



**COMPLIANCE INSPECTION REPORT FOR ISINGIRO DISTRICT LOCAL  
GOVERNMENT FOR THE FINANCIAL YEAR 2024/2025**

**APRIL 2026**

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## ACRONYMS

CC	Contracts Committee
ESHS	Environmental, Social, Health and Safety
ESMP	Environmental Social Management Plan
FY	Financial Year
H/C	Health Centre
P/S	Primary School
IFMIS	Integrated Financial Management Information System
PDU	Procurement and Disposal Unit
PPDA Act, Cap.205	Public Procurement and Disposal of Public Assets Act Chapter 205
PPDA	Public Procurement and Disposal of Public Assets Authority
PS/ST	Permanent Secretary/Secretary to Treasury
S/C	Sub County
SIG	Special Interest Group
T/C	Town Council
UGX	Uganda Shillings

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) carried out a compliance inspection on the procurement and disposal activities of Isingiro District Local Government (Entity) that covered a representative sample of 10 procurement transactions worth UGX 3,239,891,680 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 compliance inspection revealed that the performance of the Entity in the Financial Year 2024/2025 was **satisfactory** with an overall weighted average risk rating of **8.2%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the report.

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

1. Section 29 (2) of the PPDA Act, Cap. 205 requires the Accounting Officer to nominate Contracts Committee members for approval by the Secretary to the Treasury. However, during the period under review, the Authority found that the Contracts Committee was not fully constituted, having four members. This may cause a challenge of lack of quorum to deliberate on procurement and disposal matters in the event one or more members is not available which may delay procurement decisions;
2. Section 60 (2) of the PPDA Act, Cap. 205 requires Procuring and Disposing Entities to implement procurements in accordance with approved plans. However, a review of the Entity's procurement plan, contract register and monthly reports revealed that the Entity executed procurements totaling UGX 11,116,677,326 against a planned amount of UGX 10,434,448,884, representing 106% plan implementation rate and an over-expenditure variance of UGX 682,228,445. This indicated that procurement activities were undertaken beyond the approved plan, contrary to the requirements of the Act and could expose the Entity to a risk of budget overruns leading to the reallocation of funds from critical services and accumulation of domestic arrears;
3. Section 60 (2) of the PPDA Act, Cap. 205 requires Procuring and Disposing Entities (PDEs) to plan their procurements rationally. However, the Authority observed inadequate planning and budgeting by User departments in five procurement transactions worth UGX 3,430,047,429. A review of the Entity's procurement expenditure against the approved procurement plan revealed significant variances between the planned/budgeted amounts in the procurement plan and the actual contract amounts where contract amounts exceeded planned budgets due to underestimation at the planning stage. This exposed the Entity to risks of budget overruns, reallocation of funds from critical services, and accumulation of domestic arrears;
4. Regulation 15 (1) of the PPDA (PDEs) Regulations, 2023 requires Procuring and Disposing Entities to submit monthly reports of all procurement activities to the Authority. However, a review of the Entity's contract register for FY 2024/2025 found that seven procurement transactions worth UGX 4,227,043,740 were not included in the Entity's monthly reports to the Authority despite being planned and executed. This omission undermines transparency and accountability and limits the Authority's ability to effectively monitor procurement performance against the approved plan.

5. Contrary to PPDA Guideline No. 11 of 2024 on promotion of participation of women Youth and Persons with disabilities, the Entity did not plan, and did not have a list of prequalified categories for these SIGs (Women, Youth, and Persons with Disabilities) as well as reserve procurements to this category during implementation. Failure to reserve procurements for the marginalised groups deprives them of the opportunity to benefit from government spending which in turn increases income inequality;
6. Contrary to Section 49 of the PPDA Act, Cap. 205, which requires maximization of competition in public procurement, six procurement transactions worth UGX 1,242,554,303 (60% of the sample) attracted low bidder participation with an average of 1.2 bids per transaction. This made the Entity fall significantly short of the desired competitive standards, potentially compromising the achievement of value for money in the Entity's procurement processes; and
7. Contrary to Regulation 3(2) of the PPDA (Disposal of Public Assets) Regulations, 2023 that obliges User departments to initiate disposal once the Board of Survey recommends it, User departments did not plan nor initiate disposal processes for obsolete assets i.e. motor vehicles and motorcycles, following recommendations from the Board of Survey for FY 2023/2024. This deprives the Entity and government of the much-needed revenue, exposes the assets to vandalism, and further loss in value.

In light of the above findings and the management responses, the Entity is required to implement the following recommendations:

1.The Accounting Officer should:

- i. Formally follow up with the Permanent Secretary, Ministry of Finance, Planning and Economic Development, to secure approval of the fifth member (Ms. Nayebare Eunice) to fully constitute the Contracts Committee in accordance with Section 28(1)(a) of the PPDA Act, Cap. 205.
- ii. Handle the disposal process of the assets identified in the Board of Survey report of Financial Year 2024/2025 to its logical conclusion and submit a disposal report to the Authority in accordance with Regulation 46 (3) of the PPDA (Disposal of Public Assets) Regulations, 2023;
- iii. Reserve all procurements valued at UGX 10,000,000 and below exclusively for competition among registered companies, firms, or associations of women, youth, and persons with disabilities, in accordance with Paragraph 2.2 (ii) of PPDA Guideline No. 11 of 2024 on reservation schemes; and
- iv. Organize a supplier's forum as a way of sensitizing bidders to improve their level of confidence in the procurement processes of the Entity and obtain feedback on how best to maximize competition in accordance with Section 49 of the PPDA Act, Cap. 205 or engage the Internal Audit to investigate the cause of low bidder participation and advise on how best to improve on competitiveness of the procurement process.

2.The Head Procurement and Disposal Unit should:

- i. Profile the prequalification list and identify 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; and

- ii. Prepare monthly reports on all procurements and disposal for discussion by the Contracts Committee before submitting to the Authority in accordance with Regulation 15 (1) of the PPDA (PDE's) Regulations, 2023 and also submit using the E- Reporting Link.

3. User departments should:

- i. Plan their procurement requirements rationally with realistic budget estimates so as to avoid variances between the budgeted amounts in the procurement plan and the final contract amounts in accordance with Section 60 (2) of the PPDA Act, Cap.205;
- ii. Regularly review and update their procurement plans quarterly, whenever there are changes that affect funding, and submit them to the Procurement and Disposal Unit for consolidation and approval by the Contracts Committee before implementing any changes in accordance with Section 60 (7) of the PPDA Act, Cap. 205.

4. The Contracts Committee should ensure that the monthly reports on procurements and disposal include all procurements conducted based on information from Contracts Committee minutes, procurement plan, IFMIS registers, Imprest accounts, and donor-funded projects.

## 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 Isingiro District Local Government that covered a representative sample of 10 procurement transactions worth UGX 3,239,891,680 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 PPDA 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 the Entity 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

According to Section 28(1) of the PPDA Act, Cap. 205, the Accounting Officer of a Procuring and Disposing Entity bears overall responsibility for the successful execution of procurement and disposal processes within the entity. The Chief Administrative Officer, Mrs. Alice Asimwe Rushure, was the designated Accounting Officer of the District during the Financial Year 2024/2025. Section 28 (1) (a) and (c) of the PPDA Act, Cap. 205 specifically gives the responsibility to the Accounting Officer to cause the establishment of a Procurement and Disposal Unit and Contracts Committee staffed at an appropriate level.

#### a) Procurement and Disposal Unit

The Entity had an established Procurement and Disposal Unit staffed at an appropriate level as enshrined under Section 28 (1) (c) of the PPDA Act, Cap. 205 comprising both a Senior Procurement Officer and a Procurement Officer, in accordance with the approved structure as detailed in Table 1 below.

**Table 1: The composition of the Procurement and Disposal Unit**

No.	Name	Academic qualifications	Job title	Date of appointment	Years of experience
1.	Mr. Frank Kamwine	Master's in Business Administration, Post graduate Diploma in Procurement and Supply chain Management,	Senior Procurement Officer	21 <sup>st</sup> February 2008	20 years and above

No.	Name	Academic qualifications	Job title	Date of appointment	Years of experience
		Bachelors in Business Administration (Procurement), Currently pursuing CIPS			
2.	Ms. Arinaitwe Dorcus	Bachelors of Procurement and Supply chain Management, Diploma in Stores Management and Certificate in Stores Management	Procurement Officer	15 <sup>th</sup> July 2015	11 Years

#### b) Contracts Committee composition

Schedule 4 of the PPDA Act, Cap. 205 requires the Accounting Officer to appoint a Contracts Committee of five members. Contrary to this provision, the Contracts Committee of Isingiro District Local Government was composed of four members as at 15<sup>th</sup> December 2025 as detailed in Table 2 below:

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

S/N	Name	Job title	Committee position	Date of appointment	Tenure
1.	Ms. Catherine Kyasiimire	Senior assistant secretary	Chairperson	6 <sup>th</sup> May 2024	1 <sup>st</sup> Term
2.	Mr. Julius Gadala	Physical Planner	Secretary	6 <sup>th</sup> May 2024	1 <sup>st</sup> Term
3.	Mr. Benon Mukundane	Human Resource Officer	Member	10 <sup>th</sup> March 2025	1 <sup>st</sup> Term
4.	Mr. Abdu Kamoga	Senior Environmental Officer	Member	10 <sup>th</sup> March 2025	1 <sup>st</sup> Term

#### 1.4 Scope of the Compliance inspection

The Authority carried out the procurement and disposal compliance inspection from 15<sup>th</sup> to 19<sup>th</sup> December 2025. The exercise covered a sample of 10 procurement transactions worth UGX 3,239,891,680 conducted during the Financial Year 2024/2025, and a review of procurement structures and the procurement plan performance. The list of sampled transactions is contained under Appendix 2 and the analysis of the population and sample is shown in Table 3 below:

**Table 3: Analysis of the population and sample selected for Financial Year 2024/2025**

Procurement method	Population value (UGX)	Sample value (UGX)	% Value	Population No.	Sample No.	% No.
Open domestic bidding	1,538,677,042	0	0	58	0	0

<b>Procurement method</b>	<b>Population value (UGX)</b>	<b>Sample value (UGX)</b>	<b>% Value</b>	<b>Population No.</b>	<b>Sample No.</b>	<b>% No.</b>
(Framework contracts)						
Selective bidding	1,880,076,269	1,880,076,269	100	3	3	100
Quotation method	3,470,880,275	1,359,815,411	39	40	7	17.5
<b>Total</b>	<b>6,889,633,586</b>	<b>3,239,891,680</b>	<b>47%</b>	<b>101</b>	<b>10</b>	<b>9.9%</b>

### **1.5 Methodology**

The Entity was notified about the exercise on 13<sup>th</sup> November 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 FY 2024/2025, examined records and documents for each of the sampled procurement transaction.

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 issued a management letter to the Entity on 3<sup>rd</sup> March 2026 with a request to submit a management response by 12<sup>th</sup> March 2026, which was submitted on 11<sup>th</sup> March 2026. The Authority studied and considered the management response before preparing the compliance inspection report. The 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

### 1.0. Compliance of the Entity with the provisions of the PPDA Act, Cap. 205 and Regulations with regard to the performance of the procurement structures and conduct of procurement processes.

The following are the areas of non-conformity that were observed:

#### 1.1. Failure to fully constitute the Contracts Committee

Section 29(2) of the PPDA Act, Cap. 205 requires the Accounting Officer to nominate the Contract Committee members and be approved by the Secretary to Treasury. However, the Authority found that at the time of the inspection in December 2025, the Contracts Committee was not fully constituted and the Accounting Officer was yet to nominate the remaining member for approval by the PS/ST. The details are indicated in Table 4 below:

**Table 4: Contracts Committee composition during the period under review.**

S/N	Name	Job title	Committee position	Date of appointment	Tenure
1.	Catherine Kyasiimire	Senior assistant secretary	Chairperson	6 <sup>th</sup> May 2024	1 <sup>st</sup> Term
2.	Julius Gadala	Physical Planner	Secretary	6 <sup>th</sup> May 2024	1 <sup>st</sup> Term
3.	Benon Mukundane	Human Resource Officer	Member	10 <sup>th</sup> March 2025	1 <sup>st</sup> Term
4.	Abdu Kamoga	Senior Environmental Officer	Member	10 <sup>th</sup> March 2025	1 <sup>st</sup> Term

#### **Implication**

Incomplete composition of the Contracts Committee may cause a challenge of lack of quorum to deliberate on procurement and disposal matters in the event one or more members is not available which may delay procurement decisions.

#### **Management response**

A member of the Contracts Committee in the name of Ms. Nayebare Eunice has since been nominated and submitted to the Permanent Secretary/Secretary to the Treasury of Ministry of Finance, Planning and Economic Development on 5<sup>th</sup> March 2026 for approval.

#### **Recommendation**

The Accounting Officer should formally follow up with the Permanent Secretary, Ministry of Finance, Planning and Economic Development, to secure approval of the fifth member (Ms. Nayebare Eunice) to fully constitute the Contracts Committee in accordance with Section 28(1)(a) of the PPDA Act, Cap. 205.

#### 1.2. Non-implementation of previous PPDA audit recommendations

Section 10 (1) (a) of the PPDA Act, Cap 205 requires the Entity to take corrective action as may be necessary to rectify identified breaches to the Act. The Entity was issued its procurement and disposal audit report for FY 2023/2024 in April 2025. Out of nine recommendations that were issued, eight (89%) were fully implemented and one (11%) was not implemented contrary to Section 10 (1) (a) of the PPDA Act, Cap 205. The unimplemented recommendation is indicated in Table 5 below:

**Table 5: Non implemented previous audit recommendations**

No.	Recommendation	PPDA Finding
1.	The Accounting Officer should expedite the disposal of all obsolete assets identified by the Board of Survey so as to be completed within FY 2024/2025 following Regulation 2 and 3 of the PPDA (Disposal of Public assets) Regulations, 2023	Not implemented

**Implication**

Non-implementation of audit recommendations raises concerns about the Entity's commitment to improving its procurement processes, addressing identified risks, and ensuring accountability.

**Management response**

The district commenced the disposal process. Board of survey report dated 9<sup>th</sup> May 2025 was made, the district engaged the Government valuer as per the report dated 8<sup>th</sup> September 2025 and the disposal process has commenced.

**Recommendation**

The Authority commends management for the efforts and recommends that the Accounting Officer should handle the disposal process of the assets identified in the Board of survey report of Financial Year 2024/2025 to its logical conclusion and submit a disposal report to the Authority in accordance with Regulation 46(3) of the PPDA (Disposal of Public Assets) Regulations, 2023.

**1.3. Procurement planning and implementation**

Section 60(2) of the PPDA Act, Cap.205 mandates rational planning by the Entity. A review of the Entity's procurement plan, contract register and monthly reports revealed that the Entity had planned procurements worth UGX 10,434,448,884. However, 106% of the procurement plan worth UGX 11,116,677,326 was implemented creating a variance of UGX (682,228,445) as indicated in Table 6 below:

**Table 6: Procurement plan implementation rate**

Total procurement plan value inclusive VAT (UGX)	10,434,448,884
Total procurement spend value inclusive VAT (UGX)	11,116,677,326
Procurement Plan Implementation Rate	106%
Procurement Plan implementation variance (UGX)	(682,228,445)

*NB: The total procurement spend is inclusive of the procurement transactions undertaken and not reported to the Authority as seen under Table 7.*

From the above analysis, the Authority observed that the Entity spent more than what was planned thereby creating a variance of UGX (682,228,445). The following anomalies were noted:

**1.3.1. Procurement transactions undertaken and not reported to the Authority**

Regulation 15 (1) of the PPDA (PDE's) Regulations 2023, requires monthly reporting of all procurement activities to the Authority. A review of the Entity's contract register found that seven procurement transactions worth UGX 4,227,043,740, that were in the Entity's procurement plan, were undertaken but not reported in its monthly reports to the Authority contrary to the above Regulation. The unreported procurement transactions are listed in Table 7 below:

**Table 7: Procurement transactions not reported to the Authority**

No.	Subject of procurement	Amount (UGX)
1.	Construction of an office block at Ruyanga S/C	57,645,124
2.	Construction of bituminous seal layer under access culverts and urban roads (7.09km) in Isingiro T/C	1,559,703,860
3.	Support farmers to acquire irrigation equipment, agricultural supplies and services-assorted equipment	2,030,000,000
4.	Construction of office blocks at Kagarama, Rwetango and Endiinzi S/Cs	354,606,756
5.	Design of Kihanda water supply and sanitation system in Mbaare S/C and Endiinzi S/C	73,753,000
6.	Advertisement	8,000,000
7.	Supply, delivery, installation, user training and commissioning of assorted medical equipment for Busheka HC II	143,335,000
	<b>Total</b>	<b>4,227,043,740</b>

**Implication**

Failing to report all procurement transactions undertaken by the Entity violates the core principles of transparency and accountability in the Entity's procurement function and impedes the Authority's ability to effectively monitor and assess performance against the Entity's procurement plan.

**Management response**

The monthly reports on all procurements were made but some procurements were omitted. We acknowledge the omission and these reports are hereby attached.

**Authority's comment**

The Authority noted the Entity's response regarding the omission of some procurement transactions from the monthly reports. The omissions identified indicated weaknesses in the Entity's internal controls over procurement reporting and recommends as below.

**Recommendations**

1. The Head Procurement and Disposal Unit should prepare monthly reports on all procurements and disposal for discussion by the Contracts Committee before submitting to the Authority in accordance with Regulation 15 (1) of the PPDA (PDE's) Regulations, 2023 and also submit using the E- Reporting Link.
2. The Contracts Committee should ensure that the monthly reports on procurements and disposal include all procurements conducted based on information from Contracts Committee minutes, procurement plan, IFMS registers, Imprest accounts, and donor-funded projects.

**1.3.2. Inadequate procurement planning and budgeting**

Section 60(2) of the PPDA Act, Cap.205 mandates rational planning by the Entity. A review of the Entity's procurement spend against the approved procurement plan revealed significant variances between the planned/budgeted amounts in the procurement plan and the contract amounts in five procurement transactions worth UGX 3,430,047,429. These variances arose because of underbudgeting at the planning stage whereby the User departments underestimated the budget required for the respective procurement requirements. These procurements with variances are indicated in Table 8 below:

**Table 8: Procurements with significant variances between planned and contract amounts**

No.	Subject of procurement	Planned value (UGX)	Contract value (UGX)	Variance (UGX)	Variance (%)
1.	Support farmers to acquire irrigation equipment, agricultural supplies and services-assorted equipment	1,434,214,000	2,030,000,000	595,786,000	41.5
2.	Printing, photocopying, binding services, supply of general stationery, small office equipment and cartridge and supply of printed stationery	79,200,000	121,480,000	42,280,000	53.3
3.	Procurement of catering services	18,000,000	92,139,000	74,139,000	411
4.	Compound and office cleaning	12,000,000	18,500,000	6,500,000	54.1
5.	Procurement of fuel, Lubricants and other oils for Road Equipment and other Departmental vehicles	1,100,000,000	1,167,928,429	67,928,429	6.1
	<b>Total</b>	<b>2,643,414,000</b>	<b>3,430,047,429</b>	<b>893,695,419</b>	

**Implication**

Inadequate budgeting and planning could expose the Entity to a risk of budget overruns leading to the reallocation of funds from critical services and accumulation of domestic arrears.

**Management response**

The variance for micro-scale irrigation was because more money was co funded over and above the initial budget, the extra funds generated were used to procure agricultural supplies and services to farmers under Micro scale irrigation.

**Authority's comment**

- The Authority noted that, although the Entity provided an approved budget estimate for FY 2024/25 showing UGX 600 million earmarked for agricultural supplies from locally raised revenue, sufficient to justify the extra funds, it failed to amend its procurement plan to accommodate this additional funding, resulting in the variance. The query was therefore maintained.
- No response was provided for cases no. 2, 3, 4 and 5 in Table 8 above.

**Recommendations**

1. User departments should regularly review and update their procurement plans quarterly, whenever there are changes that affect funding, and submit them to the Procurement and Disposal Unit for consolidation and approval by the Contracts Committee before implementing any changes in accordance with Section 60 (7) of the PPDA Act, Cap. 205.

2. User departments should plan their procurement requirements rationally with realistic budget estimates so as to avoid variances between the budgeted amounts in the procurement plan and the final contract amounts in accordance with Section 60(2) of the PPDA Act, Cap. 205.

#### **1.4. Failure to fully apply reservation schemes for the Special Interest Groups (SIGs)**

Guideline No. 11 of 2024 on Reservation Schemes to Promote the Participation of Associations of Women, Youth, and Persons with Disabilities requires the Entity to plan, and have a list of prequalified categories for the SIGs (Women, Youth, and Persons with Disabilities) as well as reserve these procurements to this category during implementation. However, the Authority found that this was not done by the Entity contrary to the above Guideline. The Authority further noted that whereas some procurements were awarded to providers that could fall in the category of Special Interest Groups, these awards were not intentional i.e. deliberately planned and reserved for SIGs.

#### **Implication**

Failure to reserve procurements for the marginalised groups undermines the affirmative action towards the Women, Youth, and Persons with Disabilities and further deprives them of the opportunity to benefit from government spending which in turn increases income inequality.

#### **Management response**

The Entity didn't indicate SIGs in the prequalification list for the FY 2024/2025, however, eight contracts amounting UGX 232,575,880 were awarded to SIGs and reported in the monthly reports. In the FY 2025/2026, the Entity reserved works, supplies and services whose value doesn't exceed UGX 10,000,000 for registered associations of women, youth and persons with disabilities as evidenced in the prequalification advert.

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

Although eight contracts were awarded to SIGs in the year under review, these awards were not intentional i.e. deliberately planned and reserved for SIGs. The Authority further acknowledges the improvement noted in Financial Year 2025/2026, however, this was not done in the year under review. The query was therefore maintained.

#### **Recommendations**

1. The Procurement and Disposal Unit should profile the prequalification list and identify 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 reserve all procurements valued at UGX 10,000,000 and below exclusively for competition among registered companies, firms, or associations of women, youth, and persons with disabilities, in accordance with Paragraph 2.2 (ii) of PPDA Guideline No. 11 of 2024 on Reservation Schemes.

#### **1.5. Low bidder participation**

Contrary to Section 49 of the PPDA Act, Cap. 205, which requires maximization of competition in public procurement, six procurement transactions worth UGX 1,242,554,303 (60% of the

sample) attracted low bidder participation with an average of 1.2 bids per transaction. The details of the procurements with low bidder participation are indicated in Table 9 below.

**Table 9: Procurements with low bidder participation**

No.	Subject of procurement	Amount (UGX)	Method of procurement	No. of prequalified bidders per category	Number of bidders invited	No. of bids received
1.	Supply of culverts on selected roads	203,613,071	Request for Quotation	8	6	1
2.	Supply, delivery and installation of storage containers for DSC& PDM files at Isingiro Headquarters	30,000,000	Quotation method	6	6	1
3.	Supply and delivery of 3-seater twin desk to assorted schools in Isingiro District	344,474,745	Quotation method	6	6	1
4.	Construction of Chain Link fencing at Ruborogota Seed School	217,954,410	Quotation method	58	6	2
5.	Renovation of 3-classroom block at Karunga P/S in Rushasha S/C and Kyajunga P/S in Ngarama S/C	220,549,080	Quotation method	10	6	1
6.	Construction of 3 classroom block with three-seater	225,962,997	Quotation method	10	6	1

No.	Subject of procurement	Amount (UGX)	Method of procurement	No. of prequalified bidders per category	Number of bidders invited	No. of bids received
	twin desks at Kaaro-Karungi P/S in Kabuyanda T/C					
	<b>Total</b>	<b>1,242,554,303</b>			<b>Average</b>	<b>1.2</b>

### **Implication**

The low bidder participation with an average of 1.2 bids per procurement, falls significantly short of the desired competitive standards, potentially compromising the achievement of value for money in the Entity's procurement processes.

### **Management response**

As a way of increasing competition and bidder turn up we lotted most of our procurements to make business sense to attract more bidders. Six firms were subsequently invited on each project. However, going forward the Entity will invite more than six firms on each project and also organize a supplier's forum to sensitize them on opportunities in the district.

### **Recommendation**

The Authority noted the Entity's response and further recommends that the Accounting Officer should organize a supplier's forum as a way of sensitizing bidders to improve their level of confidence in the procurement processes of the Entity and obtain feedback on how best to maximize competition in accordance with Section 49 of the PPDA Act, Cap. 205 or engage the Internal Audit to investigate the cause of low bidder participation and advise on how best to improve on competitiveness of the procurement process.

**2.0. Compliance of the Entity’s disposal processes with the provisions of the PPDA Act, Cap. 205 and PPDA (Disposal) Regulations, 2023**

**2.1. Failure to plan for and carry out disposal**

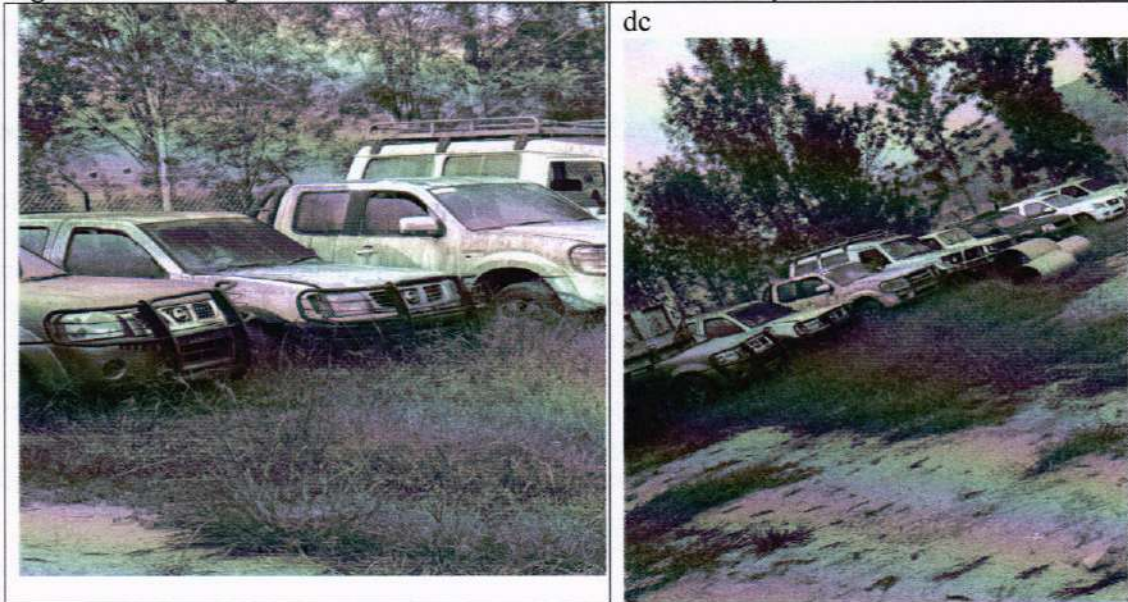
Regulation 3 (2) of the PPDA (Disposal) of Public Assets Regulations 2023, obliges User departments to initiate disposal once the Board of Survey recommends it. However, contrary to the above Regulation, User departments did not plan or initiate disposal processes for obsolete assets i.e. motor vehicles and motorcycles, following recommendations from the Board of Survey for FY 2023/2024. Some of the obsolete assets are indicated in Table 11 below:

**Table 10: Obsolete assets recommended for disposal as per the Board of Survey for FY 2023/2024**

No.	ITEM	Registration Number
1.	Jailing 125	UG 1666R
1.	Yamaha 80	UG 2586M
2.	Yamaha 125	LG 0082-62
3.	Tractor	LG 0009-34
4.	Tractor Massey Furgson	LG 0044-62
5.	Nissan Hard body	LG 0004-62
6.	Yamaha	LG 0017-031
7.	Yamaha	LG 0030-62
8.	Honda	UG 1558R
9.	Jailing 125	UG 1284M
10.	Jailing 125	UG 1364M
11.	Honda	LG 0060-62
12.	Honda	LG 0007-62
13.	Yamaha 80	UG 2602M
14.	Nissan hardbody	UG 3807M
15.	Nissan hardbody	LG 0003-62
16.	Ranger Ford	UG 1250R
17.	Toyota Hilux	UG 0094A
18.	Suzuki Samurai	UG 0235R
19.	Pickup Double cabin	UG 4085M
20.	Pickup Double cabin	UG 218M

Some of these obsolete assets are pictured below;

**Figure 1: Showing some of the obsolete assets in the district yard**



**Implication**

Failure to plan and appropriately dispose of obsolete assets risks them to damage, vandalism, theft and loss of value, hindering the Entity's ability to achieve value for money due to funds being tied up in these assets.

**Management response**

The disposal of obsolete assets has started, recommendations from the Board of survey have been presented to the District Council, the government valuer has assessed assets and attached values on them and disposal plan has been prepared and submitted to the Authority. Initiation from the User departments have been done and the disposal process is ongoing.

**Recommendation**

The Authority commends management for the efforts and further recommends that the Accounting Officer should handle the disposal process of the assets identified in the Board of survey of Financial Year 2024/2025 to its logical conclusion and submit a disposal report to the Authority in accordance with Regulation 46(3) of the PPDA (Disposal of Public Assets) Regulations, 2023.

### **3.1 Efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) Requirements in the procurement process**

#### **3.1.1 Environmental, Social, Health and Safety (ESHS) safeguard requirements implementation**

The overall ESHS implementation was assessed as satisfactory. There was documented evidence of environmental screening and assessment, with reports identifying potential risks, proposed mitigation measures, and applicable management plans for the sampled projects. In addition, the Bills of Quantities clearly specified the detailed activities to be undertaken in respect of environmental and social safeguards. Monitoring and reporting on the implementation of Environmental, Social, Health, and Safety (ESHS) requirements were found to be adequate. Progress reports were available, detailing the activities undertaken by the contractors and certificates of Environmental and Social Management Compliance were issued to confirm that the executed works were in compliance with the approved Environmental and Social Management Plans (ESMPs).

## CHAPTER 3: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

### 3.1 Overall compliance inspection performance

The performance of Isingiro District Local Government for the Financial Year 2024/2025 was satisfactory with an overall weighted average risk rating of 8.2%.

### 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 12 below:

**Table 11: Entity's performance**

Risk rating	No.	%No.	Value (UGX)	Value %	Weights	Total weighted score	
						By No.	By value
High	0	0	0	0	0.6	0	0
Medium	0	0	0	0	0.3	0	0
Low	6	60	1,242,554,303	38.3	0.1	6	3.8
Satisfactory	4	40	1,997,337,377	61.6	0.0	0	0
<b>Total</b>	<b>10</b>	<b>100%</b>	<b>3,239,891,680</b>	<b>100</b>	<b>1</b>	<b>6</b>	<b>3.8</b>

$$\text{Weighted average (By No.)} = \frac{\text{Sum of weighted score}}{60} \times 100 = \frac{6}{60} \times 100 = 10$$

$$\text{Weighted average (By value)} = \frac{\text{Sum of weighted score}}{60} \times 100 = \frac{3.8}{60} \times 100 = 6.3$$

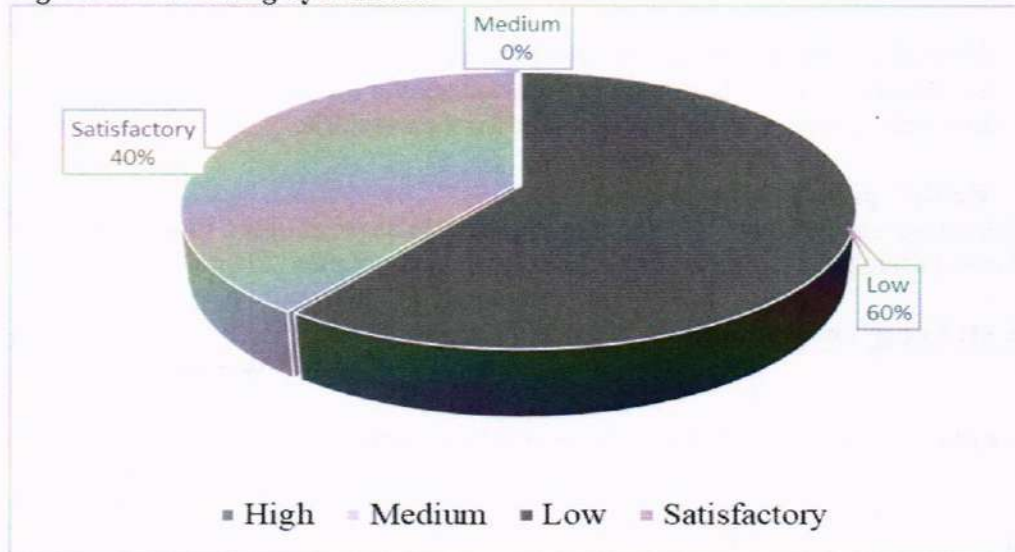
$$\text{Overall weighted average risk rating} = \frac{10+6.3}{2} = \frac{16.3}{2} = 8.2\%$$

Since 8.2% falls within 0% -30% risk range, the performance of the Entity is rated satisfactory as detailed in Table 13 below:

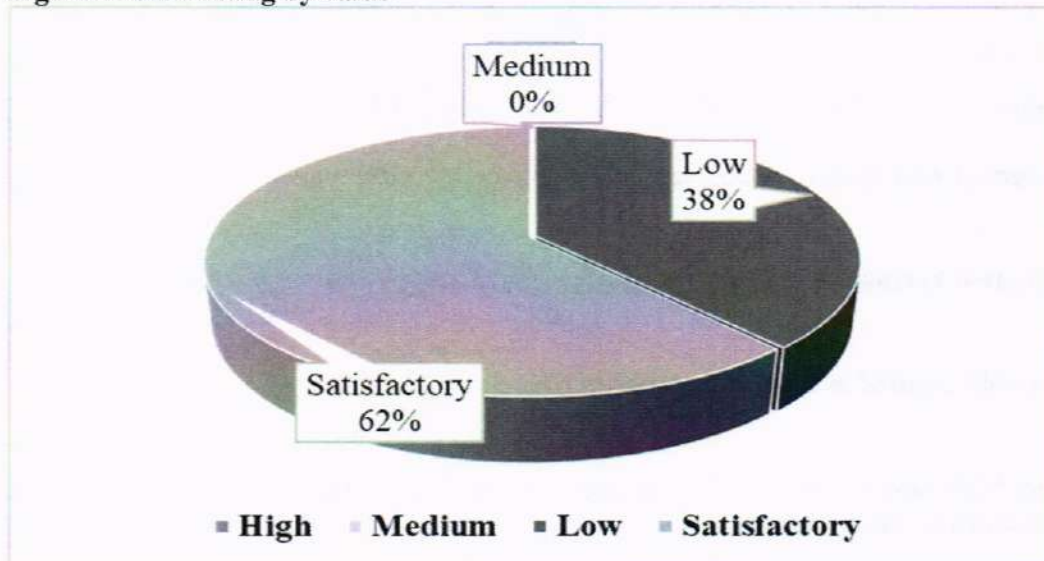
**Table 12: Risk rating**

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

**Figure 2: Risk rating by Number**



**Figure 3: Risk rating by value**



### 3.3 Recommended action plan

The Entity should implement the following recommendations in Table 14 below within the given time frame in order to improve its performance.

**Table 13: Recommended action plan**

No.	Recommended action	Target date
1	<p>The Accounting Officer should:</p> <ul style="list-style-type: none"><li>i. Formally follow up with the Permanent Secretary, Ministry of Finance, Planning and Economic Development, to secure approval of the fifth member to fully constitute the Contracts Committee in accordance with Section 28(1)(a) of the PPDA Act, Cap. 205;</li><li>ii. Handle the disposal process of the assets identified in the Board of survey report of Financial Year 2024/2025 to its logical conclusion and submit a disposal report to the Authority in accordance with Regulation 46(3) of the PPDA (Disposal of Public Assets) Regulations, 2023;</li><li>iii. Reserve all procurements valued at UGX 10,000,000 and below exclusively for competition among registered companies, firms, or associations of women, youth, and persons with disabilities, in accordance with Paragraph 2.2 (ii) of PPDA Guideline No. 11 of 2024 on Reservation Schemes.</li><li>iv. Organize a suppliers' forum in order to sensitize prequalified bidders as a way of boost their confidence in the Entity's procurement processes so as to maximize competition as per Section 49 of the PPDA Act, Cap. 205.</li></ul>	September 2026
2	<p>The Head Procurement and Disposal Unit should:</p> <ul style="list-style-type: none"><li>i. Profile the prequalification list and identify 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.</li><li>ii. Prepare monthly reports on all procurements and disposal for discussion by the Contracts Committee before submitting to the Authority in accordance with Regulation 15 (1) of the PPDA (PDE's) Regulations, 2023 and also submit using the E- Reporting Link.</li></ul>	September 2026
3	<p>User departments should:</p> <ul style="list-style-type: none"><li>i. Plan their procurement requirements rationally with realistic budget estimates so as to avoid variances between the budgeted amounts in the procurement plan</li></ul>	September 2026

	<p>and the final contract amounts in accordance with Section 60(2) of the PPDA Act, Cap. 205.</p> <p>ii. Regularly review and update their procurement plans quarterly, whenever they experience changes that affect funding, and submit them to the Procurement and Disposal Unit for consolidation and approval by the Contracts Committee before implementing any changes in accordance with Section 60 (7) of the PPDA Act, Cap. 205.</p>	
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## APPENDICES

### Appendix 1: Risk rating criteria

<b>RISK</b>	<b>DESCRIPTION</b>	<b>AREA</b>	<b>IMPLICATION</b>
<b>HIGH</b>	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry a risk to 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 the 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 the 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 an evaluation.	This implies financial loss caused by awarding contracts at higher prices or shoddy work caused by failure to recommend an award to a responsive bidder.
		<b>Record Keeping:</b> Missing procurement files and missing key records on the files namely; solicitation documents, submitted bids, evaluation reports, and contracts.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		<b>Fraud/forgery:</b> Falsification of Documents	This implies a 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	<b>Planning:</b> Lack of initiation of	This implies committing the Entity without funds

RISK	DESCRIPTION	AREA	IMPLICATION
	<p>have weaknesses, 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.</p>	<p>procurements and confirmation of funds.</p>	<p>thereby causing domestic arrears.</p>
		<p><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.</p>	<p>This implies a lack of efficiency, standardization, and avoiding competition.</p>
		<p><b>Procurement Structures:</b> Lack of procurement structures</p>	<p>This implies a lack of independence of functions and powers and interference in the procurement process.</p>
		<p><b>Record Keeping:</b> Missing Contracts Committee records and incomplete contract management records.</p>	<p>This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.</p>
		<p><b>Contract and Contract Management:</b> Failure to appoint Contract Supervisors, failure to seek the Solicitor General's approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.</p>	<p>This leads to unjustified contract amendments and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.</p>
<p>Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health, and safety.</p>			

RISK	DESCRIPTION	AREA	IMPLICATION
		Aspects of gender, social inclusion, environment, health, and safety are 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 practices. 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.	<p><b>Planning:</b> Lack of procurement reference numbers.</p> <p><b>Bidding Process:</b> Not signing the Ethical Code of Conduct</p>	<p>This leads to failure to track the procurements which leads to poor record-keeping.</p> <p>This leads to failure to declare a conflict of interest and a lack of transparency.</p>
<b>SATISFACTORY</b>	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.		

**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 reasons for risk rating**

S/No.	Procurement subject	Procurement method	Provider	Contract value	Risk rating	Reasons for risk rating
1.	Construction of 4 classrooms with teacher's office and supply of three-seater desks at Nyabushenyi P/S in Kikagata S/C	Quotation method	Hillar Technical & Engineering Services Ltd	332,030,371	Satisfactory	No exceptions
2.	Construction of 3 classroom block and supply of three-seater twin desks at Kaaro- Karungi P/S in Kabuyanda	Quotation method	God's Choice Construction Ltd	225,962,997	Low risk	Low bidder participation
3.	Construction of Nyakanyonyi- Masha water supply and sanitation sytem in Nyakanyonyi village- Nyakanyonyi Parish- Masha S/C in Isingiro	Restricted domestic bidding	Radar Engineering (U) Ltd	775,133,524	Satisfactory	No exceptions
4.	Construction of Rwentango water supply and sanitation system in Kyarwanshashura village - Rwentango S/C in Isingiro District	Restricted domestic bidding	Radar Engineering (U) Ltd	760,468,000	Satisfactory	No exceptions
5.	Supply and delivery of three-seater twin desks to assorted schools in Isingiro District	Restricted domestic bidding	Tamsak Development Link (U) Ltd	344,474,745	Low risk	Low bidder participation

S/No.	Procurement subject	Procurement method	Provider	Contract value	Risk rating	Reasons for risk rating
6.	Renovation of 3 classroom block at Karunga P/S in Rushasha S/C & Kyajunga P/S in Ngarama S/C	Quotation method	Hillar Technical & Engineering Services Ltd	220,549,080	Low risk	Low bidder participation
7.	Construction of chain link fencing at Ruborogota seed school in Ruborogota S/C	Quotation method	Drive Consults Ltd	217,954,410	Low risk	Low bidder participation
8.	Construction of 2 classrooms and supply of 3-seater twin desks at Nshorororo P/S in Bugango T/C	Quotation method	Radar Engineering (U) Ltd	129,705,482	Satisfactory	No exceptions
9.	Supply, delivery and installation of storage container for DSC & PDM files at Isingiro District HQ	Quotation method	Gide Technical Services Ltd	30,000,000	Low risk	Low bidder participation
10.	Supply and installation of concrete culverts for selected district roads	Quotation method	Linda Construction Co. Ltd	203,613,071	Low risk	Low bidder participation
	<b>Total</b>			<b>3,239,891,680</b>		