Robert at UGX 23,994,900</li> <li>(vi). Kasigaire Adonia at UGX 24,350,900</li> <li>(vii). Byamukama Mwesigye Nathan at UGX 24,054,000</li> <li>(viii). Atuhaire Deogratius at UGX 24,001,800</li> <li>(ix). Muhumuza Ben at UGX 24,264,900</li> <li>(x). Mukasa Ayebare at UGX 24,252,900</li> <li>(xi). Birungi Medrine at UGX 24,740,900</li> <li>(xii). Kacoco Denis at UGX 24,036,900</li> </ul> <p>It should also be noted that UGX 24,550,000 was planned for preliminaries.</p>

### **Implications**

- Incomplete progress reports imply that the completion status of the works could not be verified.
- Lack of program updates makes it difficult to track progress and identify performance issues. This makes monitoring and controlling the achievement of the time targets difficult.
- UGX 240,559,054 was paid out without evidence of completion of the paid up works for the irrigation systems which exposes the Entity to risk of loss of government and farmers funds if services were undelivered.

### **Management Response**

- i. Works for the Construction of a staff house at Engaju HC III were related to those of Construction of a staff house at Kiyanja HC II as the new scope of works included adding a wardrobe, storage shelves, electrical installations, mechanical water pump, internal drainage, kitchen sinks and hand wash basins as stipulated in the attached Bills of Quantities.
- ii. As for Grading, shaping and improvement of Nyabugando-Kankara Road 6km, this was attributed by Ministry of Finance which failed to release funds for third quarter which resulted to partial implementation of activities along that road, however, in fourth quarter all funds were released thus full implementation of all planned activities as per approved work plan was done.
- iii. All reports and certificates were prepared but completion report is prepared after defect liability period.
- iv. The evidence of installation of irrigation systems is attached.
- v. Other recommendations have been noted for compliance.

### **Authority's comments**

1. The Entity should note that much as the works for the Staff house at Engaju HC III were similar to those of staff house at Kiyanja HC II, these were not related works and could not have been envisaged in the contract for Kiyanja HC II and thus could not be awarded through a contract amendment since these were two different contracts. This is further

- emphasized in Solicitor General’s guidance dated 4<sup>th</sup> June 2024 in the case of Gulu City Council Vs China Railway 7<sup>th</sup> Group Company Limited.
2. The explanation provided on the grading does not explain the lack of approval of the change in scope and failure to communicate the changes.
  3. The reports provided for irrigation schemes still indicate that the works are incomplete and there was not pictorial evidence of installation attached.
  4. The Entity did not provide an explanation for the incomplete reports and the evidences noted above were not attached for the Authority’s review.
- An update has been made to findings where the response was deemed to be satisfactory.

### Recommendation

1. The Contract Managers/Supervisors:
  - a) Should endeavour to carry out their obligations as stated in the appointments letters and in accordance with Regulation 50 and 52 of the PPDA (Contracts) Regulations, 2023;
  - b) Prepare progress reports with that includes the following among others; the level of mobilisation vis-a-vis the work program and contract, fulfilment of contractor’s obligations like the work program, performance securities, and instructions, evidence to support the status of the works, and implementation of the contractor’s ESMP; and
  - c) Task the contractors to submit program updates and where the contractor fails to abide by the requirement, the penalties stated in the contracts should be taken up in accordance with GCC 36.3 of the General Conditions of the Contract.
2. The Accounting Officer should ensure that payments are made upon submission of satisfactory payment certificates with proof of actual work done in form of progress reports, among others in accordance with Regulation 48 (2) (j) of the PPDA (Contracts) Regulations, 2023.
3. The Contracts Committee should not approve contract amendments for additional works that are not related to the original scope of the awarded contract in accordance with Regulation 53(1) of the PPDA (Contracts) Regulations 2023.

### 2.3.3 Irregular payments

#### a) Payment of allowances not indicated in the workplan

The review of the force account activities indicated that allowances worth UGX 28,075,000 were paid for culvert installation over and above the planned allowances for the different roads without clear breakdown at planning and accountability. This was noted in five procurements as indicated in Table 14 below.

**Table 14: Allowances paid for the installation of culverts without clear details in the plan**

S/N	Subject of procurement	Planned allowances	Total allowances paid	Culvert installation amount (UGX)
1.	Grading, shaping and spot improvement of Kashenyi-Karembe-Bihanga Road -1.7km	34,258,000	42,498,000	8,240,000
2.	Grading, shaping and spot improvement of Kanunka-Itorero Road 4.0km	10,386,000	12,936,000	2,550,000
3.	Grading, shaping and spot improvement of Kitega-Mushasha	13,708,000	18,498,000	4,790,000

S/N	Subject of procurement	Planned allowances	Total allowances paid	Culvert installation amount (UGX)
	road 6.0km			
4.	Grading, shaping and spot improvement of Nyakashaka-Mpanga-Rwanjere Road	21,674,000	28,284,000	6,610,000
5.	Grading, shaping and spot Improvement of Rwankondo-Katara-Bucuro-Kyeirungu-Nyakishojwa Road	16,522,000	22,407,000	5,885,000
<b>Total</b>		<b>96,548,000</b>	<b>124,623,000</b>	<b>28,075,000</b>

### Implication

Payment of works without an approved work plan and accountability causes a risk of funds being misappropriated or used for unauthorised purpose.

### Management response

All payment were made basing on approved work program. However, there was allowance for grading & shaping and culvert installation as clearly indicated in the table above.

### Authority's comment

There was no evidence provided to indicate that the allowances worth UGX 28,075,000 paid for culvert installation were included in the approved work plan.

### Recommendation

The Accounting Officer should not pay for any activities outside the approved work plans for works undertaken using the Force Account Mechanism in accordance with Regulation 6(4) of the PPDA (Force Account Mechanism) Regulations, 2014.

### b) Irregularities in payments made to providers

The Authority found payment irregularities including underpayment, payment delays and not attaching supporting documents in two procurements worth UGX 773,314,074 as detailed in Table 15 below:

**Table 15: Irregularities in payments**

S/N	Subject of procurement	Findings						
1.	Construction of Katagata Gravity Flow Scheme Phase 1 in Burere Sub County  Real Irrigation Engineering Co. Limited  UGX 391,166,226	<p><b>Under payment</b></p> <p>The contractor was paid a total of UGX 344,120,355 including WHT.</p> <p>According to the Authority's computation, the contractor should have received UGX 361,994,507 at the end of the contract inclusive of 50% of the retention. This implies that the contractor was under paid by UGX 17,874,152. The details are below:</p> <table border="1" data-bbox="683 1899 1385 2040"> <thead> <tr> <th>Subject</th> <th>Authority's computation</th> </tr> </thead> <tbody> <tr> <td>Value of works</td> <td>391,166,226</td> </tr> <tr> <td>Retention (5%)</td> <td>9,779,156</td> </tr> </tbody> </table>	Subject	Authority's computation	Value of works	391,166,226	Retention (5%)	9,779,156
Subject	Authority's computation							
Value of works	391,166,226							
Retention (5%)	9,779,156							

S/N	Subject of procurement	Findings	
		Balance after retention	381,387,070
		VAT component	58,177,689
		VAT exclusive amount	323,209,382
		WHT	19,392,563
		Balance excl of VAT and WHT	303,816,819
		Payable amount	361,994,507
2.	Construction of a staff houses at Kiyanja HC II and partial construction of Bitsya HC II worth UGX 382,147,848	<b>Failure to attach supporting documents.</b> There was no progress report, and IPC to support the second payment worth UGX 158,964,100 dated 11 <sup>th</sup> June 2024.	

### Implications

- Failure to attach supporting documents at payment may result in payment for undelivered services hence a loss of government funds.
- Underpayment of providers may result into disgruntled provider's hence affecting their participation at bidding.

### Management Response

- The attached payment certificates show a reconciliation of what was paid and so the above discrepancy was not found.
- A recommendation on delayed payment has been noted and it will stop forthwith.

### Authority's comment

The documents attached for review confirm that the provider received in total, UGX 344,120,355 exclusive of withholding tax. The amount that should have paid at the end of the contract including 50% retention and exclusive of withholding tax was UGX 361,994,507 hence the finding is maintained.

### Recommendations

The Accounting Officer should:

1. Instruct the Contract Manager and the Finance Department to recalculate Real Irrigation Engineering Co. Limited payment certificates and ensure that the right payment is effected in accordance with 52 (3a) (iii) of the PPDA (Contracts) Regulations, 2023; and
2. Ensure that payments are made upon submission of satisfactory payment certificates with proof of actual work done in form of progress reports, among others in accordance with Regulation 48 (2) (j) of the PPDA (Contracts) Regulations, 2023.

## 2.4 CONTRACT AUDIT

### 2.4.1 Contract audit into the Upgrade of Bitsya Health Centre II to Health Centre III

#### Status of the contract

The status of the contract is detailed in the Table 16 below:

**Table 16: Summary of the status of works for the Upgrade of Bitsya Health Centre II to Health Centre III**

Contractor	Mariam and Brothers Trading Company Limited	
Contract Amount	UGX 794,727,166	

Contract signing Date	30 <sup>th</sup> March 2023	
Contract Duration	8 months	
Contract End Date	30 <sup>th</sup> Nov 2023	
First Extension	30 <sup>th</sup> March 2024	
Second Extension	30 <sup>th</sup> November 2024	
Advance Payment	20%	
Performance Security and ES Performance Security	8% and 2%	
<b>Progress as of 18<sup>th</sup> June 2025</b>		<b>Percentage</b>
Physical progress		100%
Payments made	UGX 553,114,178	70%
Time elapsed	26 months	325%

The Authority noted the following anomalies from the contract audit;

**(i). Delayed implementation of construction works by the contractor**

The Authority noted that as of 28<sup>th</sup> November 2023 with only two days remaining to contract expiry, the contractor had only executed only 2% of the physical works with 98% contract time. Surprisingly, the Entity awarded the contractor a contract extension of 4 months up to 30<sup>th</sup> March 2024 with a justification of heavy rains and failure to acquire a financial facility.

However, at the end of the extension the contractor had only achieved physical progress of less than 40% yet was awarded another 5 months extension up to 30<sup>th</sup> November 2024 citing heavy rains and the works were still not completed. The Entity took no action against Mariam and Brothers Trading Company Limited for non-performance but instead rewarded the contractor with more extensions.

**Implication**

Failure to take action on a non-performing contract resulted in slow progress of works and delayed service delivery. As of 20<sup>th</sup> June 2024, when 188% of the contract time had elapsed, the contractor had only achieved a progress of 40% and 38% payments had been made.

**Management response**

The recommendation has been noted though the project is fully complete.

**Authority's response**

The Authority takes note of the management response and the pictorial evidence confirming the completion of works. However, the query raised above was based on the delays noted during implementation and the contract extensions regardless of the non-performance at the time.

**Recommendation**

1. The Accounting Officer should going forward not extend contracts for non-performing contractors where the events leading to delayed completion do not amount to compensation events in accordance with Clause 53 of the General Conditions of the Contract.
2. The Contract Managers should going forward appraise and report on the performance of the providers to the Procurement and Disposal Unit in accordance with Regulation 52 (3f) of the PPDA (Contracts) Regulations, 2023.

**(ii). Failure to submit an updated program of works**

GCC 36.3 of the Special Conditions of Contract required the contractor to submit updated program of works every 28 days or an UGX 200,000 to be withheld for late submission. However, the contractor did not submit monthly program updates.

**Implication**

Lack of program updates makes it difficult to track progress and identify performance issues. This makes monitoring and controlling the achievement of the time targets difficult.

**Management response**

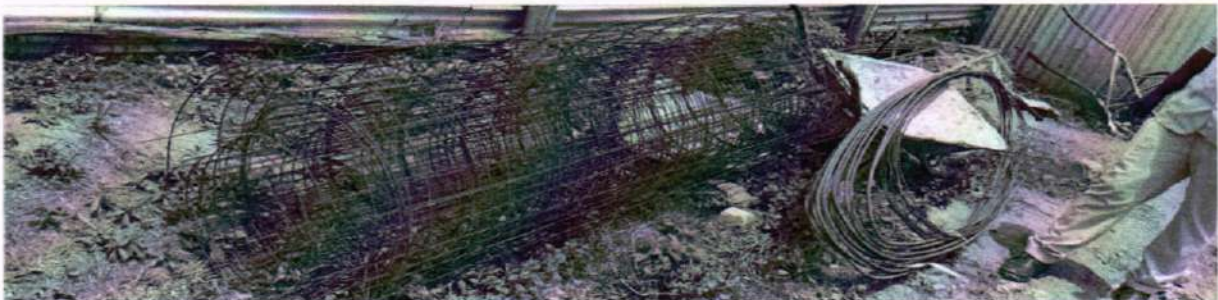
Updated work programmes were always submitted before approval of contract extension.

**Recommendation**

The Authority takes note of the response however Going forward, the contract managers should task the contractors to submit program updates and where the contractors fail to abide by the requirement, the penalties stated in the contract should be applied in accordance with GCC 36.3 of the General Conditions of the Contract.

**(iii). Poor storage of materials**

The Authority visited the site on 11<sup>th</sup> February 2025 and found that materials like wire and wire meshes were not kept under sheds as had been instructed under preliminaries and were kept under damp conditions which exposed these to oxidation effects like rusting as shown in the images below:



**Implication**

Poor storage of materials compromises the material strength and the overall quality and durability of the implemented works.

**Management response**

Materials like BRC were used during casting of slab; however, the contractor has been instructed to always keep all materials in the shade.

**Recommendation**

The contract supervisor/manager should going forward ensure that the contractors put up proper temporary shades for the safe storage of materials like steel trusses, cement, iron bars, and wire meshes such that their strength is not compromised.

**(iv). Lack of evidence of deployment of technical personnel**

There was no indication that the contractors' technical personnel were involved during contract execution. During Physical verification conducted by the Authority on 11<sup>th</sup> February 2025, it was noted that there was no record of involvement of the following key personnel:

- a) A site Engineer
- b) Health and safety personnel
- c) Environmentalist

**Implication**

Failure to involve technical personnel may result in non-compliance to the technical specification which affects the quality of works, safety of staff and community and the environment.

**Management response**

The recommendation has been noted.

**Recommendation**

The Contract Managers should ensure that the contractors mobilise the proposed key personnel or equivalent replacements and take appropriate action whenever there's failure to abide by the requirement in accordance with Clause 14.1 of the General Conditions of the Contract.

## CHAPTER 3: ENTITY PERFORMANCE RATING, INSPECTION CONCLUSION AND ACTION PLAN

### 3.1 PERFORMANCE OF THE ENTITY

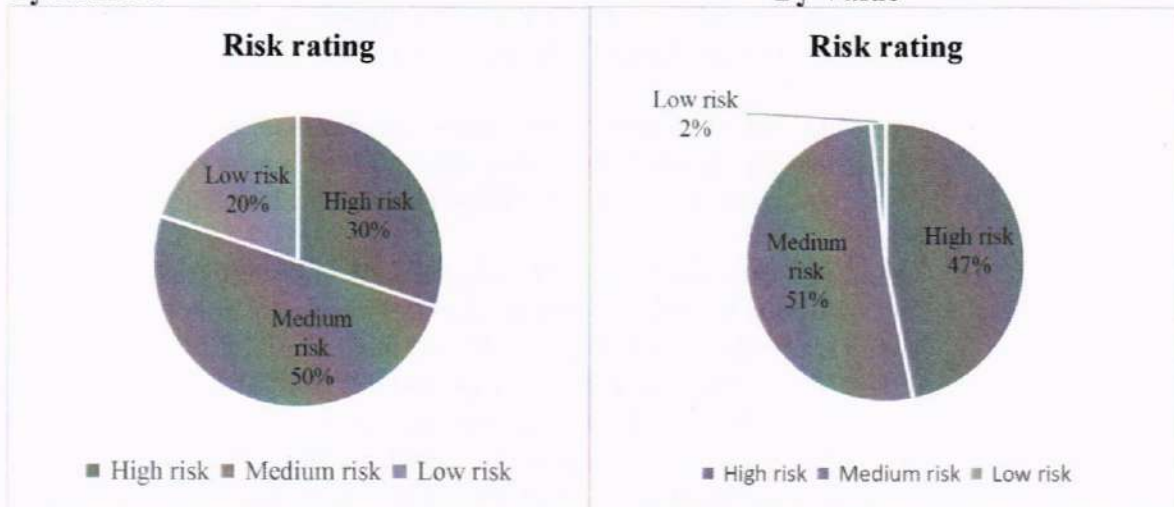
Of the 10 sampled procurements, 30% are high risk, 50% medium risk and 20% low risk. The weaknesses identified during the course of the inspection especially in the high-risk areas require management's immediate action. The Entity should improve on its preparation of bidding documents and evaluation process and consider capacity building of all User Departments.

Table 17 shows the summary of performance of the Entity and Table 18 is the Entity's performance.

**Table 17: Summary of performance of the Entity**

Risk category	Number	Number (%)	Value (UGX)	Value (%)
High Risk	3	30	1,087,935,174	46.8
Medium Risk	5	50	1,197,193,606	51.5
Low	2	20	38,480,000	1.7
Satisfactory	0	0	0	0
<b>Total</b>	<b>10</b>	<b>100</b>	<b>2,323,608,780</b>	<b>100</b>

#### Graphical Representation of Risk Rating of Contracts By Number



**Table 18: Entity Performance**

Risk Category	Rating by number (%)	Rating by value (%)	Weights	Total weighted Average	
				By number	By value
High	30	46.8	0.6	24	28.1
Medium	50	51.5	0.3	12	15.5
Low	20	1.7	0.1	2	0.2
Satisfactory	0	0	0	0	0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>1</b>	<b>38</b>	<b>43.8</b>

$$\text{Entity's Performance by Number} = \frac{38 \times 100}{60} = 63.3\%$$

$$\text{Entity's Performance by Value} = \frac{43.8}{60} \times 100 = 73\%$$

$$\text{Average} = \frac{(63.3 + 73)}{2} = 68.2\%$$

Since 68.2% falls within the 31% - 70% risk range, the performance of the Entity is rated **Moderately Satisfactory**. Table 19 indicates the risk rating applied

**Table 19: The risk rating is as follows:**

Risk rating	Description of performance
0-30%	Satisfactory
31-70%	Moderately satisfactory
71-100%	Unsatisfactory

### 3.2 ACTION PLAN

The action plan is a list of recommendations and the specific actions for implementation by the responsible persons within the specified period as detailed in Table 20 below.

**Table 20: Recommended action for implementation**

Action party	Recommended action	Target date
Accounting Officer	<p>The Accounting Officer should</p> <ol style="list-style-type: none"> <li>i. take a deliberate effort of fully implementing the recommendations noted above and those that come with this report and provide a status within four months of receipt of this report in accordance with Section 10 (1) (a) of the PPDA Act Cap, 205;</li> <li>ii. follow up with the contract managers of the revenue sources to ensure that the outstanding balances are remitted in accordance with Regulation 42 (1) of the PPDA (Contracts) Regulations, 2023;</li> <li>iii. ensure that the monthly reports on procurements submitted to the Authority include the micro procurements undertaken in accordance with Form 2 (Part IV) of the Schedules in the PPDA (Procuring and Disposing Entities) Regulations, 2023;</li> <li>iv. follow up with the User Departments responsible for the management of the assets to ensure that upon the recommendation of the Board of Survey to dispose of the assets, the process of disposal of the asset is initiated in accordance with Regulation 3 of the PPDA (Disposal of Public Assets) Regulations, 2023;</li> <li>v. ensure that payments are made upon submission of satisfactory payment certificates with proof of actual work done in form of progress reports, among others in accordance with Regulation 48 (2) (j) of the PPDA (Contracts) Regulations, 2023;</li> <li>vi. ensure that all approved payments meet the requirements of the supporting documents in accordance with Regulation 48 of the PPDA (Contracts) Regulations, 2023;</li> <li>vii. only make payments directly to the provider's or direct beneficiaries' bank accounts for the supplies, works or services</li> </ol>	August 2025

	<p>in accordance with Regulation 49 of the PPDA (Contracts) Regulations, 2023;</p> <p>viii. Should request the Contract Manager and the Finance Department to recalculate Real Irrigation Engineering Co. Limited payment certificates and ensure that the right payment is effected in accordance with 52 (3a) (iii) of the PPDA (Contracts) Regulations, 2023; and</p> <p>ix. Ensure that payments are made upon submission of satisfactory payment certificates with proof of actual work done in form of progress reports, among others in accordance with Regulation 48 (2) (j) of the PPDA (Contracts) Regulations, 2023.</p>	
Procurement and Disposal Unit	<p>The Procurement and Disposal Unit should</p> <p>i. review the Entity practices that deter competition like evaluation malpractices, shortlisting related bidders, stringent requirements, and payment delays, among others, and also sensitize bidders in order to improve their level of in the procurement processes of the Entity so as to maximize competition in accordance with Section 46 of the PPDA Act, Cap. 205;</p> <p>ii. when preparing each bidding document ensure to state the date up to which a bid shall be valid in accordance with Regulation 62 (1) of the PPDA (Rules and methods for procurement of supplies, works and non-consultancy services) Regulations, 2023;</p> <p>iii. include requirements on beneficial ownership for companies in the bidding document by requiring bidders to indicate their indirect beneficiaries in the bidding forms to their bids in accordance with PPDA Circular No. 4 of 2022 on submission of beneficial ownership information for firms that are awarded Government contracts;</p> <p>iv. in accordance with Section 80 (3) of the PPDA Act, Cap. 205, consider investigating why the cost of the procurement exceeds the budget of the Procuring and Disposing Entity and may cancel the procurement process and request for new proposals or negotiate with the best evaluated bidder in order to obtain a reduction of the scope of the quantities of the procurement; and</p> <p>v. ensure that the reasons why the costs of the procurements exceed the budget of the Procuring and Disposing Entity are investigated prior to conducting negotiations in accordance with Section 80 (3) of the PPDA Act, Cap. 205.</p>	August 2025
Contracts Committee	<p>The Contracts Committee should</p> <p>i. not approve procurements outside the procurement plan except in cases of emergency in accordance with Section 60 (7) of the PPDA Act, Cap. 205;</p> <p>ii. where the best evaluated bidder fails to furnish the required Performance Security within the specified time, award the contract to the next best evaluated bidder in accordance with Regulation 12(3) of the PPDA (Contracts) Regulations, 2023;</p>	August 2025

	<p>and</p> <p>iii. prior to approval of the disposal ensure that the procedures enshrined in the PPDA (Disposal) Regulations, 2023 are adhered to especially Regulations 2,3,6,27,28 and 47 of the PPDA (Disposal) Regulations, 2023.</p>	
Evaluation Committee	<p>The Evaluation Committees to:</p> <p>i. Verify the accuracy, validity and authenticity of the documents submitted by a bidder in accordance with Regulation 17 (1) of the PPDA (Evaluation) Regulations, 2023; and</p> <p>ii. Conduct the evaluation of bids based on the evaluation criteria stated in the bidding document and desist from making any amendment including any addition to the evaluation criteria stated in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023.</p>	August 2025
User Departments	<p>1. The User Departments should on a quarterly basis and whenever necessary, review their workplans and inform the Procurement and Disposal Unit to update the consolidated procurement plan in accordance with Section 60 (4) of the PPDA Act, Cap. 205.</p> <p>2. The District Engineer should when recommending technical specifications desist from indicating the items as provisional sums and prepare the statement of requirements in a manner that leaves no doubt and assumptions for the bidders in accordance with Regulation 42(a) of the PPDA (Rules and Methods for the Procurement of Work, Supplies, and Non-Consultancy Services) Regulations, 2023.</p> <p>3. The Environment and Community Development Officers should assess the impact of the desired procurements on the environment and people and address these through the inclusion of mitigation measures in the statements of requirements, making necessary cost provisions, evaluation criteria and contract terms for example; requiring bidders to submit Environmental and Social Management plans, requiring environmental and social specialists among technical staff, and conducting project screening in accordance with Section 66 of the PPDA Act, Cap. 205.</p> <p>4. The Contract Managers/Supervisors should:</p> <p>i. Endeavour to carry out their obligations as stated in the appointments letters and in accordance with Regulation 50 and 52 of the PPDA (Contracts) Regulations, 2023;</p> <p>ii. Prepare progress reports with that includes the following among others; the level of mobilisation vis avie the work program and contract, fulfilment of contractor's obligations like the work program, performance securities, and instructions, evidence to support the status of the works, and implementation of the contractor's ESMP;</p> <p>iii. Task the contractors to submit program updates and where the contractor fails to abide by the requirement, the penalties stated in the contracts should be taken up in accordance with GCC 36.3 of the General Conditions of</p>	August 2025

	<p>the Contract;</p> <ul style="list-style-type: none"><li>iv. Appraise and report on the performance of the provider to the Procurement and Disposal Unit and consider submitting the contractor for termination in accordance with Regulation 52 (3f) and 54 of the PPDA (Contracts) Regulations, 2023; and</li><li>v. Going forward ensure that the contractors put up proper temporary shades for the safe storage of materials like steel trusses, cement, iron bars, and wire meshes such that their strength is not compromised.</li></ul>	
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**Appendix A: Case Risk Rating**

S/N	Procurement Ref No.	Subject of Procurement	Method of Procurement	Provider	Contract Price (UGX)	Risk Rating
1.	BUHW610/Wrks/23-24/00005	Construction of a staff houses at Kiyanja HC II and partial construction of Bitsya HC II	Open Domestic bidding	Muhwezi Abert Construction Ltd	382,147,848	High risk
2.	Buhw610/Wrks/23-24/00002	Construction of Katagata Gravity Flow Scheme Phase 1 in Burere Sub County	Open Domestic bidding	Real Irrigation Engineering Ltd	391,166,226	High risk
3.	Buhw610/Wrk23-24/00003	Completion of Administration Block-Phase II	Open Domestic Bidding	Katuma Construction Limited	101,974,420	Medium risk
4.	Buhw815/Wrks/23-24/00007 Lot 1-14	Design, supply and installation of Micro scale Irrigation systems in Buhweju District	Quotation method	Karf Engineering Solutions Ltd	314,621,100	High risk
5.	Buhw610/Wrks/23-24/00001	Construction of 3 public rain water harvesting tanks and 3 protected springs	Selective bidding	Muhwezi Abert Construction Limited	63,908,292	Medium risk
6.	Buhw610/Wrks/23-24/00004	Construction of 2 stance VIP lined Pit Latrines at Butare and Nyakashaka Primary Schools and Renovation of 2 classroom block at Rwajere Primary School	Selective bidding	Mket Technical Services Ltd	69,583,728	Medium risk
7.	Buhw610/Wrks/23-24/00004	Supply of local construction materials (Aggregates, Hard core, Gravel, Culverts, etc) under Framework contracts	Open Domestic Bidding	Kebe Engineering and General Services Ltd	167,000,000	Medium risk
8.	Buhw815/Supls/23-24/00001	Supply of a motorcycle	Public bidding	Simba Automotives Limited	18,480,000	Low risk
9.	MOH/UGIFT/Wrks /21-22/00019: LOT 14	Delayed upgrade of Bitsya Health Centre III FY 21/22-22/23	Open Domestic Bidding	Mariam and Brothers Trading Company Limited	794,727,166	Medium risk
<b>TOTAL</b>					<b>2,303,608,780</b>	

<b>S/N</b>	<b>Procurement Ref No.</b>	<b>Subject of Procurement</b>	<b>Method of Procurement</b>	<b>Provider</b>	<b>Contract Price (UGX)</b>	<b>Risk Rating</b>
10.	Buhw610/Dspl/23-24/00001	Disposal of old motor vehicles and Motorcycle (Lot 5FAW Dump Truck)	Public bidding	Achoru Amin Zumura	20,000,000	Low risk

### Appendix B: Reasons for High-Risk Rating

S/N	Subject of Procurement	Findings
1.	Construction of a staff houses at Kiyanja HC II and partial construction of Bitsya HC II worth UGX 382,147,848	<ul style="list-style-type: none"> <li>a) Irregularities in the bidding documents</li> <li>b) Bids evaluated irregularly</li> <li>c) huge variance in price prior to conducting negotiations</li> <li>d) Non- Implementation of ESHS</li> <li>e) Incomplete contract management reports</li> <li>f) Irregular contract amendment</li> <li>g) Irregularities in payments made to providers</li> <li>h) Missing documents: program updates, implementation plan, a completion certificate and hand over report</li> </ul>
2.	Construction of Katagata Gravity Flow Scheme Phase 1 in Burere Sub County worth UGX 391,166,226	<ul style="list-style-type: none"> <li>a) Irregularities in the bidding documents</li> <li>b) Bids evaluated irregularly</li> <li>c) huge variance in price prior to conducting negotiations</li> <li>d) Irregularities in payments made to providers</li> </ul>
3.	Design, supply and installation of Micro scale Irrigation systems in Buhweju District worth UGX 314,621,100	<ul style="list-style-type: none"> <li>a) Irregularities in the bidding documents</li> <li>b) Bids evaluated irregularly</li> <li>c) huge variance in price prior to conducting negotiations</li> <li>d) Irregular negotiations</li> <li>e) Lack of evidence of installation of irrigation systems.</li> </ul>

### Appendix C: Risk Rating Criteria:

RISK	DESCRIPTION	AREA	IMPLICATION
<b>HIGH</b>	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.  Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".	<b>Planning:</b> Lack of or failure to procure within the approved plan	This implies emergencies and use of the direct procurement method which affects competition and value for money.
		<b>Bidding Process:</b> Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals and usurping the powers of the PDU.	This implies use of less competitive methods which affects transparency, accountability and value for money.
		<b>Evaluation:</b> Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend award to a responsive bidder.
		<b>Record Keeping:</b> Missing procurement files and missing key records on the files	This implies that one cannot ascertain the audit trail namely; whether there was competition and

RISK	DESCRIPTION	AREA	IMPLICATION
		namely; solicitation document, submitted bids, evaluation report and contract.	fairness in the procurement process.
		<b>Fraud/forgery:</b> Falsification of Documents	This implies lack of transparency and value for money.
		<b>Contract Management:</b> Payment for shoddy work or work not delivered.	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
<b>MEDIUM</b>	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.	<b>Planning:</b> Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		<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 inspection 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	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders

RISK	DESCRIPTION	AREA	IMPLICATION
		Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated 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.	
<b>LOW</b>	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.

**SATISFACTORY**

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

**Appendix D: Physical verification of the Upgrade of Bitsya Health Centre II to Health Centre III conducted on 11<sup>th</sup> February 2025**



