



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

**COMPLIANCE INSPECTION REPORT FOR NTUNGAMO MUNICIPAL
COUNCIL FOR THE FINANCIAL YEAR 2024/2025**

JANUARY 2026

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ACRONYMS

Cap	Chapter
MC	Municipal Council
ESHS	Environmental, Social, Health and Safety
FY	Financial Year
Ltd	Limited
PDU	Procurement and Disposal Unit
PPDA Act	Public Procurement and Disposal of Public Assets Act
SIG	Special Interest Group
UGX	Uganda Shillings

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection on the procurement and disposal activities of Ntungamo Municipal Council that covered a representative sample of 10 procurement transactions worth UGX 1,750,338,972 in the Financial Year 2024/2025.

The overall objective of the compliance inspection was to assess and establish the degree of compliance of the Entity's procurement and disposal system and processes with the provisions of the PPDA Act, Cap. 205 and attendant Regulations, and to assess the level of procurement performance over the inspection period.

The assessment revealed that the performance of Ntungamo Municipal Council for the Financial Year 2024/25 was **Moderately satisfactory** with an overall weighted average risk rating of **49.3%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the report.

Despite this moderately satisfactory performance, the Entity had the following key exceptions:

1. Understaffing of the Procurement and Disposal Unit (PDU) contrary to Section 28(1)(c) of the PPDA Act, Cap. 205 and the approved Municipal staff structure. The Unit lacked a substantive Procurement Officer. This contributed to delays in managing procurement and disposal processes.
2. The procurement and disposal records were not properly kept and maintained. The storage shelves were fully stacked, some records kept on the floor of the PDU and bids not maintained on their respective files contrary to Section 44 of the PPDA Act, Cap. 205 This puts the Municipal's critical documents at risk of loss, damage, unauthorized access, and tampering, compromising the integrity of its procurement processes.
3. 18% of the procurement plan for Financial Year 2024/2025 worth UGX 530,065,045 was not implemented by the Entity which was attributed to a shortfall in collecting local revenue. This compromises the achievement of the annual service targets set by the Council and social and economic development of the area through denied service delivery to the intended beneficiaries.
4. The Entity did not apply reservation schemes for Special Interest Groups (SIGs) as planned for procurements worth UGX 821,159,172 contrary to Guideline No. 11 of 2024 on Reservation Schemes to Promote the Participation of Associations of Women, Youth, and Persons with Disabilities. The procurements were opened to all providers which deprives SIGs the opportunity to benefit from government spending which in turn increases income inequality.
5. Six procurements worth UGX 1,266,598,472 had bidding documents issued with inadequate evaluation criteria and contract terms for example; not stating the documents required as evidence for eligibility, criteria to assess the technical and financial capacities of the bidders and a clause on retention to cover the defects liability period contrary to Regulation 47(3) of the PPDA (Rules and Methods for the Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023, and Regulation 45 of the PPDA (Contracts) Regulations, 2023.

This exposes the Entity to a risk of awarding contracts to incompetent providers while restrictive requirements deter competition.

6. Low bidder participation with an average of one bid received was found in six procurements worth UGX 1,266,598,472 contrary to Regulation 53(1) of the PPDA (Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023. This was attributed to a generic prequalification list and not under taking due diligence to confirm availability and ability to meet the bidding requirements before inclusion of the bidders on the shortlists. This deprives the Entity of the chance of achieving the best offers in the market in terms of price, quality, and innovation.
7. There were irregularities at contracting in six procurements worth UGX 1,259,514,851 such as signing contracts without witnesses, change of terms from those in the issued bidding documents, and a four times renewal of the contract for management and revenue collection at Matooke Daily Market contrary to Regulation 55 of the PPDA (Contracts) Regulations 2023 that bars renewal of contracts other than those specified under Schedule 3. Repetitive renewal of contracts deprives the Entity of the opportunities of obtaining better offers in terms of price, quality, and time at the prevailing market conditions.
8. Failure to dispose of obsolete assets for three years in a row despite recurrent recommendations from the annual Boards of Surveys contrary to Regulation 3(1) of the PPDA (Disposal of Public Assets) Regulations, 2023. This deprives Government of the much-needed revenue, exposes the assets to vandalism, and further loss in value through deterioration.
9. Failure to plan, incorporate in the statements of requirements, and implement Environmental, Social, Health, and Safety (ESHS) safeguards in ten sampled procurements worth UGX 1,750,338,945 conducted contrary to Section 66 of the PPDA Act, Cap. 205. This puts the site occupants, project beneficiaries, and communities where the projects are located at risk of harmful effects arising from the projects.
10. The Entity irregularly implemented two road works procurements worth UGX 88,405,000 using the Force Account Mechanism without appointing Force Account Managers, lack of workplans, accountability records and status reports contrary to Clause 2.1 of the Ministry of Works and Transport Road Maintenance Grant Guidelines, Regulation 6(5)(a) of the PPDA (Force Account Mechanism) Regulations, 2014 and Annex 4b of the Ministry of Works and Transport Road Maintenance Grant Implementation Guidelines. This raises questions on whether the fund was effectively utilized for the intended objectives.
11. The Contract Managers failed to ensure that the contractors delivered on their contract obligations in two procurements worth UGX 287,598,721 for example; timely contract completion, and meeting revenue remittance obligations contrary to 52(3)(a)(i) of the PPDA (Contracts) Regulations, 2023 which delays service delivery and compromises procurement plan funding using local revenue.

In light of the above findings and Entity's management responses, the Authority recommends the Accounting Officer to ensure that:

1. The process of recruitment of critical staff including the Procurement Officer is handled to its logical conclusion to ensure full staffing of the PDU in accordance with Section 28(1)(c) of the PPDA Act, Cap. 205.
2. A mechanism of archiving procurement and disposal records based on age and risk to ensure their safety, easy retrieval, and durability, which could include setting up storage for old documents, storage cabinets, lockable safes, a computerized tracking system, among others is established in accordance with Section 44 (1) of the PPDA Act, Cap. 205 and a training is provided on record storage best practices to optimize their storage space and organize records during their retention period;
3. A mechanism is put in place to ensure that revenue projections from locally raised revenue are met to finance the planned procurements, and task the User Departments to regularly review and update the procurement plan quarterly in accordance with Section 60 (7) of the PPDA Act, Cap. 205;
4. All contracts below UGX 10,000,000 are reserved for competition among registered companies, firms, or associations by women, youth or persons with disabilities in accordance with Paragraph 2.2 (ii) of the PPDA Guideline No. 11 of 2024 on Reservation Schemes to promote the participation of associations of women, youth, and persons with disabilities.
5. The Procurement and Disposal Unit (PDU) prepares clear and complete bidding documents that include adequate evaluation criteria and contract terms, and that the Contracts Committee always scrutinize bidding documents for completeness, correctness, clarity, and accuracy before approval in accordance with Section 31 (1) (a) (ii) of the PPDA Act, Cap. 205;
6. The PDU makes the prequalification process more specific to groups of similar contracts such that it can easily guide the shortlisting of providers in accordance with Regulation 32(1) of the PPDA (Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023. and that before including a provider on the shortlist, it undertakes due diligence to determine their availability and willingness to bid at that particular time, and their ability to meet the eligibility and qualification requirements of the tender;
7. Contracts are signed in the presence of witnesses that should append their signatures on the contracts as a true record of agreement between the Entity and the providers.
8. There is competitive retendering of the procurement for the management and collection of revenue from Matooke Daily Market to obtain prevailing market rates;
9. Request the owners of the donated assets for the titles and permission to dispose of and cause for the disposal of the assets that are owned by the Entity that do not require valuation in accordance with the approved disposal plan;

10. The Environmental Officer conducts environmental screening or environmental impact assessment where necessary for all projects to inform the specifications for ESHS in the statements of requirements and also task Contract Managers to enforce implementation of and reporting on ESHS requirements during contract execution to achieve sustainability in accordance with Section 66 of the PPDA Act, Cap 205; and
11. The Contract Managers enforce contract clauses that protect the Entity against contract nonperformance by the contractors like; liquidated damages, cashing performance securities, or termination to ensure that the contractors comply with their delivery obligations in accordance with Regulation 51(1)(b) of the PPDA (Contracts) Regulations, 2023.
12. The appointed Force Account Managers:
 - (i). Prepare a work plan, cost estimates/bills of quantities for the road works in line with Clause 2.1 of the Ministry of Works and Transport Road Maintenance Grant Guidelines;
 - (ii). Ensure that material test results are obtained for the materials used for the road works as required by Section 1205 (b) Workmanship and Quality Control (Samples and Tests) of the Ministry of Works General Specifications for Roads and Bridges 2005;
 - (iii). Maintain accountability of the filled worksheets for daily work done, materials actually utilized on a daily basis including the fuel, murrum, and aggregates, and the daily attendance sheets for labor in accordance with Regulation 6(5)(a) of the PPDA (Force Account Mechanism) Regulations, 2014 and Annex 4b of the Ministry of Works and Transport Road Maintenance Grant Implementation Guidelines; and
 - (iv). Prepare completion reports at the end of the assignment showing the period of works, actual costs incurred, level of mobilization, and the outputs of the assignment as required by Regulation 6(5)(c) of the PPDA (Force Account Mechanism) Regulations 2014.

The Entity should implement the recommendations in the recommended action plan on **pages 30-31**. You are required to submit to the Authority a status of implementation of the recommendations within four months from the date of this letter. The Authority shall undertake a follow-up exercise on the implementation of these recommendations.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection on the procurement and disposal activities of Ntungamo Municipal Council that covered a representative sample of 10 procurement transactions worth UGX 1,750,338,972 in the Financial Year 2024/2025. The inspection involved a review of procurement structures, procurement and asset disposal processes, as well as contract performance following the provisions of the Public Procurement and Disposal of Assets Act, Cap. 205 and the attendant PPDA Regulations.

1.2 Objective of the compliance inspection

The overall objective of the procurement and disposal inspection was to assess and establish the degree of compliance of the procurement and disposal system and processes of Ntungamo Municipal Council with the provisions of the PPDA Act, Cap. 205 and the attendant PPDA Regulations.

The specific objectives of the inspection were to assess the:

1. Compliance of the Entity with the provisions of the PPDA Act, Cap. 205 and attendant PPDA Regulations with regard to the performance of the procurement structures and conduct of procurement processes;
2. Compliance of the Entity's disposal process with the provisions of the PPDA Act, Cap. 205 and attendant PPDA Regulations; and
3. Efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements in the procurement process.

1.3 Structure of the Entity

Section 28(1) of the PPDA Act Cap. 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. Mr. Seleverio Mukobi Byarufu, the Town Clerk was designated as the Accounting Officer of the entity during the Financial Year 2024/2025.

a) Procurement and Disposal Unit

The current PDU composition is shown in Table 1 below:

Table 1: Composition of the PDU

Name	Academic & Professional qualifications & certifications	Job Title	Date of Appointment	Years of experience at the Entity
Mr. Hamudani Sande	<ul style="list-style-type: none">• Post graduate diploma in procurement• Bachelor of procurement and logistics management	Senior Procurement Officer	2 nd May 2019	6 years' experience in post.

b) Contracts Committee composition.

The Contracts Committee was composed of four members whose terms of office were still valid as of 5th December 2025 as shown in Table 2 below:

Table 2: List of the Contracts Committee members

No	Name	Position	Position of CC	Appointment	Term	Status
1.	Mr. Fred Nuwagira	Human Resource Officer	Chair Person	29 th October 2025	Second Term	Valid
2.	Mr. Annah Bwengye	Personal Secretary	Member	4 October 2024	First Term	Valid
3.	Ms. Florence Bashemeire	Commercial Officer	Member	6 July 2023	Second Term	Valid
4.	Mr. Julius Kansiime	Medical Officer	Member	4 October 2024	First Term	Valid

1.4 Scope of the Compliance Inspection

The Authority carried out the procurement and disposal compliance inspection from 6th to 10th October 2025. The exercise covered a sample of 10 procurement transactions worth UGX 1,750,338,945 conducted during the Financial Year 2024/2025, review of procurement structures and review of the procurement plan performance. The list of sampled transactions is contained under Appendix 2.

1.5 Methodology

The Entity was notified about the exercise on 24th September 2025. A sample of 10 procurement transactions was selected based on stratified random sampling using the Contracts Committee minutes, the contracts register, and quarterly procurement and disposal reports.

The exercise was conducted under the supervision of the Regional Manager. During the exercise, the team reviewed the procurement plan for the Financial Year 2024/2025, examined records and documents for each of the 10 sampled procurement transactions.

On completion of data collection, members of the team met with various stakeholders such as the Accounting Officer, Contracts Committee members, PDU staff and User Department representatives to discuss and get clarifications on some of the preliminary findings.

The Authority prepared a management letter, which was issued to the Entity on 24th November 2025 with a request to submit a management response by 28th November 2025, which was submitted on 4th December 2025. The Authority studied and considered the management response before preparing the compliance inspection report. The compliance inspection report presents the key findings and conclusions arising from the inspection.

1.6 Reporting

The findings are identified by exception, the level of risk and the recommendation. The procurements are rated in four categories according to the weakness identified namely; high risk, medium risk, low risk and satisfactory. The definition of the risk rating is in Appendix 1.

CHAPTER TWO: FINDINGS AND RECOMMENDATIONS OF THE AUTHORITY

2.1 Compliance with the PPDA Act, Cap 205, and Attendant Regulations regarding the performance of the Procurement Structures and the conduct of the Procurement processes

2.1.1 Procurement structures

The key players in the procurement structure include the Town Clerk as Accounting Officer, the Contracts Committee, the Procurement and Disposal Unit, and the User Departments. The Authority found the following regarding the procurement structures:

a) Understaffing in the Procurement and Disposal Unit

The Accounting Officer did not establish a Procurement and Disposal Unit (PDU) staffed at an appropriate level contrary to Section 28 (1) (c) of the PPDA Act, Cap. 205 and the established staff structure for the Entity. The PDU was manned by only the Senior Procurement Officer without a substantive Procurement Officer.

Implication

Understaffing in the PDU contributes to delays in managing processes, and affects continuity in case of absence of the sole officer.

Management Response

I acknowledge the auditor's observation but the Entity has already submitted the request for clearance to fill the vacant position to the Ministry of Public Service on 5th July 2025 after it received additional wage from the Ministry of Finance. The process is ongoing.

Recommendation

The Accounting Officer should ensure that the process of recruitment of critical staff including the Procurement Officer is handled to its logical conclusion to ensure full staffing of the PDU in accordance with Section 28(1)(c) of the PPDA Act, Cap. 205.

b) Inadequate composition of the Contracts Committee

The Contracts Committee was composed of four members contrary to the requirement of five stipulated under Schedule 4 of the PPDA Act, Cap. 205 as of 5th December 2025.

Implication

This makes it difficult to make quorum for meetings and to make decisions where members of the committee may have conflicts of interest and need to step aside.

Management Response

The Entity submitted a nomination for the 5th Member, Mr. Christopher Orimwesigye Rubarunda to the Permanent Secretary/Secretary to the Treasury (PSST) on 13th November 2025. Still waiting for the approval.

Recommendation

The Secretary to the Contracts Committee should always keep track of the tenure of the Contracts Committee and report to the Accounting Officer within reasonable time preferably three months

to fill any vacant positions, to allow ample time for the PSST to conduct due diligence on the nominated members in accordance with Schedule 4 of the PPDA Act, Cap. 205.

c) Vacant positions in the User Departments that affect the procurement function

The Entity's staff structure obtained on 6th October 2025 as approved by the Ministry of Public Service indicated that the Entity lacked personnel in 14 key positions in the User Departments to perform key procurement functions like planning and budgeting, raising specifications, conducting evaluations, and undertaking contract management as required by Section 36 of the PPDA Act Cap. 205. The vacant positions are shown in Table 3 below:

Table 3: Vacant Positions as of 6th October 2025

SN	JOB TITLE	Approved	Filled	Vacant
1.	Senior Finance Officer	1	0	1
2.	Finance Officer	1	0	1
3.	Assistant Accountant	1	0	1
4.	Municipal Engineer (Principal Executive Engineer)	1	0	1
5.	Senior Engineer (Civil)	1	0	1
6.	Senior Assistant Engineering Officer (Electrical & Mechanical, Civil)	3	1	2
7.	Assistant Engineering Officer (Water.)	1	0	1
8.	Plant Attendant	1	0	1
9.	Plant Operator	3	1	2
10.	Senior Environmental Officer	1	0	1
11.	Principal Commercial Officer	1	0	1
12.	Senior Internal Auditor	1	0	1
	Total	16	2	14

Implication

Inadequacies in the procurement structure compromise the effectiveness and efficiency of the procurement system.

Management Response

I acknowledge the auditor's observation but the entity has already submitted the request for clearance to fill vacant positions in the Ministry of Public Service and the Municipal Engineer position has been cleared.

Recommendation

The Accounting Officer should fast-track the recruitment for critical positions in the user departments that affect the procurement system to improve procurement performance.

2.1.2 Poor records keeping system

The Procurement and Disposal Unit lacked a proper system of storing and archiving procurement and disposal records. The shelves provided were fully stacked, some records were kept on the floor of the unit, and bids were not being maintained on their respective files, compromising their

integrity and security. This did not facilitate the proper keeping and archiving of procurement and disposal records as required by Section 44 of the PPDA Act, Cap. 205. Figure 1 below shows the status of record keeping in the Procurement and Disposal Unit as of 6th October 2025:

Figure 1: Poor storage of procurement and disposal action files



The above photos, taken on 6th October 2025, shows procurement records scattered all over the floor of the Procurement and Disposal Unit.

Implication

Poor storage of procurement and disposal records puts the Municipal's critical documents at risk of loss, damage, unauthorized access, and tampering, compromising the integrity of its procurement processes.

Management Response

We agree with Auditors observation; the entity is going to provide a new storage space in Central division office for old procurement files since they have free and enough space there and the entity will budget for training.

Recommendations

The Accounting Officer should:

1. Establish a mechanism of archiving procurement and disposal records based on age and risk to ensure their safety, easy retrieval, and durability that could include setting up storage for old documents, storage cabinets, lockable safes, a computerized tracking system, among others in accordance with Section 44 (1) of the PPDA Act, Cap. 205; and
2. Training for the Procurement and Disposal Unit on record storage best practices to optimize their storage space and organize records during their retention period.

2.1.3 Failure to implement the Authority's Previous audit recommendations.

The Authority issued 13 recommendations for the FY 2022-2023 audit that had to be implemented by September 2024. Eight recommendations representing 61% of the those issued were not fully implemented as shown in Table 4 below contrary to Section 10 (1) (a) of the PPDA Act, Cap. 205 which mandates the Authority to issue recommendations to competent Authorities including

Accounting Officer to take corrective action where there is breach of the PPDA Act, Cap. 205 and Regulations.

Table 4: Unimplemented previous PPDA recommendations

No.	Recommended Action	Status	Management Response	Authority's comment
	The Accounting Officer should:			
1.	Address the anomalies presented in the audit report that affect bidder competition on top of measures on combating collusion including but not limited to; preparing clear and adequate statements of requirements, conducting quicker procurement processes, fair evaluations, preparing competitive shortlists of providers, making timely payments, conducting pre-bid meetings, sharing best evaluated bidder notices with all bidders, among others;	Partially Implemented	<i>We have continued to advertise in papers of national circulation but still its response is still low through its improving</i>	Low bidder participation still noted and the root causes in the recommendations were not addressed
2.	Task the Internal Audit and the Contracts Committee to track and monitor the implementation of all PPDA audit recommendations within the specified time frame to improve the Entity's performance in accordance with Section 8(1)(a) of the PPDA Act, 2003;	Not Implemented	<i>Its implemented</i>	No evidence that this was implemented
3.	Caution the Contract Managers that certified payments for works that had not been undertaken including electricity conduit works and wiring at the gate worth UGX 306,000 for the contract for construction of the entry gate at Ruhoko HC III, and the drainage channel worth UGX 998,000 in the contract for completion of a staff house at Ruhoko Primary School;	Not Implemented	<i>The entity wrote the contractors last year and both issues were done</i>	No evidence was provided
4.	Request for permission to dispose of the donated assets from the owners or return them to the owners to have them disposed of, and should ensure that the assets owned by the Entity are disposed of following procedure and methods stipulated under the PPDA (Disposal) Regulations 2023; and	Not Implemented	<i>It's going to implemented in this current financial year forms 5 for disposal are already signed by the Accounting Officer</i>	No evidence that this was implemented

No.	Recommended Action	Status	Management Response	Authority's comment
5.	Fast-track the recruitment of a Procurement Officer to improve the effectiveness and efficiency of the Procurement and Disposal Unit.	Not Implemented	Still waiting for clearance	A Procurement Officer was not recruited
6.	The Procurement and Disposal Unit should require the bidders to submit information for their beneficial owners through the entry of information in the corresponding bidding forms and attachment of company Form 1, the particulars of the beneficial owners should be submitted as part of the quarterly reports submitted to the Authority in accordance with PPDA Circular No.1 of 2021:	Not Implemented	To be implemented this current financial year	The bids and monthly reports did not include information on beneficial ownership
7.	The Contracts Committee should ensure that the procurement processes are efficient and also closely monitor the set timelines in the procurement plan for the different stages of procurement to improve efficiency.	Partially Implemented	To be implemented this current financial year	Inefficiencies still found
8.	The Evaluation Committees should undertake the evaluation of bids based on the criteria set in the bidding document in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023; and 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.	Partially Implemented	To be implemented this current financial year	Evaluation irregularities still found

Implication

Failure to implement audit recommendations compromises the effectiveness and efficiency of the procurement function in the Entity thus hindering continuous performance improvements.

Recommendation

The Accounting Officer should fully implement the pending recommendations and submit an implementation report to the Authority within four months of receipt of this report in accordance with Section 10 of the PPDA Act, Cap. 205.

2.1.4 Procurement planning and plan implementation

The Authority made the following findings:

a) Failure to implement 18 % of the procurement plan.

A review of the Entity's procurement plan and awarded contracts for the Financial Year 2024-2025 indicated that the Entity had implemented 82% of the planned procurements. The Authority found from the Entity's budget performance report for the FY 2024-2025 that the Entity had a budget short fall worth UGX 231,055,000 due to failure to realize all planned local revenue. The balance of the variance relates to differences between the contracted and plan values. The Entity had not amended their procurement plan to reflect the changes contrary to Section 60 (7) of the PPDA Act, Cap. 205. The details are shown in Table 5 below:

Table 5: Procurement plan implementation rate

Total procurement plan value inclusive VAT (UGX)	3,007,196,967
Total procurement spend value inclusive VAT (UGX)	2,477,131,922
Procurement Plan Implementation Variance (UGX)	530,065,045
Procurement Plan Implementation Rate	82%

Implication

Failure to fully implement all planned procurements compromises the achievement of the annual service targets set by the Council and increases the risk of future budget cuts.

Management Response

The Entity has taken note of the recommendation for implementation; however, the entity did not realize 100% of the budget due to budget cuts. It was therefore impossible to implement 100% of the planned actives.

Authority's Comment

The Authority noted the Entity's response. However, there was no evidence provided for review to confirm that the Entity suffered budget cuts that caused the 18% non-implementation of the procurement plan.

Recommendations

The Accounting Officer should:

1. Put in place mechanism to ensure that the revenue projections from locally raised revenue are met to finance the planned procurements; and
2. Task the User Departments to regularly review and update the procurement plan quarterly in accordance with Section 60 (7) of the PPDA Act, Cap. 205.

b) Failure to apply reservation schemes for Special Interest Groups (SIGs)

Although the Entity planned to reserve procurements estimated at UGX 821,159,172 to women, youth, and persons with disabilities owned enterprises, these were not implemented. The Entity did not have a list of registered associations for the youth, women and persons with disabilities owned enterprises and as such, these were not implemented contrary to Guideline No. 11 of 2024 on Reservation Schemes to Promote the Participation of Associations of Women, Youth, and

Persons with Disabilities. The procurements were opened to all providers. The procurements are in Table 6 below:

Table 6: Planned Reservation Procurements

SN	Procurement Subject	Amount (UGX)
1.	Purchase of Furniture for Mayor's gardens	6,477,273
2.	Repair of Kabagyenda spring	3,829,937
3.	Repair of Kafunjo spring	3,829,937
4.	Rehabilitation of Tigoma road	8,000,000
5.	Maintenance of Bus Park drainage channel	2,500,000
6.	Construction of Nyakina water spring	2,500,000
7.	Repair of Ruhoko shallow well	1,000,000
8.	Repair of Nyakibingi shallow well	4,522,025
9.	Opening access road to Division offices	4,723,000
10.	Supply of Culverts	59,500,000
11.	Supply of marram	303,900,000
12.	Supply of stationery	2,738,000
13.	Beddings, clothing, footwear and related services	9,800,000
14.	Information and Communication Technology Supplies	9,365,000
15.	Repair of transport equipment	21,620,000
16.	Supply of Protective Gear	15,000,000
17.	Maintenance of buildings and structures	25,734,000
18.	Management and collection of loading and offloading fees in town	18,000,000
19.	Management and collection of fees from street parking	10,560,000
20.	Management and Collection of fees from gazetted matooke daily market with loading and offloading in market, street vendors and market vendors within municipality and toilet user fees in the market	252,000,000
21.	Management and Collection of Abattoir fees and slaughter fees	22,680,000
22.	Management and Collection of user fees from billboards, signposts, promotions and trade fares in Ntungamo Municipality	8,640,000
23.	Management and Collection of fees from kikoni weekly market	5,040,000
24.	Management and Collection of fees from local Hotel tax	15,600,000
25.	Management and Collection of fees from public toilets within parks and central market	3,600,000
26.	Management and collection of Garbage within municipality	-
27.	Management and Collection of property tax	-
	Total	821,159,172

Implication

Failure to reserve procurements for the disadvantaged groups deprives them of the opportunity to benefit from government spending which in turn increases income inequality.

Management Response

The Entity has taken note of the recommendation for immediate implementation in the current financial year 2025/2026.

Recommendations

1. The Procurement and Disposal Unit should work with the Municipal Community Development Officer profile, list and register companies, firms, and associations that qualify for the reservation for women, youth, and persons with disabilities enterprises. These should be the ones shortlisted to compete for the award of contracts below 10 million and ring fence procurements up to 15% of the procurement budget, and subsequently include these in the monthly reports to the Authority in accordance with Paragraph 4.1 (ii) of the PPDA Guideline No. 11 of 2024 on Reservation Schemes to Promote the Participation of Associations of Women, Youth, and Persons with Disabilities.
2. The Accounting Officer should ensure that all contracts below UGX 10,000,000 are reserved for competition among registered companies, firms, or associations by women, youth or persons with disabilities in accordance with Paragraph 2.2 (ii) of the PPDA Guideline No. 11 of 2024 on Reservation Schemes to promote the participation of associations of women, youth, and persons with disabilities.

c) Procurement Delays

The Entity did not complete procurement processes with in the planned timelines in six procurements worth UGX 1,596,505,224 contrary to Section 51 of the PPDA Act, Cap. 205 that requires procurements to be conducted in a manner that promotes efficiency. The average delay was 29 Working Days (WDs) as detailed in Table 7 below:

Table 7: Procurement Delays

No.	Subject of Procurement	Contract Value (UGX)	Planned Time (WDs)	Actual Procurement Time (WDs)	Delay (Days)
1.	Construction of a six in one staff house at Ruhoko H/C 3 in Eastern Division.	286,300,200	32	45	13
2.	Construction of side drainage channels along Kanuma Rd in Kyamate Eastern Region.	366,820,400	32	70	38
3.	Partial construction of a two-classroom block at Maato Primary School.	50,990,160	32	42	32
4.	Procurement of management and collection of Matooke Daily Market.	252,000,000	42	59	42
5.	Rehabilitation of Kanahe, kamwesiga & Irenga roads in Central Division.	497,058,964	32	42	32

6.	Supply, installation, delivery, user training, and commissioning of assorted medical equipment at Ruhoko Health 3	143,335,000	32	122	32
	Grand Total	1,596,505,224	34	63	29

Implication

Delayed procurement processes delay service delivery and addressing of challenges in the communities that the procurements are meant to address thus compromising the achievement of Value for Money.

Management Response

I acknowledge the auditor's observation but the entity is going to improve in that area in the current financial year 2025/2026.

Recommendation

The Contracts Committee should require the PDU to prepare monthly plan implementation reports for their review and ensure adherence to planned procurement timelines to achieve efficiency as mandated Under Section 51 of the PPDA Act, Cap. 2025.

2.1.5 Issuance of bidding documents that had inadequate evaluation criteria and contract terms

The Procurement and Disposal Unit prepared, and the Contracts Committee approved bidding documents for issuance to the bidders that had inadequate evaluation criteria and contract terms in six procurements worth UGX 1,266,598,472 as shown below:

- (i). Failure to include documents to prove eligibility in the evaluation criteria. Although the eligibility criteria required bidders to have fulfilled their obligation to pay taxes and social security, there was no corresponding document such as a tax clearance certificate required to prove eligibility;
- (ii). Stating a shorter period for the bid securing declaration. The date of bid securing declaration was not 28 days after bid validity expiry as required by Regulation 63 (5) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023. It had the same validity as the bids;
- (iii). Failure to set criteria to assess the technical and financial capacity of the bidders. Did not set evaluation criteria to assess bidder's technical and financial capacity to perform the contract in terms of fulfilment of past obligations in previous contracts, similar experience, resources to invest into the contract, equipment etc. contrary to Regulation 47(3) of the PPDA (Rules and Methods for the Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023; and
- (iv). Did not include a clause for retention to cover the defects liability period in the Special Conditions of the contract contrary to Regulation 45 of the PPDA (Contracts) Regulations, 2023.

The procurements with inadequate solicitation documents are shown in Table 8 below:

Table 8: Procurements with poorly drafted solicitation documents

No	Subject of Procurement	Amount (UGX)
1.	Rehabilitation of Kanahe, Kamwesiga and Irenga roads in Central Division.	497,058,991
2.	Construction of a six in one staff house at Rukoho Health Centre 3 in Eastern Division.	286,300,200
3.	Partial construction of a two-classroom block at Maato Primary School.	50,990,160
4.	Construction of a four-stance drainable latrine with a washroom and urinal in Eastern Division.	29,830,000
5.	Construction of side drainage channels along Kanuma Road in Kyamate Eastern Region.	366,820,400
6.	Maintenance of Nyakihanaga Primary School.	35,598,721
Total		1,266,598,472

Furthermore, the following anomalies were found in the bidding document for procurement for the management and collection of revenue from Matooke Daily Market worth UGX 252,000,000:

- Excessive bidding requirements. A bid security worth UGX 21,000,000 which was 10% of the estimated contract value for 10 months of UGX 210,000,000 was more than a maximum of 1% stipulated under Paragraph 1.1 (i) of Guideline No. 3 of 2025 The Entity further asked for a bank draft worth UGX 51,000,000 as one of the requirements.
- The Terms of Reference did not provide sufficient information to the bidders to submit realistic and competitive bids. i.e stated the reservation price as UGX 21,000,000 but did not state whether per month or for the whole contract period, did not provide a description of the scope of services required, did not state the locations for the performance of the services, the roles, qualifications and experience of any key staff, the frame work for contract monitoring and reporting, regulation on the institution of the market charges.

Implication

Poorly drafted Solicitation documents with unclear statement of requirements, evaluation criteria and contract terms expose the Entity to a risk of awarding contracts to incompetent providers while restrictive requirements deter competition.

Management response

The Entity is going to improve by issuing right bidding documents which are issued by PPDA from the PPDA website.

Recommendations

1. The Procurement and Disposal Unit should prepare clear and complete bidding documents that include but not limited to; documents evidencing the eligibility criteria set, criteria to assess the technical and financial capacity of the bidders to perform the contract like previous experience, availability of equipment and personnel, include a clause on retention for works

contracts, not set restrictive criteria, and ensure that the statements of requirements are clear without leaving room for assumption in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2. The Contracts Committee should always scrutinize bidding documents for completeness, correctness, clarity, and accuracy before approval in accordance with Section 31 (1) (a) (ii) of the PPDA Act, Cap. 205.

2.1.6 Low bidder Participation

The Entity obtained on average one bid in response to their invitation to bid in six procurements worth UGX 1,266,598,472 listed in Table 10 conducted under the Quotations and Restricted Domestic Bidding Methods contrary to Regulation 53(1) of the PPDA (Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023. Procurements with low bidder participation are shown in Table 9 below:

Table 9: Low Bidder Participation

No.	Subject	Amount	Method of Procurement	Number of bidders invited	Number of bids received
1.	Rehabilitation of kanahe, kamwesiga and irenga roads in central region	497,058,991	Restricted domestic bidding	6	2
2.	Construction of a six in one staff house at ruhoko h/c 3 in eastern division	286,300,200	Quotation Method	6	1
3.	Partial construction of a 2-classroom block at maato p/s	50,990,160	Quotation Method	6	1
4.	Construction of a 4-stance drainable latrine with a washroom and urinal in eastern division	29,830,000	Quotation Method	6	1
5.	Construction of side drainage channels along Kanuma Road in Kyamate Eastern Region	366,820,400	Restricted Domestic Bidding	6	1
6.	Maintenance of Nyakihanga Primary School.	35,598,721	Quotations Method	6	1
Total		1,266,598,472			1

The Authority attributed this to the following root causes:

(i). A Generic prequalification list

The Entity's prequalification list aimed at grouping providers into three broad categories i.e. works, supplies, and services, instead of prequalifying them for specific types of contracts, as required by Regulation 32(1) of the PPDA (Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023. This made it difficult to establish whether the shortlisted providers had the required capacity and resources to bid for specific procurements.

For example, in the procurement for constructing side drainage channels along Kanuma Road worth UGX 366,820,000, the Entity shortlisted six providers from the prequalification list, but only one submitted a bid. A review of the Entity's procurement registers for the financial year under inspection showed that the other five providers lacked relevant experience as shown below:

- Amatucar Enterprises Limited had only handled small supply contracts up to UGX 15,000,000;
- Glodina General Supplies Limited had experience in building construction, not road drainage as seen from the construction of a staff house at Ruhoko Health Centre 3;
- Kyanu Holding SMC Limited supplied murrum and culverts, not drainage works;
- Edge Contractors and Civil Works Limited, and Rhimos Development (U) Limited did not have any documented prior experience for the shortlisted works.

This indicates that the broad grouping of providers led to selecting unsuitable shortlists, hence reducing competition.

(ii). Un competitive shortlisting

The Procurement and Disposal Unit did not take an initiative to ensure that all the shortlisted bidders were willing to participate, and would meet the eligibility and qualification criteria of the procurements before including them on the shortlists. The Unit did not further make a written submission of the proposed shortlist and reason for selection of each provider to the Contracts Committee contrary to Regulation 53 of the PPDA (Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023.

Implication

Low competition deprives the Entity of the chance of achieving the best offers in the market in terms of price, quality, and innovation.

Management response

We agree with auditor's observation the entity is going carry out training of service providers in the next financial so that we stop risk of collusion of bidders.

Recommendations

The Procurement and Disposal Unit should:

1. Make the prequalification process more specific to groups of similar contracts such that it can easily guide the shortlisting of providers in accordance with Regulation 32(1) of the PPDA (Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023;
2. Before including a provider on the shortlist undertake due diligence to determine their availability and willingness to bid at that particular time, and their ability to meet the eligibility and qualification requirements of the tender; and
3. Make written submissions to the Contracts Committee on the shortlists of providers and the reasons for selection of each provider to enable proper scrutiny accordance with Regulation 53 of the PPDA (Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023.

2.1.7 Irregularities at contracting

There were irregularities at contracting in six procurements worth UGX 1,259,514,851. The irregularities included signing contracts without witnesses, change of terms from those in the issued bidding document, and irregular renewal of a revenue collection contract as detailed in Table 10 below:

Table 10: Irregularities at contracting

No	Subject of procurement	Amount UGX	PPDA Finding
1.	Rehabilitation of kanahe, kamwesiga and Irenga roads in Central Region	497,058,991	Contracts were not witnessed. They were only signed by the Accounting Officer and the Provider. This makes it difficult to have a witness testimony in case of contract disputes.
2.	Construction of a six in one staff house at ruhoko h/c 3 in Eastern Division	286,300,200	
3.	Supply, installation, delivery, user training and commissioning of assorted medical equipment at Ruhoko Health 3	143,335,500	
4.	Construction of a four-stance drainable latrine with a washroom and urinal in Eastern Division	29,830,000	
5.	Partial construction of a 2-classroom block at Maato Primary School.	50,990,160	
6.	Procurement of management and collection of Matooke Daily Market.	252,000,000	(i). Terms provided in the issued bidding document were changed at contract signing. GCC 20.1 stated that the services shall be completed within 10 months. However, the contract signed on 1 st September 2024 indicated that it was for two months renewable after 2 months. (ii). Renewal of contract against Regulation 55 of the PPDA (Contracts) Regulations 2023 that bars renewal of contracts other than those specified under Schedule 3. The contract was signed for a period of two months from 1 st September 2024 to 31 st October 2024. The Entity went ahead and renewed the contract four times until 30 th September

No	Subject of procurement	Amount UGX	PPDA Finding
			2025 against the above-mentioned provision of the law with any justification.
Total		1,259,514,851	

Implications

- Failure to have a contract witness makes it difficult to have a witness testimony in case of contract disputes.
- Repetitive renewal of contracts deprives the Entity of the opportunities of obtaining better offers in terms of price, quality, and time in the prevailing market conditions.

Management response

The Entity is going to improve by using right contract documents issued by PPDA and relevant procurement policies and making sure that all contracts are witnessed by the user departments

Recommendations

The Accounting Officer should:

1. Ensure that contracts are signed in the presence of witnesses that should append their signatures on the contracts as a true record of agreement between the Entity and the providers; and
2. Competitively retender the procurement for the management and collection of revenue from Matooke Daily Market to obtain prevailing market rates.

2.2 Compliance of the Entity’s Disposal Processes with the provisions of the PPDA Act, Cap. 205 And PPDA (Disposal) Regulations, 2023

2.2.1 Failure to dispose of obsolete assets

The Entity had failed to dispose of obsolete assets three years in a row despite recurrent recommendations from the annual Boards of Surveys contrary to Regulation 3(1) of the PPDA (Disposal of Public Assets) Regulations, 2023. The Accounting Officer stated in the previous audit report that the Entity could not dispose of assets since some of the assets had been donated and the title documents were with the previous owners. However, the Entity did not undertake the following duties and responsibilities:

- (i). Prepare a disposal plan to guide the Entity’s disposal process in terms of the appropriate methods to use, the suitable timelines, which assets could be disposed of without valuation, pooled with another Entity, among others contrary to Section 60(2) of the PPDA Act, Cap. 205 that requires an Entity to plan for their disposals rationally;
- (ii). Whereas, the Accounting Officer stated that the donated assets could not be disposed of due to absence of ownership documents, the Authority did not find any efforts by the Entity to proactively engage the former owners for permission to dispose the said assets;
- (iii). Have a central yard where the obsolete assets would be collected and secured. The obsolete assets were seen lying in different areas of the Municipal Compound as shown in Figure 2 increasing the risk of vandalism and potentially becoming health hazards to the population; and
- (iv). Dispose of assets that were owned by the Entity and did not require valuation by a competent Authority in accordance with Regulation 24(2) of the PPDA (Disposal of Public Assets) Regulations, 2023 as shown in Table 11 below:

Table 11: Items recommended for Disposal in the 2024-2025 Board of Survey Report

SN	Item	Registration Number	Book Value	Ownership	Valuation Required
1.	Motor Cycle Honda XL	UG 3050R	500,000	Donated	Yes
2.	Yamaha DT Motor Cycle	UDX 689Y	500,000	Donated	Yes
3.	Tractor Trailer		800,000	Owned	No
4.	Laptop Dell		300,000	Owned	No
5.	Garbage Skips	Six Damaged Skips	1,800,000	Owned	No
6.	Empty bitumen Drums	244 Empty Drums	1,500,000	Owned	No
7.	Bitumen Distributor		3,000,000	Owned	No
8.	Records	Various records		Owned	No
9.	Office Digital Camera			Owned	No
10.	Metallic Filing Cabinet			Owned	No
11.	Old Refrigerator in the EPI Room			Owned	No

Figure 2: Obsolete assets lying in the Municipal Compound as of 6th October 2025



The pictures above, taken on 6th October 2025, show the obsolete assets for disposal.

Implication

Failure to timely dispose of obsolete assets deprives Government of the much-needed revenue, exposes the assets to vandalism, and further loss in value through deterioration.

Management response

I agree with auditors' observation. The entity is going to implement disposal plan within current financial year Since it was captured in the board of Survey report of FY 2024/25 and recommended for disposal.

Recommendations

The Accounting Officer should:

1. Request the owners of the donated assets for the log books and permission to dispose of the assets so that they are disposed of using methods provided for in Section 95 (1) of the PPDA Act, Cap.205; and
2. Cause for the disposal of the assets that are owned by the Entity that do not require valuation by the Chief Government Valuer using appropriate methods in the approved disposal plan within four months of receipt of the report, and submit a report on the disposal in accordance with Regulation 46(3) of the PPDA (Disposal of Public Assets) 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. Failure to plan, incorporate in the requirements, and implement Environmental Social, Health and Safety Safeguards (ESHS)

The Entity failed to plan, incorporate in the statements of requirements, and implement ESHS in the procurements conducted contrary to Section 66 of the PPDA Act, Cap. 205 as presented below:

- (i). No environmental screening was undertaken to assess the effect of the procurements on the environment and the people and the appropriate risk mitigation measures for all the ten sampled procurements worth UGX 1,750,338,945. This indicates that all ESHS requirements included in the statements of requirements were generic and not informed by a technical assessment.
- (ii). The progress reports were also silent on the implementation of the ESHS requirements.
- (iii). The statements of requirements (Bills of Quantities) did not include detailed specifications for ESHS activities in four procurements worth UGX 1,201,169,751. This made it difficult to cost, implement, and monitor the outputs of the activities. The details are shown in Table 12 below:

Table 12: Failure to provide specifications for ESHS activities in the BOQs

No	Subject of Procurement	Amount (UGX)	PPDA Findings
1.	Rehabilitation of Kanahe, Kamwesiga and Irenga roads in Central Region	497,058,991	Much as Item 17.01 of the Bills of Quantities (BOQs) provided for Environmental and social management plan, safety and Health management plan, decommissioning plans, final environmental mitigation reports and other reports and Tomosis Farm Construction and Engineering Co. Limited (the awarded bidder) quoted UGX 5,000,000. The actual ESHS to be done were not stated.
2.	Construction of a six in one staff house at Ruhoko H/C 3 In Eastern Division	286,300,200	Environmental and social safeguard requirements were not included in the BoQs.
3.	Partial construction of a two-classroom block at Maato Primary School.	50,990,160	Quantities for Environmental Safeguard requirements were not included in the BOQs and subsequently not quoted for.
4.	Construction of side drainage channels along Kanuma Rd In Kyamate Eastern Region.	366,820,400	Environmental and social safeguard requirements were not included in the BoQs.
Total		1,201,169,751	

(iv). The Authority also found evidence of non-implementation of ESHS in the procurement for the partial construction of a 2-classroom block at Maato P/s worth UGX 50,990,160, including workers not wearing any Personal Protective Gear such as overalls, gloves and helmets as shown Figure 3 below:

Figure 3: Non-implementation of the Environmental, Social, Health & Safety Requirements



Photos extracted from the final payment certificate attachment dated 29th May 2025 showing some workers were seen in vests and handling materials such as cement with bare hands

Implication

Failure to put in place Environment and Social mitigation measures puts the site occupants, project beneficiaries, and communities where the projects are located at risk of harmful effects arising from the projects such as environmental degradation, climate change, destruction of eco systems, air pollution, depletion of natural resources, diseases such as HIV and Aids and accidents among others.

Management Response

The Entity agrees with the Observation from Audit that projects had no ESHS issues captured in the BOQs. This is going to be implemented going forward.

Recommendations

1. The Environmental Officer should conduct environmental screening or environmental impact assessment where necessary for all projects to inform the specifications for ESHS in the statements of requirements.
2. The Contract Managers should enforce implementation of and report on the ESHS requirements during contract execution to achieve sustainability in accordance with Section 66 of the PPDA Act, Cap 205.

2.3.2. Irregular implementation of road works using the Force Account Mechanism

The Authority reviewed two procurements worth UGX 88,405,000 shown in Table 13 below for supply of construction materials under maintenance works on various municipal roads using the Force Account Mechanism.

Table 13: Supply of road materials using the Force Account Mechanism

No.	Procurement Subject	Amount (UGX)
1.	Supply of culverts for various road sections	50,000,000
2.	Supply of murrum for kanyatte and Karibwa Roads	38,405,000
	Total	88,405,000

The following anomalies were found:

- (i). The Accounting Officer did not appoint a Force Account Manager to manage the works and a Force Account Supervisor to supervise the Force Account Manager contrary to Regulations 5 and 6 of the PPDA (Force Account Mechanism) Regulations, 2014.
- (ii). The Municipal Engineer did not prepare a work plan, cost estimates/bills of quantities for the road works contrary to Clause 2.1 of the Ministry of Works and Transport Road Maintenance Grant Guidelines for the FY 2024-2025.
- (iii). The Authority did not find evidence of material test results for the materials used for the road works contrary to Section 1205 (b) Workmanship and Quality Control (Samples and Tests) of the Ministry of Works General Specifications for Roads and Bridges 2005 which requires that all materials should be inspected, tested, and approved by the Engineer before incorporation in the works.
- (iv). The Entity did not keep accountability of the filled worksheets for daily work done, materials actual utilized on a daily basis including the fuel, murrum, and aggregates, and the daily attendance sheets for labor contrary to Regulation 6(5)(a) of the PPDA (Force Account Mechanism) Regulations, 2014 and Annex 4b of the Ministry of Works and Transport Road Maintenance Grant Implementation Guidelines 2024-2025.
- (v). Failure to prepare completion reports at the end of the assignment showing; the period of works, actual costs incurred, level of mobilization, and the outputs of the assignment contrary to Regulation 6(5)(c) of the PPDA (Force Account Mechanism) Regulations 2014.

Implication

Failure to follow force account and road fund maintenance guidelines raises questions on whether the fund was effectively utilized for the intended objectives.

Management Response

The Entity acknowledges the Auditor's observation; we have note as area of improvement in the

next financial year 25/26.

Recommendations

1. The Accounting Officer should appoint a Force Account Manager to manage the works and a Force Account Supervisor to supervise the Force Account Manager as required by Regulations 5 and 6 of the PPDA (Force Account Mechanism) Regulations, 2014.
2. The appointed Force Account Manager should:
 - (i). Prepare a work plan, cost estimates/bills of quantities for the road works in line with Clause 2.1 of the Ministry of Works and Transport Road Maintenance Grant Guidelines;
 - (ii). Ensure that material test results are obtained for the materials used for the road works as required by Section 1205 (b) Workmanship and Quality Control (Samples and Tests) of the Ministry of Works General Specifications for Roads and Bridges 2005;
 - (iii). Maintain accountability of the filled worksheets for daily work done, materials actually utilized on a daily basis including the fuel, murrum, and aggregates, and the daily attendance sheets for labor in accordance with Regulation 6(5)(a) of the PPDA (Force Account Mechanism) Regulations, 2014 and Annex 4b of the Ministry of Works and Transport Road Maintenance Grant Implementation Guidelines; and
 - (iv). Prepare completion reports at the end of the assignment showing the period of works, actual costs incurred, level of mobilization, and the outputs of the assignment as required by Regulation 6(5)(c) of the PPDA (Force Account Mechanism) Regulations 2014.

2.3.3. Failure to enforce contract performance obligations by the contractors

The Contract Managers failed to ensure that the contractors delivered on their contract obligations in two procurements worth UGX 287,598,721 for example; timely contract completion, and meeting revenue remittance obligations contrary to 52(3)(a)(i) of the PPDA (Contracts) Regulations, 2023 as detailed in Table 14 below:

Table 14: Failure to enforce contract performance obligations

No	Subject of Procurement	Amount (UGX)	PPDA Findings
1.	Procurement of management and collection of matooke daily market.	252,000,000	Failure to enforce revenue remittances from the contractor. The contract under agreement required payment of 2 months in advance (UGX 42,000,000). As at 30 th September 2025, the contractor had spent 12 months performing the contract and ought to have remitted revenue worth 252,000,000. However, data from the Integrated Revenue Administration System indicated that the Contractor had only remitted revenues worth UGX 215,115,000 as of 3 rd October 2025 leaving out a balance worth UGX 36,885,000. Despite this fundamental contract breach, the Entity has instead irregularly renewed the contract four times.
2.	Maintenance of Nyakihanaga Primary School.	35,598,721	Delayed delivery. The contract completion period was 17 th August 2025, five months from the contract signing date of 17 th March 2025 but the 20 three-

No	Subject of Procurement	Amount (UGX)	PPDA Findings
			seater desks were delivered on 16 th September 2025 and the construction work was completed on 23 rd September 2025 one month after contract expiry.
Total		287,598,721	

Implications

- Failure to enforce revenue remittance obligations increases deprives Government of the much-needed cash flows and affected the full implementation of the procurement plan.
- Delayed deliveries increase the opportunity costs of delayed service delivery like increased illiteracy levels and high costs of education.

Management Response

The Entity took note of the recommendation for implementation.

Recommendation

The Accounting Officer should enforce contract clauses that protect the Entity against contract nonperformance by the contractors like; liquidated damages, cashing performance securities, or termination to ensure that the contractors comply with their delivery obligations in accordance with Regulation 51(1)(b) of the PPDA (Contracts) Regulations, 2023.

2.3.4. Failure to prepare and submit monthly progress reports to the Procurement and Disposal Unit

The Contract Managers did not submit monthly progress reports on the implementation and completion of seven contracts worth UGX. 1,409,933,972 contrary to Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023. The Authority further noted that much as the payment certificates indicated that the providers had completed all the works and full payments made, the payments were not accompanied by completion reports and there was also no evidence of issuance of completion certificates. The contracts are in Table 15 below:

Table 15: Failure to prepare progress reports

No	Subject of procurement	Amount (UGX)
1.	Rehabilitation of Kanahe, Kamwesiga and Irenga roads in Central Region.	497,058,991
2.	Construction of a six in one staff house at Ruhoko Health Centre III in Eastern Division	286,300,200
3.	Supply, installation, delivery, user training and commissioning of assorted medical equipment at Ruhoko Health Centre III	143,335,500
4.	Partial construction of a two-classroom block at Maato Primary School.	50,990,160
5.	Construction of a four-stance drainable latrine with a washroom and urinal in Eastern Division	29,830,000
6.	Maintenance of Nyakihanaga primary school.	35,598,721
7.	Construction of side drainage channels along Kanuma Rd In Kyamate Eastern Region.	366,820,400

No	Subject of procurement	Amount (UGX)
Total		1,409,933,972

Implication

There is a risk that payments can be made where no work is done and against no recommendation from the contract manager.

Management Response

The Entity acknowledges the Auditor's observation; we have noted as area of improvement in the next financial year 25/26.

Recommendations

The Accounting Officer should not approve any payments where the Contract Managers have not submitted detailed progress reports for the work done in accordance with Regulation 52(3)(g) of the PPDA (Contracts) Regulations, 2023.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Overall compliance inspection conclusion

The performance of Ntungamo Municipal Council for the Financial Year 2024 was moderately satisfactory with an overall weighted average risk rating of 49.3%.

3.2 Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in Table 16 below:

Table 16: Entity Performance

Risk Rating	No.	% No.	Value (UGX)	% Value	Weights	Total Score	
						By No.	By Value
High	2	20	88,405,000	5.1	0.6	12	3
Medium	5	50	1,453,169,751	83	0.3	15	24.9
Low	3	30	208,764,221	11.9	0.1	3	1.2
Satisfactory	0	0	0	0	0.0	-	-
Total	10	100	1,750,338,972	100	1	30	29.1

$$\text{Weighted Average (By No.)} = \frac{\text{Sum of Weighted Score}}{60} \times 100 = \frac{30}{60} \times 100 = 50\%$$

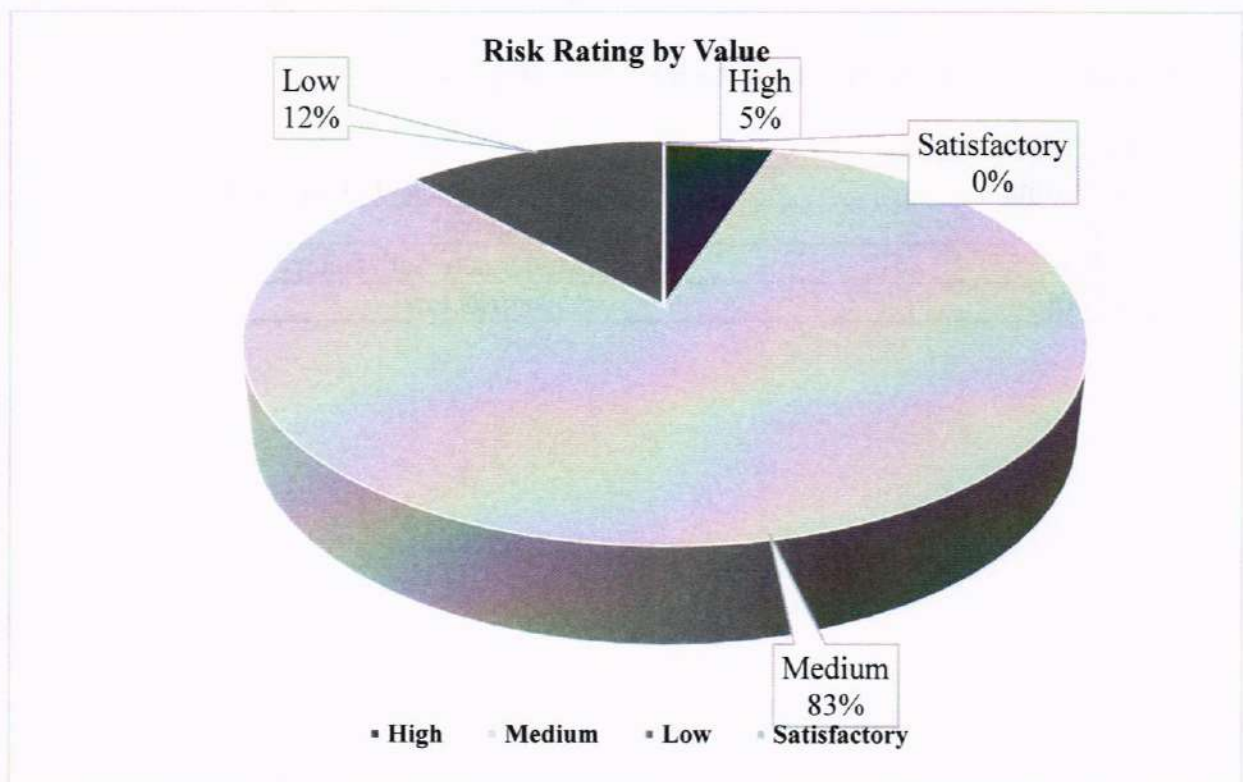
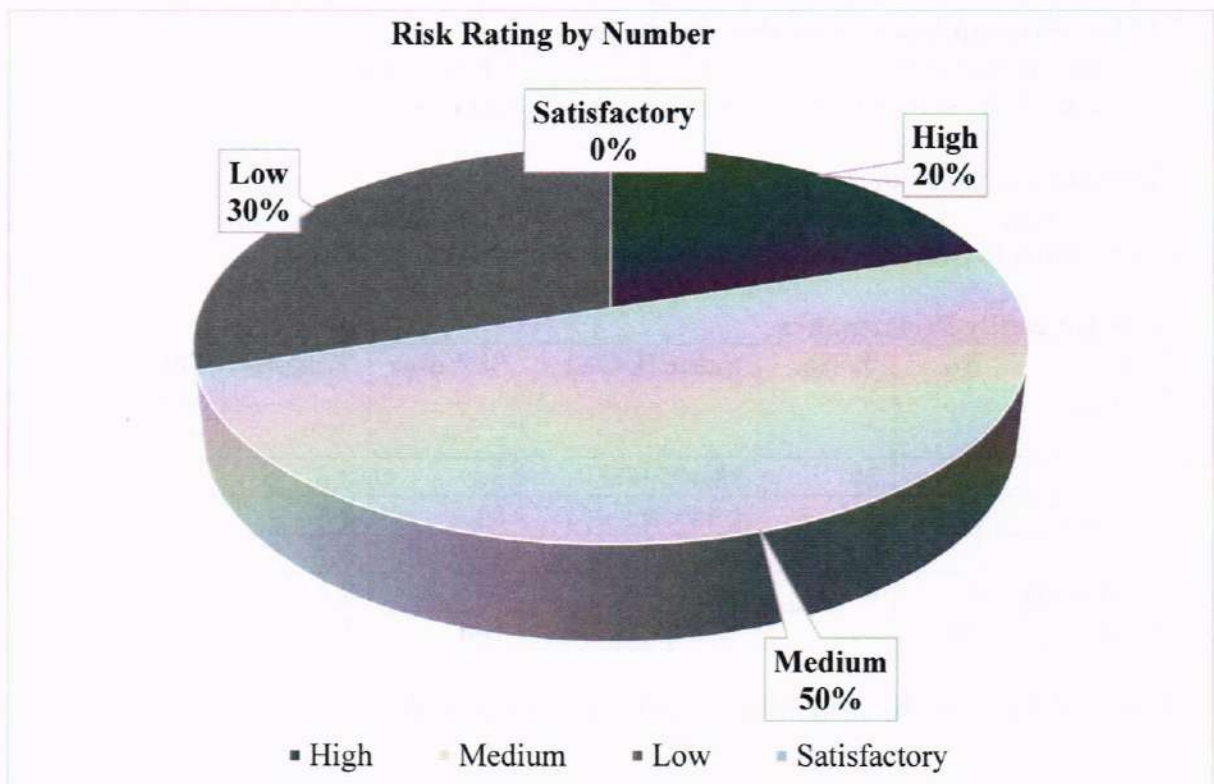
$$\text{Weighted Average (By Value)} = \frac{\text{Sum of Weighted Score}}{60} \times 100 = \frac{29.1}{60} \times 100 = 48.5\%$$

$$\text{Overall Weighted Average Risk Rating} = \frac{50 + 48.5}{2} = 49.3\%$$

Table 17: Risk Rating

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

Graphical Representation



3.3 Recommended Action Plan

The Entity should implement the following recommendations in Table 18 below within the timeframe given in order to improve its performance.

Table 18: Recommended Action Plan

No.	The Accounting Officer should ensure that:	Target Date
1.	The process of recruitment of critical staff including the Procurement Officer is handled to its logical conclusion to ensure full staffing of the PDU in accordance with Section 28(1)(c) of the PPDA Act, Cap. 205.	June 2026
2.	A mechanism of archiving procurement and disposal records based on age and risk to ensure their safety, easy retrieval, and durability, which could include setting up storage for old documents, storage cabinets, lockable safes, a computerized tracking system, among others is established in accordance with Section 44 (1) of the PPDA Act, Cap. 205 and a training is provided on record storage best practices to optimize their storage space and organize records during their retention period	June 2026
3.	A mechanism is put in place to ensure that revenue projections from locally raised revenue are met to finance the planned procurements, and task the User Departments to regularly review and update the procurement plan quarterly in accordance with Section 60 (7) of the PPDA Act, Cap. 205.	June 2026
4.	All contracts below UGX 10,000,000 are reserved for competition among registered Companies, Firms, or Associations by Women, Youth or Persons with Disabilities in accordance with Paragraph 2.2 (ii) of the PPDA Guideline No. 11 of 2024 on Reservation Schemes to promote the participation of associations of women, youth, and persons with disabilities.	June 2026
5.	The Procurement and Disposal Unit should prepare clear and complete bidding documents include adequate evaluation criteria and contract terms, and the Contracts Committee must scrutinize bidding documents for completeness, correctness, clarity, and accuracy before approval in accordance with Section 31 (1) (a) (ii) of the PPDA Act, Cap. 205.	June 2026
6.	The PDU makes the prequalification process more specific to groups of similar contracts such that it can easily guide the shortlisting of providers in accordance with Regulation 32(1) of the PPDA (Procurement of Works, Supplies, and Non-Consultancy Services) Regulations, 2023. and that before including a provider on the shortlist, it undertakes due diligence to determine their availability and willingness to bid at that particular time, and their ability to meet the eligibility and qualification requirements of the tender.	June 2026
7.	There is competitive retendering of the procurement for the management and collection of revenue from Matooke Daily Market to obtain prevailing market rates.	June 2026
8.	Request the owners of the donated assets for the log books and permission to dispose of and cause for the disposal of the assets that are	June 2026

No.	The Accounting Officer should ensure that:	Target Date
	owned by the Entity that do not require valuation in accordance with the approved disposal plan.	
9.	The Environmental Officer conducts environmental screening or environmental impact assessment where necessary for all projects to inform the specifications for ESHS in the statements of requirements and also task Contract Managers to enforce implementation of and reporting on ESHS requirements during contract execution to achieve sustainability in accordance with Section 66 of the PPDA Act, Cap 205.	June 2026
10.	The Contract Managers enforce contract clauses that protect the Entity against contract nonperformance by the contractors like; liquidated damages, cashing performance securities, or termination to ensure that the contractors comply with their delivery obligations in accordance with Regulation 51(1)(b) of the PPDA (Contracts) Regulations, 2023.	June 2026
11.	<p>The appointed Force Account Managers:</p> <ul style="list-style-type: none"> (i). Prepare a work plan, cost estimates/bills of quantities for the road works in line with Clause 2.1 of the Ministry of Works and Transport Road Maintenance Grant Guidelines; (ii). Ensure that material test results are obtained for the materials used for the road works as required by Section 1205 (b) Workmanship and Quality Control (Samples and Tests) of the Ministry of Works General Specifications for Roads and Bridges 2005; (iii). Maintain accountability of the filled worksheets for daily work done, materials actually utilized on a daily basis including the fuel, murrum, and aggregates, and the daily attendance sheets for labor in accordance with Regulation 6(5)(a) of the PPDA (Force Account Mechanism) Regulations, 2014 and Annex 4b of the Ministry of Works and Transport Road Maintenance Grant Implementation Guidelines; and (iv). Prepare completion reports at the end of the assignment showing the period of works, actual costs incurred, level of mobilization, and the outputs of the assignment as required by Regulation 6(5)(c) of the PPDA (Force Account Mechanism) Regulations 2014. 	June 2026

Appendix 1: Risk Rating Criteria

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

RISK	DESCRIPTION	AREA	IMPLICATION
	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.	Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-qualified firms and splitting procurement requirements.	This implies lack of efficiency, standardisation and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		Record Keeping: Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.	

RISK	DESCRIPTION	AREA	IMPLICATION
		Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.
		Bidding Process: 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 2: Sample List and Risk Rating

S/N	Subject of procurement	Method Of Procurement	Provider	Contract value (UGX)	Risk Rating	Basis for Risk Rating
1.	Supply of culverts	Open Domestic Bidding	Kyanu holdings ltd	50,000,000	High	<ul style="list-style-type: none"> ○ Lack of accountability for the force account activities including; appointment of a force account manager and supervisor, road work plan, material tests, accountability on the use of resources and completion reports
2.	Supply of murrum	Open Domestic Bidding	Fomonix logistics ltd	38,405,000	High	<ul style="list-style-type: none"> ○ Lack of accountability for the force account activities including; appointment of a force account manager and supervisor, road work plan, material tests, accountability on the use of resources and completion reports
3.	Rehabilitation of kanahe, kamwesiga and irenga roads in central region	Restricted Domestic Bidding	Tomosi farm construction and engineering co ltd	497,058,991	Medium	<ul style="list-style-type: none"> ○ Procurement delays ○ Generic application of ESHS ○ Low bidder participation ○ No progress reports
4.	Construction of side drainage channels along kanuma rd in kyamate eastern region	Restricted Domestic Bidding	Spinfluence services ltd	366,820,400	Medium	<ul style="list-style-type: none"> ○ Procurement delays ○ Generic application of ESHS ○ Low bidder participation ○ No progress reports
5.	Construction of a six in one staff house at ruhoko h/c 3 in eastern division	Quotation	Glodina general supplies ltd	286,300,200	Medium Risk	<ul style="list-style-type: none"> ○ Procurement delays ○ Generic application of ESHS ○ Low bidder participation ○ No progress reports
6.	Procurement of management and collection of matooke daily market	Open Domestic Bidding	Ntungamo municipality matooke traders and transports	252,000,000	Medium Risk	<ul style="list-style-type: none"> ○ renewal of the contract more than once contrary to the legal requirements ○ Payment in arrears

S/N	Subject of procurement	Method Of Procurement	Provider	Contract value (UGX)	Risk Rating	Basis for Risk Rating
			cooperative society			
7.	Supply, installation, delivery, user training and commissioning of assorted medical equipment at ruhoko health 3	Open Domestic Bidding	N2M Company Ltd	143,335,500	Low Risk	<ul style="list-style-type: none"> ○ Anomalies not significant like errors in the bidding document and deviation from planned timelines
8.	Partial construction of a 2-classroom block at Maato P/S	Quotation	Marvpa enterprises ltd	50,990,160	Medium	<ul style="list-style-type: none"> ○ Procurement delays ○ Generic application of ESHS ○ Low bidder participation ○ No progress reports
9.	Maintenance of Nyakihanaga primary school	Quotation Method	Marvpa enterprises ltd	35,598,721	Low	Anomalies not significant like errors in the bidding document and deviation from planned timelines. Procurement executed well to a great extent.
10.	Construction of a 4-stance drainable latrine with a washroom and urinal in eastern division	Quotation	Jkomu	29,830,000	Low	Anomalies not significant like errors in the bidding document and deviation from planned timelines. Procurement executed well to a great extent

Appendix 1: Outcome Indicator Summary

INDICATOR	Details	Percentage
NAME OF PDE	Ntungamo MC	
FINANCIAL YEAR	2024/2025	
Number of contracts inspected	10	
Value of contracts inspected	1,750,338,945	
Number of contracts completed within time	9	90%
Value of contracts completed with time	1,714,740,224	98%
Proportion of contracts awarded to local providers	1,750,338,945	100%
Procurement Plan Value	3,007,196,967	
Procurement Spend	2,477,131,922	
Procurement Plan Implementation rate	82%	
Proportion of contracts rated satisfactory	0%	
Proportion contracts adhering to Environmental, Social, Health, and Safety (ESHS) standards	40%	
Average Procurement Time	81	
Average number of bids received	2	
Percentage of contracts paid in time	90%	