



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

## **COMPLIANCE INSPECTION REPORT FOR FINANCIAL YEAR 2024/25**

**ARUA DISTRICT LOCAL GOVERNMENT**

**MAY 2026**

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## **ACRONYMS**

BEB	Best Evaluated Bidder
DLG	District Local Government
EC	Evaluation Committee
ESHS	Environmental, Social Health and Safety
FY	Financial Year
GCC	General Conditions of Contract
MOES	Ministry of Education and Sports
MOU	Memorandum of Understanding
NSSF	National Social Security Fund
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act, Cap.205
SCC	Special Conditions of a Contract
SUPLS	Supplies
TCC	Tax Clearance Certificate
UGX.	Uganda Shillings
VAT	Value Added Tax
WRKS	Works

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority carried out a Compliance Inspection on the procurement and disposal activities of Arua District Local Government that covered a representative sample of ten procurement transactions worth UGX. 1,645,971,498 in the Financial Year 2024/2025 vide Appendix 1.

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

The assessment revealed that the performance of Arua District Local Government for the Financial Year 2024/25 was **moderately satisfactory** with an overall weighted average risk rating of **49.7%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter three of the report.

### The following key exceptions were noted:

1. Failure to implement 86% of the Authority's previous audit recommendations  
Section 10 (1) (a) of the PPDA Act, Cap. 205 provides that the Authority shall make recommendations such as directing a Procuring and Disposing Entity (PDE) to take corrective action to rectify a breach as may be necessary. The previous audit recommendations for the Financial Year 2022/2023 were not fully implemented. Out of 14 recommendations made, eight recommendations representing 57% were partially implemented, and four recommendations representing 29% were not implemented due to weak internal mechanisms within the Entity which undermined the internal controls to improve performance of the procurement and disposal function;
2. Section 60 (2) of the PPDA Act, Cap. 205 provides that a Procuring and Disposing Entity shall plan its procurement in a rational manner. The Authority found that 27% of the procurement plan for Financial Year 2024/2025 worth UGX. 994,342,617 was not implemented by the Entity which was attributed to a shortfall of funds received. This negatively affected the budget performance and service delivery to the intended beneficiaries.
3. Section 44 (1) of the PPDA Act, Cap. 205 provides that the Entity shall maintain records of procurement proceedings for a period of seven years from the date of a decision to terminate the procurement or disposal action. However, the Authority found that there were several procurement and disposal records placed on the floor of the Procurement and Disposal Unit due to failure by the Entity to secure storage facilities to safely keep the procurement and disposal records which exposed the items to the risk of loss or damage;
4. Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations, 2023 mandates the Internal Audit Department to audit the procurement methods and the related procedures. The Authority found that the Internal Audit Unit did not audit the methods used for procurements and the payments made to establish whether the supplies, works or services were properly ordered, received, verified and paid for which was an indicator of weak internal controls within the Entity;

5. Section 51 of the PPDA Act, Cap. 205 provides that all procurement and disposal shall be conducted in a manner which promotes economy, efficiency and value for money. The Authority found irregularities during the initiation of eight procurements worth UGX. 1,560,969,534 with four out of the eight procurement transactions faced with delay by the Procurement and Disposal Unit to submit the procurement to the Contracts Committee for approval due to delay from the User Department to submit clear and detailed specifications of works, supplies and services which led to lengthy lead times hence delayed service delivery to the intended beneficiaries which could leave doubt and assumptions to the bidder on the requirements of the Entity;
6. Regulation 42 (a) and (b) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023 provide that a Procuring and Disposing Entity prepares each bidding document to ascertain that the statement of requirements defines the individual procurement precisely in a manner that leaves no doubt or assumptions by a bidder. The Authority found irregularities such as contradicting completion dates, issuing a bid submission sheet with information, unclear evaluation criteria and contradicting delivery period, in the bidding documents in six procurements worth UGX. 1,401,895,534 due to inadequate review prior to approval of the bidding document. This discourages competition and may lead to award of contracts to non-responsive bidders;
7. Section 48 of the PPDA Act, Cap. 205 states that all procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness. The Authority found irregularities in the bidding process such as inviting bidders who were not approved by the Contracts Committee, delay to invite bidders and failure to invite all the shortlisted bidders in four procurements worth UGX. 271,536,064. This was due to weak internal controls in the Entity which inhibits transparency and accountability during the bidding process and may be an indication of fraudulent practices during bidding;
8. Regulations 18 (4) and 19 (4) of the PPDA (Evaluation) Regulations, 2023 provide for conditions for rejection of non-compliant bids under administrative compliance and detailed evaluation respectively. The Authority found that, in seven procurements worth UGX. 1,471,895,534., irregularities in the evaluation process such as passing of non- compliant bidders, introduction and change of new evaluation criteria. This was majorly due to the inadequate capacity or competence of the Evaluation Committee members to evaluate bids which exposed the Entity to the risk of contracting a provider that may not have the required competence to execute the contractual obligations;
9. Regulation 9 (2) of the PPDA (Contracts) Regulations, 2023 provides that a contract document shall be in accordance with the form of contract specified in the bidding document. The Authority found changed Special Conditions of the Contract against those issued in the bidding documents in seven procurements worth UGX. 1,381,047,498 due to weak internal controls over contract approval processes which exposed the Entity to the risk of ineffective execution and legal disputes;
10. Regulation 50 of the PPDA (Contracts) Regulations, 2023 mandates the Accounting Officer to appoint the Contract Manager. Regulation 52 of the PPDA (Contracts) Regulations, 2023 empowers the Contract Manager to manage and ascertain that the provider performs the contract in accordance with the terms and conditions specified in the contract.

The Authority found irregularities in contract management such as delay to issue commencement letters, retaining higher proportion of retention percentage than the contractual percentage, and delayed completion of the contract in six procurements worth UGX. 1,403,997,498. This was due to weak contract monitoring mechanism in the Entity which affects service delivery; and

11. Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023 provides for disposal planning. The Authority found that the Entity did not prepare a disposal plan for Financial Year 2023/2024 due to the delayed Council approval of the board of survey for the valuation exercise to determine the reserve prices of the assets which inhibits achievement of value for money as funds are held up in assets which are not in use and also lost through depreciation of these assets.

In summary, the Authority notes that irregularities at evaluation, contract management and quality of the bidding document largely contributed to the performance of the Entity.

In light of the above findings and the Entity's management responses, the Authority recommends the following:

1. The Accounting Officer should:
  - i. Put in place strong internal mechanisms and a dedicated team of staff that will always ensure full implementation of the Authority's previous audit recommendations in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205;
  - ii. Oversee that all planned procurements are implemented as per funds releases, and in case of any amendments to the procurement plan, notify the Authority in accordance with Section 60 (7) & (8) of the PPDA Act, Cap. 205;
  - iii. Facilitate the Procurement and Disposal Unit (PDU) with adequate filing cabinets and shelves for proper management of records in accordance with Section 44 (1) of the PPDA Act, Cap. 205;
  - iv. Task the Internal Auditor to audit the procurement and disposal procedures as well as the payments made in accordance with Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations, 2023;
  - v. Task the responsible User Departments (UDs) to recommend clear and detailed description of the supplies, works or non-consultancy services required at initiation of the procurement in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-consultancy Services) Regulations, 2023;
  - vi. Task the Evaluation Committees to abide by the evaluation criteria specified in the bidding documents as per the evaluation criteria during the evaluation process in accordance with Regulation 5 (1) & (2) of the PPDA (Evaluation) Regulations, 2023; and
  - vii. Task Procurement and Disposal Unit to always scrutinize all contract documents to ensure that all the provisions are complete and appropriate for each individual procurement to avoid creation of doubt/ assumptions by the provider and Entity during contract implementation.
2. The Head of Procurement Disposal Unit should:
  - i. Conduct all procurements in a manner which promotes economy, efficiency in accordance with Section 51 of the PPDA Act, Cap. 205;
  - ii. Set the most appropriate evaluation criteria that suits the purpose of the procurement in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, works and Non-Consultancy Services) Regulations, 2023;

- iii. Maintain accurate copies of acknowledged bid invitations to ensure transparency and accountability in accordance with Section 48 of the PPDA Act, Cap. 205; and
  - iv. Prepare the disposal plan in accordance with section 60 (1) of the PPDA Act, Cap. 205 and Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023.
3. Contract Managers should:
    - i. Prepare contract management plans and routinely prepare and submit monthly progress reports as required under Regulation 50 (3) and 52 (3) (g) of the PPDA (Contracts) Regulations, 2023;
    - ii. Strictly supervise contracted firms to fulfill all contractual obligations specified within the terms and conditions in accordance with Regulation 52 (3) of the PPDA (Contracts) Regulations, 2023; and
    - iii. Always prepare payment certificates based on the contract terms to avoid retaining higher percentage or amount of the total contract value than what is stated in the contract.
  4. The Evaluation Committee members should reject bids that are not compliant with the evaluation criteria in the bidding document in accordance with Regulation 18 (4) and Regulation 19 (4) of the PPDA (Evaluation) Regulations, 2023; and
  5. The Contracts Committee should only approve the procurements in the approved Entity's procurement plan in accordance with Section 30 (d) of the PPDA Act, Cap. 205.

The Entity should implement the recommendations in the recommended action plan on **pages 47 to 48** of this report.

## **CHAPTER 1: 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 Arua District Local Government that covered a representative sample of 10 procurement transactions worth UGX. 1,645,971,498 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 PPDA Regulations.

### **1.2 Objectives of the Compliance inspection**

The overall objective of the compliance inspection was to assess and establish the degree of compliance of the procurement and disposal system and processes of Arua District Local Government with the provisions of the PPDA Act, Cap. 205 and the PPDA Regulations.

The specific objectives of the compliance inspection were to assess the;

1. Compliance of the Entity's procurement processes with the provisions of the PPDA Act, Cap. 205 and PPDA Regulations and identify areas for improvement to enhance procurement practices at the Entity;
2. Efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) safeguard requirements in the procurement processes and;
3. Compliance of the Entity's disposal processes with the provisions of the PPDA Act, Cap. 205 and PPDA Regulations.

### **1.3 Procurement structure of the Entity**

Section 28 of the PPDA Act, Cap. 205 gives an overall responsibility to the Accounting Officer (AO) for the successful execution of procurement and disposal process in the Procuring and Disposing Entity (PDE). During the Financial Year 2024/2025, the Chief Administrative Officer, Mr. Nicholas Ogwang was designated as the Accounting Officer of the Entity.

#### **1. Composition of the Contracts Committee**

During the year under audit, the Entity's Contracts Committee was fully constituted as per the provision of Section 29 of the PPDA Act, Cap. 205 and their tenure had not expired as indicated in Appendix 3.

#### **2. Staffing of the Procurement and Disposal Unit**

The Procurement and Disposal Unit was manned by the following staff during the period under review as indicated in Appendix 4.

### **1.4 Scope of the Compliance inspection**

The procurement and disposal compliance inspection involved a review of the procurement process, disposal process, general compliance issues and contract implementation on sample basis. The exercise covered a sample of 10 procurement transactions worth UGX. 1,645,971,498 conducted during the Financial Year 2024/2025. The list of sampled transactions is contained under Appendix 1.

## **1.5 Methodology**

The auditors examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive audit conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and execution. Special attention was given to reporting mechanisms within the Entity and internal controls due to repeated failures by the Entity as highlighted in previous reports.

During the compliance inspection exercise, the auditors held interviews with the staff from the Procurement and Disposal Unit (PDU) and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

A debrief meeting to clear any pending issues that arose during the compliance inspection and share preliminary findings was held with the Entity management and staff on 14<sup>th</sup> November, 2025 before the auditors could embark on preparation of the management letter. The auditors prepared the management letter, which was sent to the Entity on Tuesday 10<sup>th</sup> February, 2026 with a request to submit a management response by 20<sup>th</sup> February, 2026.

This report presents the key findings and conclusions arising from the compliance inspection exercise.

## CHAPTER 2: FINDINGS, IMPLICATIONS AND RECOMMENDATIONS

### 2.1 COMPLIANCE OF THE ENTITY WITH THE GENERAL PROVISIONS OF THE PPDA ACT, CAP. 205, REGULATIONS AND GUIDELINES WITH REGARD TO THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND CONDUCT OF PROCUREMENT PROCESSES

#### 2.1.1 Failure to implement 86% of the Authority's previous audit recommendations

Section 10 (1) (a) of the PPDA Act, Cap. 205 provides that the Authority shall make recommendations such as directing a Procuring and Disposing Entity to take corrective action to rectify a breach as may be necessary. The previous audit recommendations for the Financial Year 2022/2023 were not fully implemented due to weak internal mechanisms within the Entity. Out of 14 recommendations made, eight recommendations representing 57% were partially implemented, and four recommendations representing 29% were not implemented as detailed in Table 1 below:

**Table 1: Implementation of previous audit recommendations**

Origin	Recommended Action	Status
The Accounting Officer.	• Take corrective action and engage all stakeholders to develop strategies on implementation of all the Authority's recommendations in accordance with Section 9 (1) (a) of the PPDA Act, 2003.	Partial Implementation
	• Provide secure storage facilities for records of the PDU in order to enable maintenance and archiving of procurement and disposal records in accordance with Section 41 (1) of the PPDA Act, 2003.	Not Implemented
	• Ensure that the respective User Departments i.e. Health, Education and Water budget for investment costs as opposed to inclusion in the BoQs.	Partial Implementation
	• Ensure that the contract supervisors comprehensively report on the implementation of Environmental, Social, Health and Safety Safeguards (ESHS) requirements in the progress report. The Environment Officer should not sign on the payment certificates without inclusion of the requirements in the reports.	Partial Implementation
The Head of Procurement and Disposal Unit.	• Ensure timely submissions of documents to the Contracts Committee for approval to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.	Not Implemented
	• Ensure that they use the appropriate templates when preparing and submitting the Entity's procurement plans and quarterly reports as recommended by the Authority.	Not Implemented
	• Ensure timely submissions of documents to the Contracts Committee for approval to promote efficiency in public procurement in accordance with Section 48 of the PPDA Act, 2003.	Partial Implementation
	• Use the appropriate bidding document issued by the Authority for each procurement requirement prior to	Partial Implementation

Origin	Recommended Action	Status
	<p>approval by the Contracts Committee and issuance in accordance with Regulation 33 (l) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.</p> <ul style="list-style-type: none"> <li>• Ensure that the bidding documents for works under open bidding are prepared using the authorized standard bidding document issued in September 2020 which incorporates issues of Gender Equality and Social Inclusion (GESI) and Environmental, Social, Health and Safety Safeguards (ESHS) and should include provisions for E &amp; S performance security in the contract terms, particularly in projects or agreements with significant environmental and social considerations in accordance with Section 61A of the PPDA Act, 2003.</li> </ul>	Partial Implementation
User Department	<ul style="list-style-type: none"> <li>• Ensure that when coming up with the BoQs for works procurements, issues under ESHS should be broken down and catered for in the BoQs. The District Environment Officers and the District Community Development Officer should be involved in the feasibility studies, planning, preparation of BoQs and contract monitoring to take care of the environment and social safeguard requirements.</li> <li>• Work hand in hand with the Community Development Officers and Labor Officers to ensure enforcement of social and health safeguards during contract implementation.</li> </ul>	Not implemented  Partial Implementation
Contracts Committee	<ul style="list-style-type: none"> <li>• Should scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue in accordance with Section 28 (l) (e) of the PPDA Act, 2003</li> </ul>	Partial Implementation

**Implication**

Implementation of audit recommendations strengthens internal controls within the Entity and where recommendations are not implemented, it implies that there is no willingness within the Entity to improve the performance of the procurement and disposal function.

**Management response**

*The Entity shall ensure that all the recommendations of the Authority are implemented in accordance with Section 10 (1) of the PPDA Act, Cap. 205.*

**Recommendation**

The Accounting Officer should put in place strong internal mechanisms and a dedicated team of staff that will always ensure full implementation of the Authority's previous audit recommendations in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

### 2.1.2 Implementation of the procurement plan.

Section 60 (2) of the PPDA Act, Cap. 205 provides that a PDE shall plan its procurement in a rational manner and Section 60 (7) of the PPDA Act, Cap. 205 states that: “a Procuring and Disposing Entity shall, on a quarterly basis and in any other case, wherever necessary, review and update its procurement plan.” The Authority established that procurements implemented by the Entity during Financial Year 2024/2025 were worth UGX. 2,721,653,416 out of the planned procurements worth UGX. 3,715,996,033. Some procurements were, however, implemented outside the procurement plan. The procurement plan implementation rate was 73% with an implementation variance of UGX. 994,342,617. This is presented in Table 2 below:

**Table 2: Analysis of procurement spend for Financial Year 2024/2025.**

Procurement Plan Value (UGX)	3,715,996,033
Total procurement spend value inclusive of VAT (UGX)	2,721,653,416
Procurement Plan Implementation rate (%)	73
Implementation variance (UGX)	994,342,617

### Implication

The above variance shows that the Entity was unable to undertake all the planned procurements in the Financial Year 2024/25 which was attributed to a shortfall of funds received by the Entity thus negatively affecting budget performance and service delivery to the beneficiaries.

### Management response

*The Entity shall ensure that all the planned procurements are implemented as and when funds are received and in case of any amendments to the procurement plan, the Authority shall be notified in accordance with Section 60 (8) of the PPDA Act, Cap. 205.*

### Recommendation

The Accounting Officer should always oversee that all planned procurements are implemented as per funds releases, and in case there are new implementable procurements activities the Entity should update the procurement plan then submit for the Contracts Committee approval. The updated procurement plan should therefore be submitted to the Authority, in accordance with Section 60 (7) & (8) of the PPDA Act, Cap. 205.

### 2.1.3 Failure to implement procurements planned for in the FY 2024/25.

Section 60 (2) (d) of the PPDA Act, Cap. 205, requires the Procuring and Disposing Entity to integrate its procurement budget with its expenditure programme. The Authority found that eight procurements worth UGX. 429,681,548 were planned but not implemented during the financial year due to a shortfall of funds received by the Entity and procurements carried out, outside the procurement plan. The details of the procurements planned for but not implemented are in Table 3 below:

**Table 3: Planned procurements that were not implemented**

No.	Subject of Procurement	Method of procurement	Amount (UGX)
1.	Supply of ICT Equipment and services and internet services.	Quotation	2,400,000
2.	Construction of a pump house, fencing works and security house.	Quotation	180,651,664

No.	Subject of Procurement	Method of procurement	Amount (UGX)
3.	Extension of piped water system.	Quotation	70,000,000
4.	Repair of Logiri Health Centre water system.	Quotation	5,379,884
5.	Testing of water quality and semen, liquid nitrogen.	Quotation	16,000,000
6.	Purchase of 3-seater desks under Vurra Sub County.	Quotation	5,250,000
7.	Supply of local, manufactured and building materials.	Open Bidding	100,000,000
8.	Supply of spare parts for road equipment.	Open Bidding	50,000,000
<b>Total</b>			<b>429,681,548</b>

### **Implication**

Failure by an Entity to implement all its procurement activities in the financial year, affects budget performance and service delivery.

### **Management response**

*Some of the above planned procurements were implemented especially revenue sources as per appendix 1 attached and the remaining procurements were not implemented because of budget cuts and the Entity did not receive funds from the consolidated fund.*

### **Authority's comment**

The Authority acknowledged the Entity's response and confirmed that all planned procurements especially under the revenue sources were implemented, however, the Head of Procurement and Disposal Unit should review and update the Entity's procurement plan with only the implemented procurements in accordance with Section 60 (7) of the PPDA Act, Cap. 205 to attain improved performance.

### **Recommendation**

The Head of Procurement and Disposal Unit should review and update the Entity's procurement plan with only the implemented procurements in accordance with Section 60 (7) of the PPDA Act, Cap. 205 to attain improved performance.

#### **2.1.4 Procuring outside the plan**

Section 60 (10) of the PPDA Act, Cap. 205 provides that no procurement shall be carried out outside the procurement plan except in emergency situations. The Authority found that the Procuring and Disposing Entity breached the law by procuring the following two procurements worth UGX. 12,268,000 outside the procurement plan of the Financial Year 2024/2025 due to the Entity's failure to submit an updated procurement plan as detailed in Table 4 below:

**Table 4: Procurements outside the plan.**

No.	Subject of Procurement	Award Notification date	Contract Value (UGX)
1.	Completion of a 2 stance VIP latrine at Anguzova.	9/5/2025	3,211,000
2.	Supply and delivery of 40-3-seater metal frame school desks to Nyirivu P/S under Ajia Sub County.	17/10/2024	9,057,000
<b>TOTAL</b>			<b>12,268,000</b>

### **Implication**

Implementing procurements outside the approved procurement plan increases the risk of domestic arrears hence affecting service delivery.

### **Management response**

*Some of the above procurements were planned in the initial procurement plan that was submitted to the Authority on 18<sup>th</sup> October 2024 and the remaining were in the revised procurement plan at the Entity for that Financial Year.*

### **Authority's comment**

The Entity's response is noted, however, the Authority notes that the two procurements for Completion of a 2 stance VIP latrine at Anguzova and Supply and delivery of 40 - 3seater metal frame school desks to Nyirivu P/S under Ajia Sub County were not part of the updated procurement plan. These procurements were therefore procured contrary to Section 60 (10) of the PPDA Act, Cap. 295.

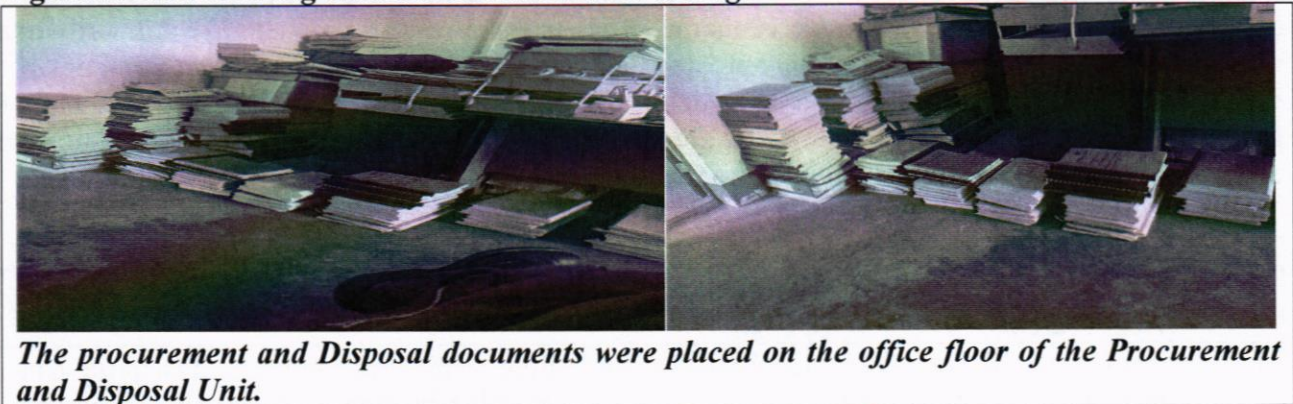
### **Recommendations**

1. The Contracts Committee should only approve the procurement in the approved Entity's procurement plan in accordance with Section 30 (d) of the PPDA Act, Cap. 205.
2. Procurements should not be carried out outside the Entity's approved procurement plan except in cases of emergency situations in accordance with Section 60 (10) of the PPDA Act, Cap. 205.

### **2.1.5 Lack of adequate filing cabinets and shelves for storing procurement records.**

Section 44 (1) of the PPDA Act, Cap. 205 provides that the Entity shall maintain records of procurement proceedings for a period of seven years from the date of a decision to terminate the procurement or disposal action. However, the Authority found that there were several procurement and disposal records placed on the floor of the Procurement and Disposal Unit due to failure by the Entity to secure storage facilities to safely keep the procurement and disposal records. Figure 1 below shows the storage state of the procurement records:

**Figure 1: Lack of filing cabinets and shelves for storage**



### **Implication**

Failure to safely keep the procurement and disposal records exposes them to the risk of loss or damage.

### **Management response**

*The Entity shall provide secure storage facilities in form of adequate filing cabinets and shelves for proper management of records in accordance with Section 44 (1) of the PPDA Act, Cap. 205.*

### **Recommendation**

The Accounting Officer should facilitate the Procurement and Disposal Unit with adequate filing cabinets and shelves for proper management of records in accordance with Section 44 (I) of the PPDA Act, Cap. 205.

### **2.1.6 Audit of the Entity's procurement and payment processes by the Internal Auditor.**

Regulation 27 of the PPDA (PDEs) Regulations, 2023 which states that: "*The Internal Audit department of a Procuring and Disposing Entity shall audit the method used for a procurement and payment made to establish whether the supplies, works or services are properly ordered, received, verified and paid for in accordance with the Public Finance Management Act, 2015 and other applicable laws*". The Authority found that the Internal Audit Unit did not audit the methods used for procurements and the payments made to establish whether the supplies, works or services were not properly ordered, received, verified and paid for. This is due to weak internal controls and laxity by the Internal Auditor to fully perform the assigned duties diligently.

### **Implication**

This is an indicator of weak internal controls in the Entity.

### **Management response**

*The Internal Auditor shall be tasked to audit the procurement and disposal procedures from time to time but the payments are always audited on quarterly basis and audit reports made to the office of the Auditor General.*

### **Recommendation**

The Accounting Officer should task the Internal Auditor to audit the procurement and disposal procedures as well as the payments made in accordance with Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

### **2.1.7 Planning and Initiation**

Section 51 of the PPDA Act, Cap. 205 provides that all procurement and disposal activities shall be conducted in a manner which promotes economy, efficiency and value for money. The Authority found irregularities during the initiation of eight procurements worth UGX. 1,560,969,534 with four out of the eight procurement transactions faced with delay by the Procurement Disposal Unit to submit the procurement to the Contracts Committee for approval due to delay from the User Department to submit clear and detailed specifications of works, supplies and services as detailed in Table 5 below:

**Table 5: Procurement transactions with irregularities during initiation and planning.**

<b>No.</b>	<b>Subject of procurement</b>	<b>Amount (UGX.)</b>	<b>Findings</b>
1.	Sitting, drilling, and installation of 5 boreholes under Water - Lot 1	113,588,100	<ul style="list-style-type: none"><li>• Failure by the Procurement and Disposal Unit to shortlist bidders for Contracts Committee approval. Whereas the Entity used Request for Quotation method, no shortlist of providers was submitted to the Contracts Committee for approval.</li><li>• Failure to use the new procurement Forms. The Authority noted that the Entity is using</li></ul>

No.	Subject of procurement	Amount (UGX.)	Findings
			<p>old Forms such as LG PP Form 2 and LG PP Form 5.</p> <p><b>Management Response</b>  <i>The shortlisted bidders were approved at the time of pre-qualification and new procurement forms shall hence forth be used as expected.</i></p> <p>Authority's comment  The Entity's response is noted, however, the amended legal framework which includes the new form should be adhered to by the Entity.</p>
2.	Construction of Arua District Administration Office block at Odumi under Administration department.	897,409,470	<ul style="list-style-type: none"> <li>• Failure by the District Engineer to come up with Engineer's estimates.</li> <li>• Failure to use new procurement Forms. The Authority noted that the Entity is using old Forms such as LG PP Form 2 and LG PP Form 5.</li> </ul>
3.	Supply and delivery of ICT Equipment to St. Peter's Aliba Seed Secondary School	162,950,000	
4.	Maintenance of a 4-classroom block at Ayelembe Primary School.	72,101,964	<ul style="list-style-type: none"> <li>• Failure to attach BoQs and drawings at initiation.</li> <li>• Delay by the Procurement and Disposal Unit to submit the procurement to Contracts Committee for approval. The procurement was initiated on 26<sup>th</sup> July, 2024 and submission to the Contracts Committee was on 20<sup>th</sup> August, 2024 causing a delay of 18 working days.</li> <li>• Failure by the Procurement and Disposal Unit to propose a member from the Procurement and Disposal Unit to be on the Evaluation Committee. Proposed members were: <ol style="list-style-type: none"> <li>Mr. Herbert Olea the Ag. District Engineer</li> <li>Mr. David Maxine Dramadri the DIS.</li> <li>Mr. Edward Endraa the Ag. DCDO.</li> <li>Mr. Patrick Odong the DWO.</li> <li>Mr. Jacob Achidri the Statistician.</li> </ol> </li> </ul>
5.	Supply and delivery of 57 -3seater metal frame school desks to Anguru Parents Primary School	15,846,000	<ul style="list-style-type: none"> <li>• Failure to come up with specifications of the procurement to be supplied at initiation.</li> <li>• Delay by the Procurement and Disposal Unit to submit the procurement to Contracts Committee for approval. The procurement</li> </ul>

No.	Subject of procurement	Amount (UGX.)	Findings
			was initiated on 26 <sup>th</sup> July, 2024 and submission to Contracts Committee was on 20 <sup>th</sup> August, 2024 causing a delay of 18 working days.
6.	Construction of 4 stance toilet facility at Odumi.	70,000,000	<ul style="list-style-type: none"> <li>• Failure to come up with the Engineer's estimates at initiation.</li> <li>• Delay by the Procurement and Disposal Unit to submit the procurement to the Contracts Committee for approval. The procurement was initiated on 31<sup>st</sup> July, 2024 and submission to Contracts Committee was on 20<sup>th</sup> August, 2024 causing a delay of 15 working days.</li> </ul>
7.	Design, supply and installation of microscale irrigation  Request for Quotation  Reliefline Uganda Limited	89,074,000	<ul style="list-style-type: none"> <li>• Delay to initiate the procurement. In the approved procurement planned date was 4<sup>th</sup> November, 2024 and the procurement was initiated on the 8<sup>th</sup> January, 2025 creating a delay of 25 working days.</li> <li>• Delay by the Procurement and Disposal Unit to submit the procurement to the Contracts Committee for approval. The procurement was initiated on 8<sup>th</sup> January, 2025 and submission to Contracts Committee was on 4<sup>th</sup> February, 2025 causing a delay of 20 working days.</li> </ul>
8.	Construction of a 3-classroom block with office at Anguru Parents Primary School under the education department  Request for Quotation  Benzak Infrastructure Development (U) Limited	140,000,000	Delay by the Accounting Officer to approve confirmation of funding for the procurement. The procurement was initiated on 26 <sup>th</sup> July, 2024, however, the Accounting Officer, Mr. Nicholas Ogwang approved the procurement on 26 <sup>th</sup> August, 2024 which caused a delay of 22 working days.
	<b>TOTAL</b>	<b>1,560,969,534</b>	

### Implications

- Failure to recommend statement of requirement/BoQs by the User Departments, makes it difficult for the Procurement and Disposal Unit to prepare appropriate solicitation documents and this increases the risk of mis-procurement.
- Delays in the procurement process leads to lengthy lead times which impedes timely service delivery.

**Management response**

*The Entity shall task the User Departments to recommend clear and detailed description of supplies, works and services and also to initiate requirements early, preparing bill of quantities and drawings early and submission of the documents by PDU to CC for approval in time to promote economy and efficiency in the procurement process.*

**Recommendations**

1. The Head of Procurement Disposal Unit should conduct that all procurements in a manner which promotes economy and efficiency in accordance with Section 51 of the PPDA Act, Cap. 205.
2. The Accounting Officer should task the responsible User Departments to recommend clear and detailed description of the supplies, works or non-consultancy services required at initiation of the procurement in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023.

**2.1.8 Irregularities in the bidding document**

Regulation 42 (a) and (b) of the PPDA (Rules and Methods for procurement of Supplies, Works and Non- Consultancy Services) Regulations, 2023 provide that a Procuring and Disposing Entity prepares each bidding document to ascertain that the statement of requirements defines the requirement precisely in a manner that leaves no doubt or assumptions by a bidder and that the evaluation criterion considers all the appropriate factors and the method of application of these factors is clear. The Authority found irregularities in the bidding document in six procurements worth UGX. 1,401,895,534 due to inadequate review prior to approval of the bidding document as detailed in the Table 6 below:

**Table 6: Procurements with irregularities in the bidding document.**

No.	Subject of procurement	Amount (UGX.)	Findings
1.	Sitting, drilling, and installation of 5 boreholes under Water -Lot 1.	113,588,100	<ul style="list-style-type: none"><li>• Unclear evaluation criteria. The bidders were required to submit a tax clearance certificate but the period was not stated.</li><li>• Issuing a filled bid submission sheet. The Entity issued a bidding document with a bid submission sheet that had information such as, <i>‘works will be completed within 30 days, works will commence within 10 days/weeks/months, and our bid shall be valid until 23<sup>rd</sup> January 2025’</i></li><li>• Contradicting completion dates. Whereas in the bid submission sheet, the Entity indicated the intended completion date of three months, GCC 17.1 indicated that the intended completion date for whole of the works shall be 30<sup>th</sup> April 2025 yet the commencement date was 28<sup>th</sup> October 2024 in accordance with GCC 1.1 (ee).</li><li>• Idle clauses in the bidding document. GCC 13.1 stated that the minimum insurance covers shall be.....</li></ul>

No.	Subject of procurement	Amount (UGX.)	Findings
			<p><b><u>Management Response</u></b>  <i>-The bidders were required to submit a valid tax clearance certificate addressed to Arua DLG meaning it should not have been expired at the time of bidding as per the copy attached.</i>  <i>-The other omissions made shall hence forth be corrected by the PDU as required.</i></p> <p><b>Authority's comment</b>  <b>The Entity's response is noted, however, the requirement of the validity of the Tax Clearance Certificate should be aligned to a clearly stated period in the bidding document.</b></p>
2.	Construction of Arua District Administration Office block at Odumi under Administration department.	897,409,470	<ul style="list-style-type: none"> <li>• Unclear evaluation criteria. The bidders were required to submit a tax clearance certificate and NSSF clearance certificate but the period was not stated.</li> <li>• ITB 15.1 (i) (12) required bidders to submit a copy of VAT registration certificate.</li> <li>• Failure to require bidders to submit ES Performance Security. GCC 61.1 required bidders to submit a Performance Security of 5% of the contract.</li> </ul> <p><b><u>Management Response</u></b>  <i>-The bidders were required to submit a valid tax clearance certificate addressed to Arua DLG meaning it should not have been expired at the time of bidding as per the copy attached.</i>  <i>-The NSSF clearance certificate, VAT registration certificate and performance certificate of 5% were submitted as per copies attached.</i></p> <p><b>Authority's comments</b>  The Entity's response is noted. The Authority, however, advises that in future projects all bids that are non-compliant should be eliminated during the evaluation process, such as bidders submitting expired Tax Clearance Certificates which was against the requirement of the Entity.</p>
3.	Supply and delivery of ICT Equipment to St. Peter's Aliba Seed Secondary School	162,950,000	<ul style="list-style-type: none"> <li>• Unclear evaluation criteria. The bidders were required to submit Tax Clearance Certificates but the period for the TCC was not stated. The Entity also required bidders to submit evidence of the past experience in supplying similar items. This was incomplete since the period for the TCCs and evidence of past experience was not stated. In addition, the documentation for</li> </ul>

No.	Subject of procurement	Amount (UGX.)	Findings
			<p>proof of previous experience e.g. contracts, completion certificates etc. was also not stated.</p> <ul style="list-style-type: none"> <li>• Under the documents evidencing eligibility, the Entity required for resident bidders to have been incorporated in Uganda for at least two years before the time of submission.</li> <li>• Contradicting delivery period. Whereas GCC 12 stated that the date of delivery shall be within 30 days after contract signing, Section 6 (delivery and completion schedule) required bidders to deliver within 45 days after contract signing.</li> </ul> <p><b><u>Management Response</u></b>  <i>-The bidders were required to submit a valid tax clearance certificate addressed to Arua DLG meaning it should not have been expired at the time of bidding as per the copy attached.</i>  <i>-The other omissions made shall hence forth be corrected by the PDU as required.</i></p>
4.	Maintenance of a 4-classroom block at Ayelembe Primary School.	72,101,964	<ul style="list-style-type: none"> <li>• Unclear evaluation criteria in the bidding document. Under documents evidencing eligibility in the bidding document stated that “a valid income tax clearance certificate addressed to Arua DLG” without stating the exact valid period of the certificate.</li> <li>• Failure to clearly state the date when the contractor will submit the program for works as stated under GCC 27 that: “the contractor shall submit the program for the works within 05 working days/weeks of delivery of a contract which was not clear.”</li> </ul> <p><b><u>Management Response</u></b>  <i>-The bidders were required to submit a valid tax clearance certificate addressed to Arua DLG meaning it should not have been expired at the time of bidding.</i>  <i>-The other omissions made shall hence forth be corrected by the PDU as required.</i></p>
5.	Supply and delivery of 57 - 3seater metal frame school desks to Anguru Parents PS	15,846,000	<p>Unclear evaluation criteria in the bidding document. Under documents evidencing eligibility in the bidding document stated that: “a valid income tax clearance certificate addressed to Arua DLG” without stating the exact valid period of the certificate.</p> <p><b><u>Management Response</u></b>  <i>The bidders were required to submit a valid tax clearance certificate addressed to Arua DLG meaning it should not have been expired at the time of bidding.</i></p>

No.	Subject of procurement	Amount (UGX.)	Findings														
6.	Construction of a 3-classroom block with office at Anguru Parents Primary School under the education department.	140,000,000	<ul style="list-style-type: none"> <li>Discrepancies between the shortlist of bidders in the invitation notice and the standard bidding document. The Authority found that there were discrepancies between the shortlist of bidders in the invitation notice and Form 8 (record of issue of bidding documents to bidders) contrary to the shortlist of bidders in the standard bidding document dated 16<sup>th</sup> September, 2024 as indicated in the table below:</li> </ul> <table border="1"> <thead> <tr> <th>Invitation notice and Form 8 (record of issue to bidders).</th> <th>Standard bidding document</th> </tr> </thead> <tbody> <tr> <td>Benzak Infrastructure Development(U) Limited</td> <td>Benzak Infrastructure Development(U) Limited</td> </tr> <tr> <td>Ayoti and Sons Limited</td> <td>Ayoti and Sons Limited</td> </tr> <tr> <td>Hadiya Services SMC Limited</td> <td>Hadiya Services SMC Limited</td> </tr> <tr> <td>Amie and Sons Company Limited</td> <td>Deha Invesities Limited</td> </tr> <tr> <td>Tabu and Brothers Enterprises Limited</td> <td>Burj Engineering and Associates Limited</td> </tr> <tr> <td>Tehazi Agencies</td> <td>Tehazi Agencies</td> </tr> </tbody> </table> <p><b><u>Management Response</u></b>  <i>The error was on the foresight not editing the bidders in the bidding document as per the invitation notice because many documents were prepared at the same time for many procurements.</i></p>	Invitation notice and Form 8 (record of issue to bidders).	Standard bidding document	Benzak Infrastructure Development(U) Limited	Benzak Infrastructure Development(U) Limited	Ayoti and Sons Limited	Ayoti and Sons Limited	Hadiya Services SMC Limited	Hadiya Services SMC Limited	Amie and Sons Company Limited	Deha Invesities Limited	Tabu and Brothers Enterprises Limited	Burj Engineering and Associates Limited	Tehazi Agencies	Tehazi Agencies
Invitation notice and Form 8 (record of issue to bidders).	Standard bidding document																
Benzak Infrastructure Development(U) Limited	Benzak Infrastructure Development(U) Limited																
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Amie and Sons Company Limited	Deha Invesities Limited																
Tabu and Brothers Enterprises Limited	Burj Engineering and Associates Limited																
Tehazi Agencies	Tehazi Agencies																
	<b>TOTAL</b>	<b>1,401,895,534</b>															

### Implications

- Unclear evaluation criteria in the bidding document leaves doubt and assumptions to the bidder on the requirements of the Entity and exposes the Entity to the risk of potential disagreements and conflict during the implementation of the contracts.
- Inappropriate requirements discourage competition and lead to award of contracts to non-responsive bidders.

### Recommendations

- The Contracts Committee should reject solicitation documents that do not define requirements precisely and in a manner that leaves no doubt or assumption by a bidder in regard to the requirements of the Entity in accordance with Regulation 42 (a) of the PPDA (Rules and Methods for procurement of Supplies, works and Non- Consultancy Services) Regulations, 2023; and
- The Head of Procurement and Disposal Unit should set the most appropriate evaluation criteria that suits the purpose of the procurement in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, works and Non- Consultancy Services) Regulations. 2023.

### 2.1.9 Irregularities identified during the bidding process.

Section 48 of the PPDA Act, Cap. 205 states that all procurement and disposal shall be conducted in a manner which promotes transparency, accountability and fairness. The Authority established irregularities during the bidding process in four procurements worth UGX. 271,536,064. This was due to weak internal controls in the Entity as detailed in Table 7 below.

**Table 7: Procurements with gaps identified at the bidding process.**

No.	Subject of procurement	Amount (UGX.)	Findings
1.	Sitting, drilling, and installation of 5 boreholes under Water -Lot 1	113,588,100	<ul style="list-style-type: none"> <li>• Inviting bidders who were not approved by the Contracts Committee. The Accounting Officer and Head of Procurement Disposal Unit invited the following 5 bidders without seeking Contracts Committee approval as listed below:               <ol style="list-style-type: none"> <li>i. Mama Bore Wells Africa Ltd.</li> <li>ii. MSR Technologies (U) Ltd.</li> <li>iii. KRL Uganda Ltd.</li> <li>iv. Icon Projects Ltd.</li> <li>v. Geobot Group (U) Ltd.</li> </ol> </li> <li>• Inadequate shortlist. The shortlist had only 5 bidders.</li> </ul> <p><b><u>Management Response</u></b>  <i>The shortlisted bidders had been approved at the time of pre-qualification; however, this will be corrected as required each time at approval of the procurement by the Contracts Committee members.</i></p>
2.	Maintenance of a 4-classroom block at Ayelembe Primary School.	72,101,964	<ul style="list-style-type: none"> <li>• Delay to issue the bidding document. The Contracts Committee approved the bidding document on 20<sup>th</sup> August, 2024 and it was issued on the 16<sup>th</sup> September, 2024 creating a delay of 20 working days.</li> <li>• Shortlisting and invitation of two firms that belong to the same directors and had the same prices in bid opening. The Authority found out that Hillstone Engineering (U) Limited and Right way Enterprises (U) Ltd. belong to the same directors and these are Mr. Baker Kayo, Mr. Estion Bada and Mr. Hillary Abdel Aziz.</li> <li>• Delay to invite bidders to bid. The Contracts Committee approved the shortlist of bidders on the 20<sup>th</sup> August, 2024 and the bidders were invited on 16<sup>th</sup> September, 2024 creating a delay of 20 working days.</li> <li>• No evidence showing that all the six shortlisted bidders were invited to bid.</li> </ul>

No.	Subject of procurement	Amount (UGX.)	Findings
			<p><b><u>Management Response</u></b>  <i>The delay was because the user department delayed to contact the engineering department to prepare BoQs and Drawings which took some time and this affected invitation of bidders and issue of the bidding document.</i></p>
3.	Supply and delivery of 57 -3seater metal frame school desks to Anguru Parents Primary School	15,846,000	<ul style="list-style-type: none"> <li>• Delay by the Procurement and Disposal Unit to submit the bidding document to Contracts Committee for approval. Procurement was initiated on the 26<sup>th</sup> July, 2024 and the submission for approval was sent on the 20<sup>th</sup> August, 2024 causing a delay of 18 working days.</li> <li>• Delay to invite bidders to bid. The Contracts Committee approved the shortlist for bidders on the 20<sup>th</sup> August, 2024 and the bidders were invited on the 16<sup>th</sup> September, 2024 creating a delay of 20 working days.</li> <li>• No evidence showing that all the six shortlisted bidders were invited to bid.</li> <li>• Issue of a bidding document to JB John Bbosa Ent. Ltd. who did not make the required payment. The cost of the bidding document was UGX. 50,000 non-refundable.</li> <li>• Failure by either a member of the Contracts Committee or User Department to witness bid opening. No attendance sheet was attached.</li> <li>• Failure to sign on each key page at bid receipt which led to change of prices at bid opening. This was done on the bids from the following providers below; <ul style="list-style-type: none"> <li>i. Zayfa Ventures SMC Limited; and</li> <li>ii. John Bbosa JB Enterprises Ltd.</li> </ul> </li> <li>• Failure by the Procurement and Disposal Unit to submit the bid for John Bbosa JB Enterprises Ltd. whereas the Authority requested the Procurement and Disposal Unit to submit the bid, though it was not submitted.</li> </ul> <p><b><u>Management Response</u></b>  <i>The delay was because the user department delayed to contact the engineering department to prepare BoQs and Drawings which took some time and this affected invitation of bidders and issue of the bidding document.</i></p>

No.	Subject of procurement	Amount (UGX.)	Findings
4.	Construction of 4 stance toilet facility at Odumi.	70,000,000	<ul style="list-style-type: none"> <li>• Delay to invite bidders to bid. The Contracts Committee approved the shortlist of bidders on 20<sup>th</sup> August, 2024 and the bidders were invited on 16<sup>th</sup> September, 2024 creating a delay of 20 working days.</li> <li>• No evidence showing that all the six shortlisted bidders were invited to bid.</li> </ul> <p><b><u>Management Response</u></b>  <i>The delay was because the user department delayed to contact the engineering department to prepare BoQs and Drawings which took some time and this affected invitation of bidders and issue of the bidding document.</i></p>
	<b>TOTAL</b>	<b>271,536,064</b>	

### Implications

- Delayed bidder invitation increases the procurement lead times, which delays service delivery to the intended beneficiaries and also exposes the Entity to the risk of failure to utilize funds by the end of the financial year.
- Irregularities at bidding inhibit transparency and accountability during the bidding process and may be an indication of fraudulent practices during bidding.

### Recommendations

The Head of Procurement and Disposal Unit should:

1. Invite bidders in a timely manner to promote efficiency in public procurement in accordance with Section 51 of the PPDA Act, Cap. 205.
2. Maintain accurate copies of acknowledged bid invitations to ensure transparency and accountability in accordance with Section 48 of the PPDA Act, Cap. 205.

#### 2.1.10 Irregularities during the evaluation of bids

Regulations 18 (4) and 19 (4) of the PPDA (Evaluation) Regulations, 2023 provide for conditions for rejection of non-compliant bids under administrative compliance and detailed evaluation respectively. The Authority found irregularities in the evaluation process in seven procurement transactions worth UGX. 1,471,895,534 majorly delay to evaluate bids attributed to numerous commitments by members of the Evaluation Committee as detailed in Table 8 below:

**Table 8: Procurements with irregularities during evaluation**

No.	Subject of procurement	UGX	Findings
1.	Sitting, drilling, and installation of 5 boreholes under Water -Lot 1.	113,588,100	<ul style="list-style-type: none"> <li>• Inadequate composition of the Evaluation Committee. The Authority found that the Evaluation Committee composition lacked a Procurement representative.</li> <li>• Failure by the Evaluation Committee members to sign the ethical code of conduct.</li> </ul>

No.	Subject of procurement	UGX	Findings
			<ul style="list-style-type: none"> <li>• Change of the evaluation criteria at evaluation. Whereas the issued bidding document required bidders to submit a trading license for 2024 or equivalent, the Evaluation Committee changed the criteria to include a copy of the bidder’s valid trading license or equivalent.</li> </ul> <p><b><u>Management Response</u></b></p> <ul style="list-style-type: none"> <li>-The lack of PDU representative on the EC, this has been corrected with effect from the current FY.</li> <li>-EC members signed the ethical code of conduct.</li> <li>-The bidding document required bidders to submit valid trading license for 2024 meaning it should not have expired at the time of bidding and submission deadline as per the evidence attached.</li> </ul>
2.	Construction of Arua District Administration Office block at Odumi under Administration department.	897,409,470	<ul style="list-style-type: none"> <li>• Inadequate composition of the Evaluation Committee. The Authority found that the Evaluation Committee composition lacked a Procurement representative.</li> <li>• Passing of a non - compliant bidder, Link Investments Limited (BEB) submitted a bid security from Finance Trust Bank valid up to 2<sup>nd</sup> March 2025 contrary to ITB 20.3 of the issued bidding document that required a bid security valid up to 30<sup>th</sup> March 2025.</li> <li>• Introduction of new criteria at evaluation. The Evaluation Committee introduced a criteria for a valid trading license for 2024 or equivalent. This was not part of the required documents evidencing eligibility.</li> <li>• Delay to evaluate bids. Bids were opened on 13<sup>th</sup> September 2024 and evaluation was completed on 15<sup>th</sup> October 2024.</li> </ul> <p><b><u>Management Response</u></b></p> <ul style="list-style-type: none"> <li>-The lack of PDU representative on the Evaluation Committee this has been corrected with effect from the current FY.</li> <li>-EC members will be cautioned to stick to the evaluation criteria as per the bidding document.</li> <li>-The bidding document required bidders to submit valid trading license for 2024 meaning it should not have expired at the time of bidding and submission deadline.</li> </ul>

No.	Subject of procurement	UGX	Findings				
			-Delay to evaluate bids was because of other commitments by the EC members.				
3.	Supply and delivery of ICT Equipment to St. Peter's Aliba Seed Secondary School	162,950,000	<ul style="list-style-type: none"> <li>• Failure by the best evaluated bidder, Munaja Group to describe the specifications for the supplies offered. The bidder indicated "comply" without describing the specifications of the supplies offered.</li> <li>• Delay to evaluate bids. Whereas the bids were opened on 31<sup>st</sup> January 2025, however, the evaluation was conducted on 7<sup>th</sup> March 2025.</li> </ul> <p><b><u>Management Response</u></b> -Delay to evaluate bids was because of other commitments by the Evaluation Committee members.</p>				
4.	Maintenance of a 4-classroom block at Ayelembe Primary School.	72,101,964	<ul style="list-style-type: none"> <li>• Change of the evaluation criteria at evaluation as listed in the table below: <table border="1" data-bbox="754 770 1417 920"> <thead> <tr> <th data-bbox="754 770 1062 808">Bidding document</th> <th data-bbox="1062 770 1417 808">Evaluation stage</th> </tr> </thead> <tbody> <tr> <td data-bbox="754 808 1062 920">Valid trading license for 2024 or equivalent.</td> <td data-bbox="1062 808 1417 920">A copy of the bidders valid trading license or equivalent.</td> </tr> </tbody> </table> </li> <li>• Passing of non-compliant bidder Queron Engineering Services Ltd. The bidder stated on the bid submission sheet that works will commence within 10 working days/weeks/months from the date of contract contrary to GCC1.1 (ee) which stated that: "the start date shall be 28<sup>th</sup> October, 2024."</li> <li>• Queron Engineering Services Ltd. submitted a bid with a bid submission sheet indicating works will be completed within three months/days/weeks/months from the date of the contract contrary to GCC 17.1 that stated that <i>the intended completion date for the whole works shall be 30<sup>th</sup> April, 2025.</i></li> </ul> <p><b><u>Management Response</u></b> -The bidding document required bidders to submit valid trading license for 2024 meaning it should not have expired at the time of bidding and submission deadline.</p>	Bidding document	Evaluation stage	Valid trading license for 2024 or equivalent.	A copy of the bidders valid trading license or equivalent.
Bidding document	Evaluation stage						
Valid trading license for 2024 or equivalent.	A copy of the bidders valid trading license or equivalent.						
5.	Supply and delivery of 57 - 3seater metal frame school desks to Anguru Parents Primary School.	15,846,000	<p>Change of the evaluation criteria at evaluation as listed in the table below.</p> <table border="1" data-bbox="735 1666 1441 1827"> <thead> <tr> <th data-bbox="735 1666 1090 1704">Bidding document</th> <th data-bbox="1090 1666 1441 1704">Evaluation stage</th> </tr> </thead> <tbody> <tr> <td data-bbox="735 1704 1090 1827">Valid trading license for 2024 or equivalent.</td> <td data-bbox="1090 1704 1441 1827">A copy of the bidders valid trading license or equivalent.</td> </tr> </tbody> </table>	Bidding document	Evaluation stage	Valid trading license for 2024 or equivalent.	A copy of the bidders valid trading license or equivalent.
Bidding document	Evaluation stage						
Valid trading license for 2024 or equivalent.	A copy of the bidders valid trading license or equivalent.						

No.	Subject of procurement	UGX	Findings						
6.	Construction of 4 stance toilet facility at Odumi.	70,000,000	<p><b><u>Management Response</u></b>  <i>The bidding document required bidders to submit valid trading license for 2024 meaning it should not have expired at the time of bidding and submission deadline.</i></p> <p><b><u>Authority's Comment</u></b>  The Authority verified the valid trading license for 2024 however the Entity's response does not address the cause of change of the evaluation criteria.</p>						
7.	Construction of a 3-classroom block with office at Anguru Parents Primary School under the education department.	140,000,000	<ul style="list-style-type: none"> <li>• Failure to have a member of the Procurement Disposal Unit on the Evaluation Committee. The Evaluation Committee (EC) had the following members: <ol style="list-style-type: none"> <li>i. Mr. Herbert Olea, the Ag. District Engineer</li> <li>ii. Mr. David Maxine Dramadri, the DIS.</li> <li>iii. Mr. Edward Endraa, the Ag. DCDO.</li> <li>iv. Mr. Patrick Odong, the DWO</li> <li>v. Mr. Jacob Achidri, the Statistician.</li> </ol> </li> <li>• Change of the evaluation criteria at evaluation as listed in the table below.</li> </ul> <table border="1" data-bbox="738 965 1422 1469"> <thead> <tr> <th data-bbox="738 965 1209 1039"><b>Bidding document</b></th> <th data-bbox="1209 965 1422 1039"><b>Evaluation stage</b></th> </tr> </thead> <tbody> <tr> <td data-bbox="738 1039 1209 1294">A certificate of registration issued by the Authority for bidders currently registered with the Authority or a copy of the bidder's trading license or equivalent for bidders not currently registered with the Authority.</td> <td data-bbox="1209 1039 1422 1294">Not considered</td> </tr> <tr> <td data-bbox="738 1294 1209 1469">Evidence of fulfillment of obligations to pay taxes and social security contributions in Uganda where applicable</td> <td data-bbox="1209 1294 1422 1469">Not considered</td> </tr> </tbody> </table> <p><b><u>Management Response</u></b>  <i>-The lack of Procurement and Disposal Unit representative on the EC this has been corrected with effect from the current Financial Year.</i>  <i>-Evaluation Committee members will be cautioned to stick to the evaluation criteria as per the bidding document.</i>  <i>-The bidding document required bidders to submit valid trading license for 2024 meaning it should not</i></p>	<b>Bidding document</b>	<b>Evaluation stage</b>	A certificate of registration issued by the Authority for bidders currently registered with the Authority or a copy of the bidder's trading license or equivalent for bidders not currently registered with the Authority.	Not considered	Evidence of fulfillment of obligations to pay taxes and social security contributions in Uganda where applicable	Not considered
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Evidence of fulfillment of obligations to pay taxes and social security contributions in Uganda where applicable	Not considered								

No.	Subject of procurement	UGX	Findings
			<i>have expired at the time of bidding and submission deadline. -Delay to evaluate bids was because of other commitments by the Evaluation Committee members.</i>
	<b>TOTAL</b>	<b>1,471,895,534</b>	

### Implications

- Passing a non-compliant bidder exposed the Entity to the risk of contracting a provider that may not have the required competence to execute the contractual obligations.
- Inadequate composition of the Evaluation Committee undermines validity of the decisions made.
- Irregular evaluation of bids exposes the Entity to the risk of not getting the best bidder who are legally upright, compliant and responsive to the requirements in the bidding documents.

### Recommendations

1. The Accounting Officer should task the Evaluation Committees to stick to the evaluation criteria specified in the bidding documents during the evaluation process in accordance with Regulation 5 (1) & (2) of the PPDA (Evaluation) Regulations, 2023.
2. The Evaluation Committee members should reject bids that are not compliant with the evaluation criteria in the bidding document in accordance with Regulation 18 (4) and Regulation 19 (4) of the PPDA (Evaluation) Regulations, 2023.

#### 2.1.11 Anomalies at contracting.

Regulation 9 (2) of the PPDA (Contracts) Regulations, 2023 provides that a contract document shall be in accordance with the form of contract specified in the bidding document. The Authority found changed Special Conditions of the Contract against those issued in the bidding document in seven procurements worth UGX. 1,381,047,498 due to weak internal controls over contract approval processes as detailed in the Table 9 below:

**Table 9: Procurements with anomalies at contracting.**

No.	Subject of procurement	UGX	Findings						
1.	Sitting, drilling, and installation of 5 boreholes under Water - Lot 1.	113,588,100	<ul style="list-style-type: none"> <li>• Changing the Special Conditions of the Contract (SCC) at contracting. The following SCC were changed at contracting:</li> </ul> <table border="1"> <thead> <tr> <th>SCC (GCC) in issued Bidding Document.</th> <th>SCC (GCC) in the Signed Contract.</th> </tr> </thead> <tbody> <tr> <td>SCC (GCC 1.1 (ee)) Start date shall be 28<sup>th</sup> October 2024.</td> <td>SCC (GCC 1 .1 (ee)) Start date shall be one week from date of signing the contract.</td> </tr> <tr> <td>SCC (GCC 2.3): The contract is an admeasured contract.</td> <td>SCC (GCC 2.3): The contract is Lump sum contract.</td> </tr> </tbody> </table>	SCC (GCC) in issued Bidding Document.	SCC (GCC) in the Signed Contract.	SCC (GCC 1.1 (ee)) Start date shall be 28 <sup>th</sup> October 2024.	SCC (GCC 1 .1 (ee)) Start date shall be one week from date of signing the contract.	SCC (GCC 2.3): The contract is an admeasured contract.	SCC (GCC 2.3): The contract is Lump sum contract.
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No.	Subject of procurement	UGX	Findings										
			<table border="1"> <tr> <td data-bbox="719 215 1066 322">N/A</td> <td data-bbox="1066 215 1444 322">SCC (GCC 2.4): Sectional completion is permitted</td> </tr> <tr> <td data-bbox="719 322 1066 472">N/A</td> <td data-bbox="1066 322 1444 472">SCC (GCC 9.1) The schedule of key personnel shall be part of the contract.</td> </tr> <tr> <td data-bbox="719 472 1066 584">SCC (GCC 13.1): The minimum insurance covers shall be.</td> <td data-bbox="1066 472 1444 584">SCC (GCC 13.1): The minimum insurance covers shall be 110%</td> </tr> <tr> <td data-bbox="719 584 1066 770">SCC (GCC 17.1): The intended completion date for whole of the works shall be 30<sup>th</sup> April 2025</td> <td data-bbox="1066 584 1444 770">SCC (GCC 17.1): The intended completion date for whole of the works shall be four months from site possession.</td> </tr> <tr> <td data-bbox="719 770 1066 920">SCC (GCC 48.1) No proportion of any payments shall be retained.</td> <td data-bbox="1066 770 1444 920">SCC (GCC 48.1): The proportion of payments retained is maximum 5% of the contract price.</td> </tr> </table> <ul style="list-style-type: none"> <li>• Failure to pay the contractor retention worth UGX. 4,655,250.</li> </ul> <p><b><u>Management Response</u></b>  <i>The Entity shall henceforth scrutinize contract documents to ensure all provisions are complete and appropriate for each particular procurement to correct the above anomalies.</i></p>	N/A	SCC (GCC 2.4): Sectional completion is permitted	N/A	SCC (GCC 9.1) The schedule of key personnel shall be part of the contract.	SCC (GCC 13.1): The minimum insurance covers shall be.	SCC (GCC 13.1): The minimum insurance covers shall be 110%	SCC (GCC 17.1): The intended completion date for whole of the works shall be 30 <sup>th</sup> April 2025	SCC (GCC 17.1): The intended completion date for whole of the works shall be four months from site possession.	SCC (GCC 48.1) No proportion of any payments shall be retained.	SCC (GCC 48.1): The proportion of payments retained is maximum 5% of the contract price.
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SCC (GCC 48.1) No proportion of any payments shall be retained.	SCC (GCC 48.1): The proportion of payments retained is maximum 5% of the contract price.												
2.	Construction of Arua District Administration Office block at Odumi under Administration department.	897,409,470	<ul style="list-style-type: none"> <li>• Change of Special Conditions of the Contract at contracting. SCC (GCC 61.1) of the issued bidding document stated that a Performance Security shall be 5% of the contract price while SCC (GCC 52.1) of the signed contract stated that the Performance Security shall be 5% of the contract price in form of a Bank Guarantee and Not on demand Insurance Bond.</li> <li>• Failure to implement the presidential directive on Performance Security. The Entity stated that the bidders should not submit Insurance Bond as Performance Security.</li> <li>• SCC (GCC 57.1) of the issued bidding document stated that the proportion of payments retained is 10% while SCC (GCC 48.1) of the signed contract stated that the proportion of payments retained shall be 5%.</li> </ul>										

No.	Subject of procurement	UGX	Findings												
			<p><b><u>Management Response</u></b>  <i>The Entity shall henceforth scrutinize contract documents to ensure all provisions are complete and appropriate for each particular procurement to correct the above anomalies.</i></p>												
3.	Supply and delivery of ICT Equipment to St. Peter's Aliba Seed Secondary School	162,950,000	<ul style="list-style-type: none"> <li>• Quality of the signed contract: Whereas SCC (GCC 16.1) stated that the structure of payments shall be 20% advance payment and 80% after delivery, SCC (GCC 17.1) stated that advance payment guarantee shall not be required.</li> <li>• Failure by the provider Munaja Group to submit a performance security of 5% of the contract price as per SCC (GCC 19.1).</li> </ul> <p><b><u>Management Response</u></b>  <i>The Entity shall henceforth scrutinize contract documents to ensure all provisions are complete and appropriate for implementation of each particular procurement to correct the above anomalies.</i></p>												
4.	<p>Maintenance of a 4-classroom block at Ayelembe Primary School.</p> <p>Request for Quotation</p> <p>Queron Engineering Services Limited</p>	72,101,964	<ul style="list-style-type: none"> <li>• Change of Special Conditions of a Contract (SCC) at contracting. The following are the changes made during contracting in the table below.</li> </ul> <table border="1" data-bbox="718 1025 1428 1883"> <thead> <tr> <th data-bbox="718 1025 1045 1099">SCC of Contracting</th> <th data-bbox="1045 1025 1428 1099">SCC in the bidding Document</th> </tr> </thead> <tbody> <tr> <td data-bbox="718 1099 1045 1290">GCC 48.1 stated that the proportion of payments retained is maximum 10% of the contract price.</td> <td data-bbox="1045 1099 1428 1290">GCC 48.1 stated that NO/NIL proportion of any payments shall be retained.</td> </tr> <tr> <td data-bbox="718 1290 1045 1547">GCC 27.1 stated that the contractor shall submit the program of works within <b>10 working days</b> of delivery of the letter of acceptance.</td> <td data-bbox="1045 1290 1428 1547">GCC 27 The contractor shall submit the program for the works within <b>05 workings days/weeks</b> of delivery of contract.</td> </tr> <tr> <td data-bbox="718 1547 1045 1659">GCC 1.1 (y) stated that the Project Manager is: the District Engineer.</td> <td data-bbox="1045 1547 1428 1659">GCC 1.1 (y) The Contract Manager is; The District Education Officer.</td> </tr> <tr> <td data-bbox="718 1659 1045 1805">GCC 1.1 (ee) The state date shall be: One week from date of signing of contract.</td> <td data-bbox="1045 1659 1428 1805">GCC 1.1 (ee) The state date shall be: 28<sup>th</sup> October, 2024.</td> </tr> <tr> <td data-bbox="718 1805 1045 1883">GCC 17.1 stated that the intended</td> <td data-bbox="1045 1805 1428 1883">GCC 17.1 The intended completion date for the</td> </tr> </tbody> </table>	SCC of Contracting	SCC in the bidding Document	GCC 48.1 stated that the proportion of payments retained is maximum 10% of the contract price.	GCC 48.1 stated that NO/NIL proportion of any payments shall be retained.	GCC 27.1 stated that the contractor shall submit the program of works within <b>10 working days</b> of delivery of the letter of acceptance.	GCC 27 The contractor shall submit the program for the works within <b>05 workings days/weeks</b> of delivery of contract.	GCC 1.1 (y) stated that the Project Manager is: the District Engineer.	GCC 1.1 (y) The Contract Manager is; The District Education Officer.	GCC 1.1 (ee) The state date shall be: One week from date of signing of contract.	GCC 1.1 (ee) The state date shall be: 28 <sup>th</sup> October, 2024.	GCC 17.1 stated that the intended	GCC 17.1 The intended completion date for the
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No.	Subject of procurement	UGX	Findings									
			completion date for the whole works shall be: three months from the date of site possession date.	whole of works shall be 30 <sup>th</sup> April, 2025.								
			GCC 21.1 stated that: the site possession date shall be one week from date of signing the contract.	GCC 21.1 The site possession date shall be 28 <sup>th</sup> October, 2024.								
			GCC 60.1. The percentage to apply to the value of the works not completed, representing the Employer's additional cost for completing the works is 5%.	GCC 60.1. The percentage to apply to the value of the works not completed, representing the Employer's additional cost for completing the works is;								
			GCC 49.1 The liquidated damages for the whole works is 0.05% of the final contract sum per day. The maximum amount of liquidated damages for the whole works is 0.05% of the final contract price.	GCC 49.1 Liquidated damages of 005% shall apply. The contractor shall pay liquidated damages to the Employer at the rate of UGX. 50,000 per day that the completion date is later than the intended completion date. The total amount of liquidated damages shall not exceed UGX. 1,000,000 (One million shillings only).								
			<ul style="list-style-type: none"> <li>Introduction or inclusion of new SCC at contracting. The table below shows the SCC that were included at contracting.</li> </ul>									
			<table border="1"> <thead> <tr> <th data-bbox="719 1554 1134 1626">SCC of the Contract</th> <th data-bbox="1139 1554 1449 1626">SCC in the bidding Document</th> </tr> </thead> <tbody> <tr> <td data-bbox="719 1632 1134 1704">GCC 2.4 stated that Sectional completion is permitted.</td> <td data-bbox="1139 1632 1449 1704">Not stated</td> </tr> <tr> <td data-bbox="719 1711 1134 1805">GCC 14.1 stated that Site investigation report shall be part of the contract.</td> <td data-bbox="1139 1711 1449 1805">Not stated</td> </tr> <tr> <td data-bbox="719 1812 1134 1883">Programme updates shall be required. The period between</td> <td data-bbox="1139 1812 1449 1883">Not stated.</td> </tr> </tbody> </table>		SCC of the Contract	SCC in the bidding Document	GCC 2.4 stated that Sectional completion is permitted.	Not stated	GCC 14.1 stated that Site investigation report shall be part of the contract.	Not stated	Programme updates shall be required. The period between	Not stated.
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programme updates is 30 days.											
5.	Supply and delivery of 57 - 3seater metal frame school desks to Anguru Parents Primary School  Selective bidding  Zayfa Ventures SMC Limited.	15,846,000	<ul data-bbox="719 517 1442 622" style="list-style-type: none"> <li>• Change of Special Conditions of a Contract at contracting. The following are the changes made during contracting in the table below.</li> </ul> <table border="1" data-bbox="719 622 1426 808"> <thead> <tr> <th data-bbox="719 622 1062 696">SCC of Contracting</th> <th data-bbox="1062 622 1426 696">SCC in the bidding Document</th> </tr> </thead> <tbody> <tr> <td data-bbox="719 696 1062 808">GCC 28.3 The period of the warranty shall be 6months.</td> <td data-bbox="1062 696 1426 808">GCC 29.3 The period of warranty shall be 12months.</td> </tr> </tbody> </table> <p data-bbox="719 853 1038 887"><b><u>Management Response</u></b></p> <p data-bbox="719 891 1442 1032"><i>The Entity shall henceforth scrutinize contract documents to ensure all provisions are complete and appropriate for each particular procurement to correct the above anomalies.</i></p>	SCC of Contracting	SCC in the bidding Document	GCC 28.3 The period of the warranty shall be 6months.	GCC 29.3 The period of warranty shall be 12months.				
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GCC 28.3 The period of the warranty shall be 6months.	GCC 29.3 The period of warranty shall be 12months.										
6.	Construction of 4 stance toilet facility at Odumi  Restrictive bidding  Amie and Sons Company Limited	70,000,000	<ul data-bbox="719 1043 1442 1335" style="list-style-type: none"> <li>• Irregular awarding of the contract. The CC awarded a contract to Amie and Sons Company Limited at UGX. 70,000,000 and yet the EC had recommended Amie and Sons Company Limited as the BEB at bid price was UGX. 79,553,810. without any justification, approved Negotiation Team and minutes.</li> <li>• Change of SCC at contracting. The following are the changes made during contracting.</li> </ul> <table border="1" data-bbox="719 1335 1426 1886"> <thead> <tr> <th data-bbox="719 1335 1102 1408">SCC of Contracting</th> <th data-bbox="1102 1335 1426 1408">SCC in the bidding Document</th> </tr> </thead> <tbody> <tr> <td data-bbox="719 1408 1102 1559">GCC 48.1 stated that the proportion of payments retained is maximum 10% of the contract price.</td> <td data-bbox="1102 1408 1426 1559">GCC 48.1 stated that NO/NIL proportion of any payments shall be retained.</td> </tr> <tr> <td data-bbox="719 1559 1102 1783">GCC 27.1 stated that the contractor shall submit the program of works within <b>10 working days</b> of delivery of the letter of acceptance.</td> <td data-bbox="1102 1559 1426 1783">GCC 27 The contractor shall submit the program for the works within <b>05 workings days/weeks</b> of delivery of contract.</td> </tr> <tr> <td data-bbox="719 1783 1102 1886">GCC 1.1 (y) stated that the Project Manager is: the District Engineer.</td> <td data-bbox="1102 1783 1426 1886">GCC 1.1 (y) The Contract Manager is;</td> </tr> </tbody> </table>	SCC of Contracting	SCC in the bidding Document	GCC 48.1 stated that the proportion of payments retained is maximum 10% of the contract price.	GCC 48.1 stated that NO/NIL proportion of any payments shall be retained.	GCC 27.1 stated that the contractor shall submit the program of works within <b>10 working days</b> of delivery of the letter of acceptance.	GCC 27 The contractor shall submit the program for the works within <b>05 workings days/weeks</b> of delivery of contract.	GCC 1.1 (y) stated that the Project Manager is: the District Engineer.	GCC 1.1 (y) The Contract Manager is;
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				The District Education Officer.	
			GCC 1.1 (ee) The state date shall be: One week from date of signing of contract.	GCC 1.1 (ee) The state date shall be: 28 <sup>th</sup> October, 2024.	
			GCC 17.1 stated that the intended completion date for the whole works shall be: three months from the date of site possession date	GCC 17.1 The intended completion date for the whole of works shall be 30 <sup>th</sup> April, 2025,	
			GCC 21.1 stated that: the site possession date shall be one week from date of signing the contract.	GCC 21.1 The site possession date shall be 28 <sup>th</sup> October, 2024.	
7.	Construction of a 3-classroom block with office at Anguru Parents Primary School under the education department.	140,000,000	<ul style="list-style-type: none"> <li>• Irregular awarding of the contract. The CC awarded a contract to Benzak Infrastructural Development Uganda Limited at UGX. 140,000,000 and yet the EC had recommended Benzak Infrastructural Development Uganda Limited as the Best Evaluated Bidder (BEB) at a bid price of UGX. 157,858,512 without any justification, approved Negotiation Team and minutes.</li> <li>• Change of SCC at contracting. The following are the changes made during contracting in the table below:</li> </ul>		
			<b>GCC Clause Reference</b>	<b>SCC in the Bidding document.</b>	<b>SCC in the Signed contract.</b>
			GCC 14.1	Not stated	Site investigation report shall be part of the contract.
			GCC 43.1	The amount certified by the Contract Manager shall be paid in full within 30 days of receipt by the employer of an invoice, supported by: a) The payment certificate and b) A certificate of completion of works.	Not stated

No.	Subject of procurement	UGX	Findings		
			GCC 48.1 Retention	<b>NO/NIL</b> proportion of any payments shall be retained.	Not stated.
			GCC 49.1	The liquidated damage for the whole of the works is 0.05% of the final contract sum per day. The maximum amount of liquidated of the whole of the works is 5% of the final contract price.	Liquidated damages of 005% shall apply. The Contractor shall pay liquidated damages to the Employer at the rate of UGX. 50,000 per day for each day that the completion date is later than the intended completion date. The total amount of liquidated damages shall not exceed: UGX. 1,000,000 (One Million Shillings Only).
			GCC 50.1	Not stated	The bonus for the whole of works is <b>0%</b> .
			GCC 51.1	Advance payment of <b>NA/NIL</b> shall be made on submission of an advance payment security of <b>NA/NIL</b> .	Advance payment <b>will</b> be required under this contract. The advance payment will be equivalent to 20% of the contract sum and will be paid in the same currencies and proportions as the contract. It will be paid to the contractor within 30 days. Advance payment shall be made against advance payment guarantee inform of genuine bank

No.	Subject of procurement	UGX	Findings		
					guarantee from a bank acceptable to the employer.
			GCC 58.1	No “as built” drawings or operating and maintenance manuals .	The date by which “as built” drawings are required is: Date of bid submission. The date by which operating and maintenance manuals are required is: <b>Date of starting works.</b>
			GCC 58.2	Not stated	The amount to be withheld for failing to produce “as built” drawings and/or operating and maintenance manuals by the date required is <b>1% of the final contract price.</b>
			GCC 60.1	The percentage to apply to the value of the work not completed, representing the employer’s additional cost for completing the works, is: <b>Not stated.</b>	The percentage to apply to the value of the work not completed, representing the employer’s additional cost for completing the works, is: <b>100%</b>
			<p><b><u>Management Response</u></b>  <i>The Entity shall henceforth scrutinize contract documents to ensure all provisions are complete and appropriate for each particular procurement to correct the above anomalies.</i></p>		

No.	Subject of procurement	UGX	Findings															
8.	Maintenance of a 4-classroom block at Eceko Primary School.	72,101,964	<ul style="list-style-type: none"> <li>• Irregular awarding of the contract: The Contracts Committee awarded a contract to Eppo Engineering Services Limited at UGX. 72,101,964 and yet the Evaluation Committee had recommended Eppo Engineering Services Limited as the Best Evaluated Bidder (BEB) at a price of UGX. 75,101,964 without any justification, approved negotiation team and minutes.</li> <li>• Change of SCC at contracting. The following were the changes made during contracting.</li> </ul> <table border="1" data-bbox="719 622 1422 1841"> <thead> <tr> <th data-bbox="719 622 890 734">GCC Clause Reference</th> <th data-bbox="890 622 1158 734">Standard Bidding document</th> <th data-bbox="1158 622 1422 734">Signed contract</th> </tr> </thead> <tbody> <tr> <td data-bbox="719 734 890 846">GCC 14.1</td> <td data-bbox="890 734 1158 846">Not stated.</td> <td data-bbox="1158 734 1422 846">Site investigation report shall be part of the contract.</td> </tr> <tr> <td data-bbox="719 846 890 1104">GCC 17.1</td> <td data-bbox="890 846 1158 1104">The intended completion date for the whole of the works shall be: <b>30<sup>th</sup> April, 2025.</b></td> <td data-bbox="1158 846 1422 1104">The intended completion date for the whole of the works shall be: <b>Three months from the site possession date.</b></td> </tr> <tr> <td data-bbox="719 1104 890 1440">GCC 25.3</td> <td data-bbox="890 1104 1158 1440">Not indicated</td> <td data-bbox="1158 1104 1422 1440">Fees and types of reimbursable expenses to be paid to the adjudicator: No adjudicator is to be appointed under this contract.</td> </tr> <tr> <td data-bbox="719 1440 890 1841">GCC 27.1</td> <td data-bbox="890 1440 1158 1841">The contractor shall submit the program of works within <b>05 working days</b> of delivery of contract. No program updates shall be required.</td> <td data-bbox="1158 1440 1422 1841">The contractor shall submit the program for works within <b>ten working days</b> of delivery of the letter of acceptance.</td> </tr> </tbody> </table>	GCC Clause Reference	Standard Bidding document	Signed contract	GCC 14.1	Not stated.	Site investigation report shall be part of the contract.	GCC 17.1	The intended completion date for the whole of the works shall be: <b>30<sup>th</sup> April, 2025.</b>	The intended completion date for the whole of the works shall be: <b>Three months from the site possession date.</b>	GCC 25.3	Not indicated	Fees and types of reimbursable expenses to be paid to the adjudicator: No adjudicator is to be appointed under this contract.	GCC 27.1	The contractor shall submit the program of works within <b>05 working days</b> of delivery of contract. No program updates shall be required.	The contractor shall submit the program for works within <b>ten working days</b> of delivery of the letter of acceptance.
GCC Clause Reference	Standard Bidding document	Signed contract																
GCC 14.1	Not stated.	Site investigation report shall be part of the contract.																
GCC 17.1	The intended completion date for the whole of the works shall be: <b>30<sup>th</sup> April, 2025.</b>	The intended completion date for the whole of the works shall be: <b>Three months from the site possession date.</b>																
GCC 25.3	Not indicated	Fees and types of reimbursable expenses to be paid to the adjudicator: No adjudicator is to be appointed under this contract.																
GCC 27.1	The contractor shall submit the program of works within <b>05 working days</b> of delivery of contract. No program updates shall be required.	The contractor shall submit the program for works within <b>ten working days</b> of delivery of the letter of acceptance.																

No.	Subject of procurement	UGX	Findings		
			Payment certificates GCC 42.1	A single statement of the estimated value of the work executed shall be submitted on completion of the works. The Contract Manager shall check the statement and certify the amount to be paid to the contractor.	Not indicated
			GCC 43.1	The amount certified by the Contract Manager shall be paid in full within 30 days of receipt by the employer of an invoice, supported by: 1. The payment certificate and 2. A certificate of completion of works	Not indicated
			<p><b><u>Management Response</u></b>  <i>The Entity shall henceforth scrutinize contract documents to ensure all provisions are complete and appropriate for each particular procurement to correct the above anomalies.</i></p>		
	<b>TOTAL</b>	<b>1,543,997,498</b>			

**Implication**

Irregularities in the signed contracts exposed the Entity to the risk of ineffective execution and legal disputes.

**Management Response**

*The PDU shall be tasked to always scrutinize contract documents to ensure all provisions are complete and appropriate for each particular procurement to avoid doubt/assumptions by the provider and the Entity during contract implementation.*

## Recommendation

The Accounting Officer should task the Procurement and Disposal Unit to always scrutinize all contract documents to ensure that all the provisions are complete and appropriate for each particular procurement to avoid creation of doubt / assumptions by the provider and Entity during contract implementation.

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

### 2.2.1 Irregularities in contract management

Regulation 50 of the PPDA (Contracts) Regulations, 2023 mandates the Accounting Officer to appoint the Contract Manager. Regulation 52 of the PPDA (Contracts) Regulations, 2023 empowers the Contract Manager to manage and ascertain that the provider performs the contract in accordance with the terms and conditions specified in the contract. The Authority found irregularities in contract management in the following six procurements worth UGX. 1,331,895,534 which was attributed to weak contract monitoring mechanism in the Entity as detailed in Table 10 below:

**Table 10: Procurements with irregularities at contract management**

No.	Subject of procurement	Amount (UGX.)	Findings
1.	Sitting, drilling, and installation of 5 boreholes under Water - Lot 1.	113,588,100	<p>Changing the drilling sites at contract execution. Whereas Lot 1 was for five boreholes in four Sub-counties, at implementation these boreholes were implemented in three Sub-Counties.</p> <p><b>Management Response</b> <i>The contract management plan was prepared as per evidence attached and changing the drilling sites the Entity shall stick to the terms and conditions of the contract.</i></p> <p><b>Authority's comment</b> The response of the Entity was noted, however, no evidence was submitted for verification.</p>
2.	Construction of Arua District Administration Office block at Odumi under Administration department.	897,409,470	<ul style="list-style-type: none"><li>• Delay to issue a commencement letter: Whereas the contract was signed on 27<sup>th</sup> November 2024, the commencement letter was issued on 23<sup>rd</sup> December 2024 with an instruction to commence on 7<sup>th</sup> January 2025. This delay affected the validity of the Performance Security that was expiring on 27<sup>th</sup> June 2025 yet the contract completion date was 7<sup>th</sup> July 2025. This was contrary to SCC (GCC 52.4) that required the Performance Security to be valid until 28 days from the date of issue of the certificate of completion in the case of Bank Guarantee.</li><li>• Failure by the contractor to submit the revised program of works in five days after delivery of letter of acceptance as it was required in SCC (GCC 27.1) of the contract.</li><li>• Failure to revoke SCC (GCC 27.3) which stated that the amount to be withheld for late submission of an updated</li></ul>

No.	Subject of procurement	Amount (UGX.)	Findings
			<p>program of works is 1% of the contract value. The Authority noted that no program updates were submitted by the contractor, Link Investments Limited.</p> <ul style="list-style-type: none"> <li>Retaining a bigger proportion than the contractual retention percentage. Interim Payment Certificate No.1 dated 24<sup>th</sup> March 2025, retained 10% of the contract value worth UGX. 29,237,332, this was contrary to SCC (GCC 48.1) of the signed contract which stated that the proportion of payments retained shall be a maximum of 5%.</li> <li>Failure to pay the contractor advance payment of 20% worth UGX. 179,481,894 as provided in SCC (GCC 51.1).</li> </ul> <p><b><u>Management Response</u></b>  <i>The Entity shall henceforth ensure to enforce the terms and conditions of each contract to correct the anomalies.</i></p>
3.	Supply and delivery of ICT Equipment to St. Peter's Aliba Seed Secondary School.	162,950,000	<p>No delivery notes yet delivery date was 2<sup>nd</sup> May 2025.</p> <p><b><u>Management Response</u></b>  <i>The items were supplied and delivery note is here attached for reference.</i></p>
4.	Maintenance of a 4-classroom block at Ayelembe Primary School.	72,101,964	<ul style="list-style-type: none"> <li>Failure by the Contract Manager. Mr. Maxine David Dramadri to prepare all the three implementation progress reports.</li> <li>Failure by Queron Engineering Services Limited to issue handover certificate to the Entity.</li> <li>Failure to commission the completed works.</li> <li>Failure by the Entity to issue a completion certificate to Queron Engineering Services Limited.</li> </ul> <p><b><u>Management Response</u></b>  <i>The Entity shall henceforth task the responsible stakeholders to fulfill their obligations in order to correct the anomalies.</i></p>
5.	Supply and delivery of 57 - 3seater metal frame school desks to Anguru Parents Primary School	15,846,000	<ul style="list-style-type: none"> <li>Failure by the Internal Auditor to verify the supplies delivered.</li> <li>Delay to deliver the supplies: The contractual delivery date was to be in 30 working days after the purchase order which was to be delivered on 11<sup>th</sup> December, 2024. Zayfa Ventures SMC Limited delivered partial supplies on 3<sup>rd</sup> April, 2025 as indicated on the delivery note No. 172 which was prepared by Mr. Moses Bakeera.</li> </ul>

No.	Subject of procurement	Amount (UGX.)	Findings
			<ul style="list-style-type: none"> <li>• Partial delivery of the supplies: Zayfa Ventures SMC Limited was required to deliver 57 – 3-seater metallic frame desks but only delivered 30. The receipt was acknowledged by Mr. Noah Ashir Juruga from Anguru Parents Primary School and witnessed by Mr. Peter Abasiku in an acknowledge letter dated 3<sup>rd</sup> April, 2025. 27 desks were therefore not delivered.</li> <li>• Payment of full amount UGX. 15,846,000 for a partial delivery of 30 – 3-seater metallic desks instead of the 57 desks agreed in the contract. Payment was made according to Voucher NO. EDU/05/25/44 dated 12<sup>th</sup> June, 2025.</li> <li>• Retention of 5% (UGX. 792,300) was retained as per the Interim Certificate No.1, dated 24<sup>th</sup> April, 2024/2025) of the contractual value for Zayfa Ventures SMC Limited yet it was not a condition of the contract.</li> </ul> <p><b><u>Management Response</u></b>  <i>The Entity shall henceforth task the responsible stakeholders to fulfill their obligations in order to correct the anomalies.</i></p>
6.	Construction of 4 stance toilet facility at Odumi	70,000,000	<ul style="list-style-type: none"> <li>• Delay by Amie and Sons Company Limited to complete works. Contractual completion date was 20<sup>th</sup> February, 2025 and the actual completion date was 24<sup>th</sup> April, 2025 causing a delay of 45 working days.</li> <li>• Failure by Amie and Sons Company Limited to issue a handover certificate to the Entity.</li> <li>• Failure to provide for ESHS requirements.</li> </ul> <p><b><u>Management Response</u></b>  <i>The Entity shall henceforth task the responsible stakeholders to fulfill their obligations in order to correct the anomalies.</i></p>
	<b>TOTAL</b>	<b>1,331,895,534</b>	

### **Implications**

- Failure to have in place contract implementation reports, makes it difficult to effectively manage, monitor contractor performance and milestones during the course of project execution.
- Ineffective contract monitoring and supervision, potentially contributed to the delays by the contractors.
- Inefficiency in the procurement processes delays service delivery.
- Delays in contract management increases the procurement lead times, which delay service delivery to the intended beneficiaries and also expose the Entity to the risk of failure to utilize funds by the end of the financial year.

### **Management Response**

*The Entity shall task the responsible stake holders to implement the above recommendations of preparing contract management plans, monthly progress reports, supervise contracted firms to fulfill*

*their contractual obligations and prepare payment certificates based on contract terms to avoid the anomalies.*

### **Recommendations**

1. The Accounting Officer should task the Contract Managers to provide an explanation for the delays at contract management in the above procurements and to show cause why a disciplinary action should not be taken against them for failure to supervise and ensure timely execution of works.
2. Contract Managers should:
  - a) Prepare contract management plans and routinely prepare and submit monthly progress reports as required under Regulation 50 (3) and 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.
  - b) Strictly supervise contracted firms to fulfil all contractual obligations specified within the terms and conditions in accordance with Regulation 52 (3) of the PPDA (Contracts) Regulations, 2023.
  - c) Always prepare payment certificates based on contract terms to avoid retaining higher percentage or amount of the total contract value than what is stated in the contract.

## **2.3 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESS WITH THE PROVISION OF THE PPDA ACT, CAP. 205 AND PPDA REGULATIONS.**

### **2.3.1 Failure to prepare a disposal plan for FY 2023/2024**

Regulation 2 (l) of the PPDA (Disposal of Public Assets) Regulations, 2023 provides for disposal planning. The Authority found that the Entity did not prepare a disposal plan for Financial Year 2023-2024 due to the delayed Council approval of the board of survey for the valuation exercise to determine the reserve prices of the assets. Disposal planning enables the Entity to review and identify the obsolete assets to be disposed of in the financial year. This is due to Entity's weak asset management and inventory controls.

### **Implication**

Failure to prepare the disposal plan hinders the Entity from determining the disposal method, disposal timelines and reserve prices of the obsolete assets to be disposed of in the financial year.

### **Management Response**

*The failure to prepare the disposal plan was because up to now the valuation exercise to determine the reserve prices of the assets is not yet done awaiting the Council approval of the board of survey first and after which the other processes shall be done.*

### **Recommendation**

The Procurement and Disposal Unit should prepare the disposal plan in accordance with section 60 (l) of the PPDA Act, Cap. 205 and Regulation 2 (l) of the PPDA (Disposal of Public Assets) Regulations, 2023.

### **2.3.2 Failure to dispose obsolete items.**

The PPDA (Disposal of Public Assets) Regulations 2023 provides for the procedures and methods of disposal. The Authority, however, found that the Entity did not dispose of several unserviceable items that were recommended for disposal in the Board of Survey report for FY 2023-2024: Motor vehicles, motorcycles and other unserviceable items recommended for disposal due to the delayed Council

approval for the valuation exercise so as to determine the reserve prices of the assets as indicated in Table 11 and Figure 2 respectively:

**Table 11: List of un-serviceable assets recommended for disposal.**

S/N	Item	Unique identifier (Tag/Reg. NO.)	Book Value (UGX)	Comment
1.	Hilux D4D	LG 0309-03	Finance	Boarded off
2.	Isuzu Tipper Lorry	LG 0171-03	Works	Boarded off
3.	Roller CS 431B	LG 0173-03	Works	Boarded off
4.	Toyota Hilux	UG 3530M	Health	Boarded off
5.	Landcruiser Defender 110	UG 1629M	Health	Boarded off
6.	Motor vehicle Ford ranger	UGX 2934R	Management	Boarded off
7.	Motor vehicle Land cruiser Tractor	UAA 688N	Health	Boarded off
8.	Tractor	LG 0013-03	Works	Boarded off
9.	Isuzu D Max	LG 0256-03	Education	Boarded off
10.	Tractor 365 Valment			Boarded off
11.	Tractor		Production	Boarded off
12.	Motorcycle E- Ranger	LG 00340410	Opia H/C	Boarded off
13.	Motorcycle Honda XL	UG 3054R	Main stores	Boarded off
14.	Motorcycle Yamaha Crux	LG 0009-010	Main stores	Boarded off
15.	Motorcycle Honda XL	UG 0491Y	Main stores	Boarded off
16.	Motor cycle Yamaha DT	DEO2X-087589	Main stores	Boarded off
17.	Motorcycle Mate CY 80	LAPXAEL44x002458	Main stores	Boarded off
18.	Motorcycle Frame	3HA-139847 (Scrap)	Main stores	Boarded off
19.	Motorcycle Suzuki TF	TF125-143634	Main stores	Boarded off
20.	Motorcycle Yamaha AG	3HA-154779	Main stores	Boarded off
21.	Motorcycle Yamaha DT	DEO2x-040931	Main stores	Boarded off
22.	Motorcycle Jiaching		Main stores	Boarded off
23.	Motorcycle Yamaha DT	DEO2x-087586	Main stores	Boarded off
24.	Motorcycle YBR (Scrap)	LBPKE-1290A0045487	Main stores	Boarded off
25.	Motorcycle Yamaha AG	3HA-124585	Main stores	Boarded off
26.	Motorcycle Crux	FE43F7C2000	Main stores	Boarded off
27.	Motorcycle Changling		Main stores	Boarded off
28.	Motorcycle Suzuki TF 125	TF-125-187124 (Scrap)	Main stores	Boarded off
29.	Motorcycle Honda Brazil	JD201011P5007B	Main stores	Boarded off
30.	Motorcycle Suzuki 125	TF 125-143615 (Scrap)	Main stores	Boarded off
31.	Motorcycle Suzuki TF 125	TF 125-143586 (Scrap)	Main stores	Boarded off
32.	Motorcycle Suzuki TF 125	TF 125-1435627 (Scrap)	Main stores	Boarded off
33.	Motorcycle Suzuki TF 125	TF 125-143937 (Scrap)	Main stores	Boarded off

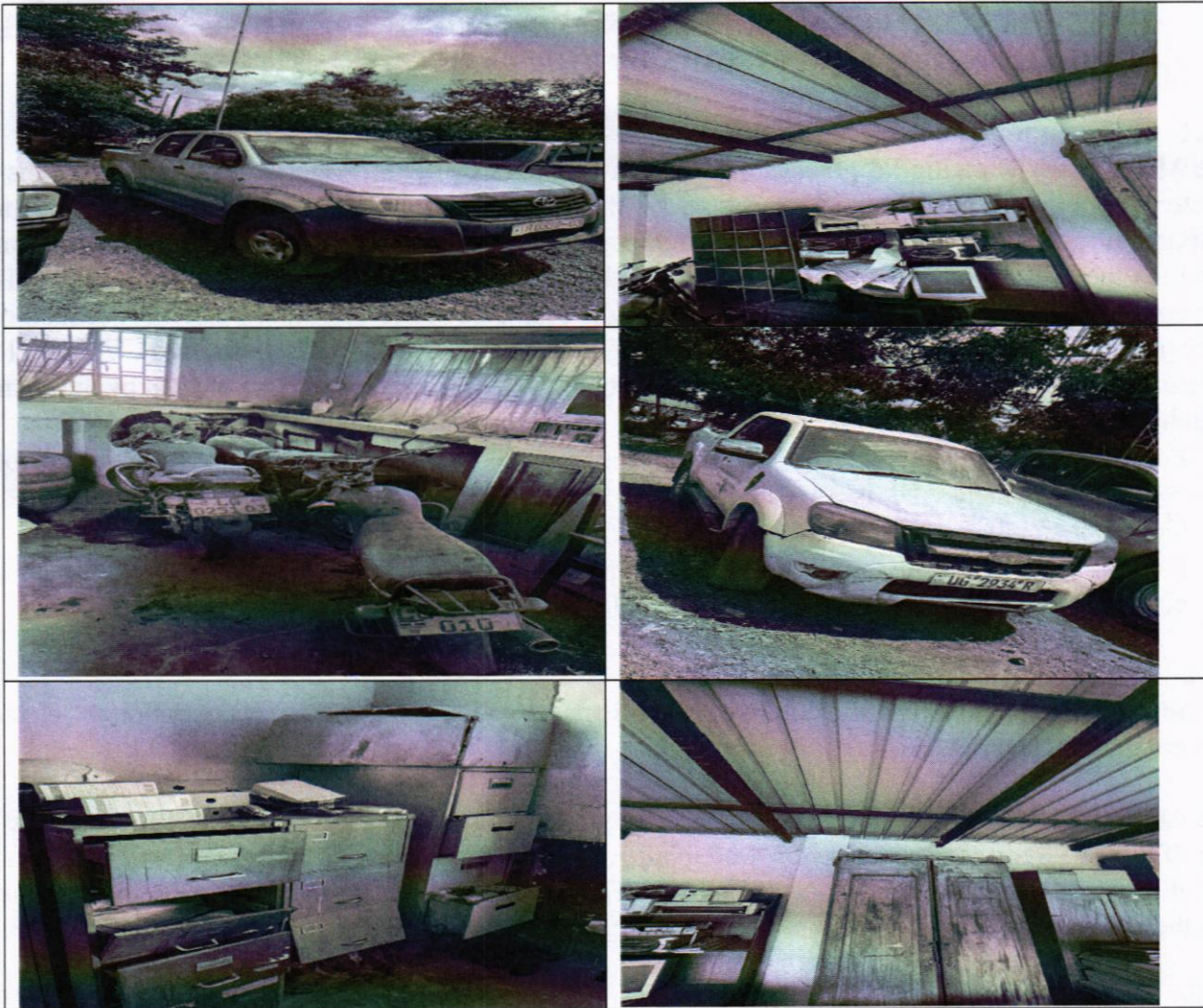
S/N	Item	Unique identifier (Tag/Reg. NO.)	Book Value (UGX)	Comment
34.	Motorcycle Jialing	156 F-MI-2008000304	Main stores	Boarded off
35.	Motorcycle Jialing	156 FM-2008001135 (Scrap)	Main stores	Boarded off
36.	Motorcycle Jialing	156 FM-2001002595 (Scrap)	Main stores	Boarded off
37.	Motorcycle Jialing	156 FMI-2008000405 (Scrap)	Main stores	Boarded off
38.	Motorcycle TVS	LG 0251-03	DPO Store IV	Boarded off
39.	Motorcycle Honda 125	Chassis No. BPCLIF771048121	DPO Store IV	Boarded off
40.	Motorcycle	LG 0076-010	Vurra SC	Boarded off
41.	6 Motorcycles		DHO's Office	Boarded off
<b>OTHERS</b>				
42.	Dell Desktop Computer	LTRP/MON/23		Boarded off
43.	2 File Cabinets			Boarded off
44.	Printer (Production Department)	PRO 400M40ldn		Boarded off
45.	File Cabinet		Veterinary	Boarded off
46.	8 Wooden office chairs		Veterinary	Boarded off
47.	1 Wooden desk		Veterinary	Boarded off
48.	1 Wooden cupboard		Forestry	Boarded off
49.	1 Printer and Scanner		Forestry	Boarded off
50.	1 Typewriter		Forestry	Boarded off
51.	Worn out tyres		DPOStore IV	Boarded off
52.	3 Typewriters		DPOStore IV	Boarded off
53.	1 Canon Printer		DPOStore IV	Boarded off
54.	1 Lanier Printer		DPOStore IV	Boarded off
55.	1 Epson Printer		DPOStore IV	Boarded off
56.	3 CPUs		DPOStore IV	Boarded off
57.	1 Fridge		DPOStore IV	Boarded off
58.	1 Wooden cupboard		DPOStore IV	Boarded off
59.	2 Wooden cushioned chairs		DPOStore IV	Boarded off
60.	1 Computer screen (ULAMP)		DPOStore IV	Boarded off
61.	3 Worn out tyres		DPOStore IV	Boarded off
62.	1 Dell desktop computer	LTRP/MON/23	Lands Department	Boarded off
63.	1 Cupboard		Vurra SC	Boarded off
64.	1 Mowing Machine		Vurra SC	Boarded off
65.	1 Duplicating machine		Vurra SC	Boarded off
66.	1 Money safe		Vurra SC	Boarded off
67.	1 Desktop computer	MW73E050704736	Vurra SC	Boarded off

S/N	Item	Unique identifier (Tag/Reg. NO.)	Book Value (UGX)	Comment
68.	3 Printers	F138300, VNC6S2496, 994ZFRF	Vurra SC	Boarded off
69.	2 File cabinets		Vurra SC	Boarded off
70.	1 Megaphone		Vurra SC	Boarded off
71.	1 Laptop Computer		Vurra SC	Boarded off
72.	1 Cupboard		Vurra SC	Boarded off
73.	1 Old fridge		LogiriH/C III	Boarded off
74.	2 Cabinets		LogiriH/C III	Boarded off
75.	1 Old weighing scale		LogiriH/C III	Boarded off
76.	1 Wooden book shelve		Vurra H/C III	Boarded off
77.	1 Radio cassette		Vurra H/C III	Boarded off
78.	1 Refrigerator		Vurra H/C III	Boarded off
79.	1 Pima machine		Vurra H/C III	Boarded off
80.	Printer HP	PHKGF39653	Internal Audit	Boarded off
81.	UPS		Internal Audit	Boarded off
82.	Desktop Computer	6069WZE	Internal Audit	Boarded off
83.	Printer HP	CNHZN07519	Internal Audit	Boarded off
84.	Printer HP	CNKIB76976	Internal Audit	Boarded off
85.	Desktop computer	92658HG	Internal Audit	Boarded off
86.	Photocopier Olivett	LTS4300454	Finance	Boarded off
87.	Fan		Finance	Boarded off
88.	Metallic fire extinguisher		Clerk to Council	Boarded off
89.	Office chair		Clerk to Council	Boarded off
90.	Printer HP	PHKGF39620	Clerk to Council	Boarded off
91.	Generator		Health	Boarded off
92.	Wooden cupboard	4 pcs	Main stores	Boarded off
93.	Wooden tables	10 pcs	Main stores	Boarded off
94.	Metallic boxes	2 pcs	Main stores	Boarded off
95.	Old tyres	15 pcs	Main stores	Boarded off
96.	Metallic File cabinets	1	Main stores	Boarded off
97.	Assorted computer parts, Printers, CPU		Main stores	Boarded off
98.	UPS IFMS	10 pcs	Main stores	Boarded off
99.	Photocopier	21 NZU03722	Main stores	Boarded off
100.	Printer HP	CNC4221OCM	Main stores	Boarded off
101.	Cushioned chairs	2 pcs	Main stores	Boarded off
102.	Executive chairs	2 pcs	Production	Boarded off
103.	Printer	CNH2NO7517	Production	Boarded off
104.	Dell Desktop computer	CN-OWR979-64180- 81N-07WR	Production	Boarded off

S/N	Item	Unique identifier (Tag/Reg. NO.)	Book Value (UGX)	Comment
105.	CPU	7WBWQCI	Production	Boarded off
106.	Moving machine		Ajia SC	Boarded off

**Figure 2: Photos of un-serviceable assets recommended for disposal.**





**Implication**

Failure to dispose of obsolete assets hinders achievement of value for money as funds are held up in assets which are not in use and have depreciated.

**Management Response**

*The Entity is already in the process of disposing the assets where the board of survey report was discussed in TPC, DEC and remaining Council approval after which the Chief Mechanical Engineer and Government valuer will be invited for the valuation exercise of the assets to determine the reserve prices.*

**Recommendation**

The Accounting Officer should dispose all unserviceable assets of the district which is in accordance with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023.

## 2.4 ASSESSMENT OF THE PROGRESS AND PERFORMANCE OF THE MICRO-SCALE IRRIGATION PROGRAM IN ARUA DISTRICT LOCAL GOVERNMENT.

### 2.4.1 Background

The Micro-scale Irrigation Program is in line with Uganda's National Irrigation Policy which aims to create 1.5 million hectares of Irrigated land by the year 2040. The Micro-scale Irrigation Program supports farmers to purchase and use individual Irrigation equipment through a matching grant scheme, in which the cost of the equipment is co-financed by the farmer and the Government of Uganda. The Government subsidizes between 25% and 75% of the total cost of the irrigation equipment (which can be sprinkler, drip and drag hosepipe methods using either solar or petrol energy sources). The level of the subsidy varies according to the choice of the Irrigation equipment/technology selected by the farmer as indicated below:

- For solar-powered irrigation equipment, the maximum Government co-payment is 75% of the total cost of equipment and is capped at UGX. 18,000,000. Within this total cap the maximum Government payment for a tank stand is UGX. 2,000,000; and
- For petrol-powered irrigation equipment the maximum Government co-payment is 25% of the total cost of equipment and is capped at UGX. 5,000,000.

### 2.4.2 Findings

Progress achieved in the implementation of micro scale irrigation scheme for demonstration to selected farmers in Arua District.

The Authority found that 122 farmers submitted expression of interest, however, only 48 were eligible. Out of the 48 eligible farmers only 24 were approved and the contract for installation was awarded to Reliefline (U) Ltd. at a contract value of UGX. 423,122. However, the amount so far paid by the farmers and the District Local Government is UGX. 102,122,480 as summarized in Table 13 below.

Table 12 and 13 respectively show the summary, progress of procurement and implementation of the microscale irrigation program in Arua District in the Financial Year 2024/2025.

**Table 12: Summary status of the procurement of microscale irrigation equipment in FY 2024/2025.**

Level	Definition	Statistics by Number (FY 2024/25)
Interested Farmer	<i>Those farmers who submitted an Expression of Interest (EOI) and met the basic self-assessed criteria</i>	122
Eligible Farmer	<i>Those farmers who had a farm visit and were found to meet the eligibility criteria</i>	48
Approved Farmer	<i>Those farmers who made the co-payment, provided documentary proof of their land tenure (if possible) and signed an MOU with the Local Government</i>	24
Installation Accepted Farmer	<i>Those farmers who had the irrigation equipment installed and the Local Government and farmer verified the equipment and installation was as per quotation and standards.</i>	24

Level	Definition	Statistics by Number (FY 2024/25)
Completed Farmer	<i>Those Farmers where the irrigation equipment supplier was paid by the Local Government and all paperwork is complete</i>	21
<b>Total of microscale irrigation kits installed and completed in FY 2024/2025</b>		<b>24</b>

**Table 13: Progress achieved in the implementation of micro scale irrigation scheme for demonstration to selected farmers in Arua District.**

No.	Subject of procurement	Contract value (UGX.)	Amount so far paid by the farmer	Status of implementation, to selected farmer.
1.	Design, supply & installation of micro scale irrigation equipment for Mr. Robert Kajobe of Erevu Village. Type: Solar powered irrigation system Water source: Well, distance: 83m	22,950,000	5,737,500	Completed
2.	Design, supply & installation of micro scale irrigation equipment for Ms. Lillian Ayiru of Dubai Village. Type: Solar powered irrigation system Water source: pond distance: 73m	12,997,500	3,249,375	Completed
3.	Design, supply & installation of micro scale irrigation equipment for Mr. Jimmy Adriko of Ayiko village Type: Solar powered irrigation system Water source: Borehole distance: 75m	19,790,000	4,947,500	Completed
4.	Design, supply & installation of micro scale irrigation equipment for Mr. Kennedy Andebuni of Pajulu-Olevu Village. Type: Solar powered irrigation system Water source: Stream, distance: 172m	12,820,000	2,205,00	Completed
5.	Design, supply & installation of micro scale irrigation equipment for Ms. Agnes Ayikoru of Adroyi Village. Type: Solar powered irrigation system Water source: Stream distance: 75m	15,595,000	3,898,750	Completed

No.	Subject of procurement	Contract value (UGX.)	Amount so far paid by the farmer	Status of implementation, to selected farmer.
6.	Design, supply & installation of micro scale irrigation equipment for Mr. Samson Candiga of Okavu Village. Type: Solar powered irrigation system. Water source: Stream distance: 75m	12,620,000	3,155,000	Completed
7.	Design, supply & installation of micro scale irrigation equipment for Mr. Francis Dawa Matenga of Alio Village. Type: Solar powered irrigation system. Water source: River distance: 150m	12,720,000	3,180,000	Completed
8.	Design, supply & installation of micro scale irrigation equipment for Mr. Timothy Ojaku Eyotia of Ayiniva Village. Type: Solar powered irrigation system. Water source: Shallow well distance: 72m	19,720,000	4,930,000	Completed
9.	Design, supply & installation of micro scale irrigation equipment for Mr. Charles Olivu Assedri of Village. Type: Solar powered irrigation system Water source: Stream, distance: 95m	25,420,000	5,355,000	Completed
10.	Design, supply & installation of micro scale irrigation equipment for Mr. Alfred Adiburu Jeth of Adjumani Village. Type: Solar powered irrigation system. Water source: Stream, distance: 200m	23,915,720	5,978,930	Completed
11.	Design, supply & installation of micro scale irrigation equipment for Mr. Abel Adriko of Ojibari Village. Type: Solar powered irrigation system Water source: Pond, distance: 50m	17,100,000	1,000,000	Completed

No.	Subject of procurement	Contract value (UGX.)	Amount so far paid by the farmer	Status of implementation, to selected farmer.
12.	Design, supply & installation of micro scale irrigation equipment for Mr. Nahor Alioma of Okavu Village. Type: Solar powered irrigation system Water source: Stream, distance: 100m	21,679,120	5,419,780	Completed
13.	Design, supply & installation of micro scale irrigation equipment for Mr. Edward Endraa of Erevu Village. Type: Solar powered irrigation system Water source: Stream, distance: 75m	17,100,000	3,000,000	Completed
14.	Design, supply & installation of micro scale irrigation equipment for Ms. Filavia Eyotaru of Nyirivu Village. Type: Solar powered irrigation system Water source: Stream, distance: 200m	19,220,000	4,805,000	Completed
15.	Design, supply & installation of micro scale irrigation equipment for Mr. Paul Onzubo of Orapi Village. Type: Solar powered irrigation system Water source: Stream, distance: 50m	17,120,000	3,700,000	Completed
16.	Design, supply & installation of micro scale irrigation equipment for Dr. Victor Gordon Toa of Andifeku Centre-A Village. Type: Solar powered irrigation system Water source: Pond, distance: 30m	14,073,620	3,518,405	Completed
17.	Design, supply & installation of micro scale irrigation equipment for Mr. Stephen Yosa of Amureva Village Type: Solar powered irrigation system Water source: Stream, distance: 53m	21,085,520	5,271,380	Completed
18.	Design, supply & installation of micro scale irrigation equipment for Mr. Simon Anziku of Yivu Village.	11,202,000	2,800,500	Completed

No.	Subject of procurement	Contract value (UGX.)	Amount so far paid by the farmer	Status of implementation, to selected farmer.
	Type: Solar powered irrigation system Water source: Stream, distance: 75m			
19.	Design, supply & installation of micro scale irrigation equipment for Ms. Christine Anguonziru of Olaka Village. Type: Solar powered irrigation system Water source: Stream, distance: 52m	16,700,000	4,175,000	Completed
20.	Design, supply & installation of micro scale irrigation equipment for Ms. Milly Nassuna of Onivu Village. Type: Solar powered irrigation system Water source: stream, distance: 150m	18,372,000	4,593,000	Completed
21.	Design, supply & installation of micro scale irrigation equipment for Ms. Agnes Eyotaru of Ayiko Village. Type: Solar powered irrigation system Water source: Stream, distance: 76m	16,700,000	4,175,000	Completed
22.	Design, supply & installation of micro scale irrigation equipment for Mr. Dick Ayikoyo of Omoo Village. Type: Solar powered irrigation system Water source: Stream, distance: 75m	14,500,000	3,625,000	Completed
23.	Design, supply & installation of micro scale irrigation equipment for Mr. John Buatere of Pajulu Olevu Village. Type: Solar powered irrigation system Water source: Pond, distance: 88m	16,700,000	4,175,000	Completed
24.	Design, supply & installation of micro scale irrigation equipment for Ms. Stella Donze Ajuki of Ayiko Village. Type: Solar powered irrigation system Water source: Stream, distance: 79m	23,022,000	5,755,000	Completed
	<b>Total</b>	<b>423,122,480</b>	<b>102,505,620</b>	

**Implication**

Failure to fully implement micro-scale irrigation systems may fail the Government of Uganda to achieve its National Irrigation Policy which aims to create 1.5 million hectares of irrigated land by the year 2040.

**Management Response.**

*The advice has been noted and unfortunately the program came to the end where this financial year 2025/2026 the program of micro scale irrigation is not there and may be if it will be brought back by the Government in future the above recommendations will be done.*

**Authority's Comment**

The Authority takes note of this matter and will look forward to oversee the Entity's implementation of the micro scale irrigation program when brought back.

**Recommendations**

The Accounting Officer should;

1. Urge farmers to embrace the initiative through conducting continuous awareness programs about the micro-scale irrigation program and its benefit;
2. Target farmers that are willing and have the resources to make the required co-payments; and
3. Advise farmers on ways to access affordable financing so that they can make their co-payments.

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

### 3.1 Overall Compliance inspection conclusion

The performance of Arua District Local Government for the Financial Year 2024/2025 was **moderately satisfactory** with an overall weighted average risk rating of **49.7%** as summarized in Table 14 below:

**Table 14: Risk Rating**

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

### 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 15 below:

**Table 15: Summary of performance of Arua District Local Government**

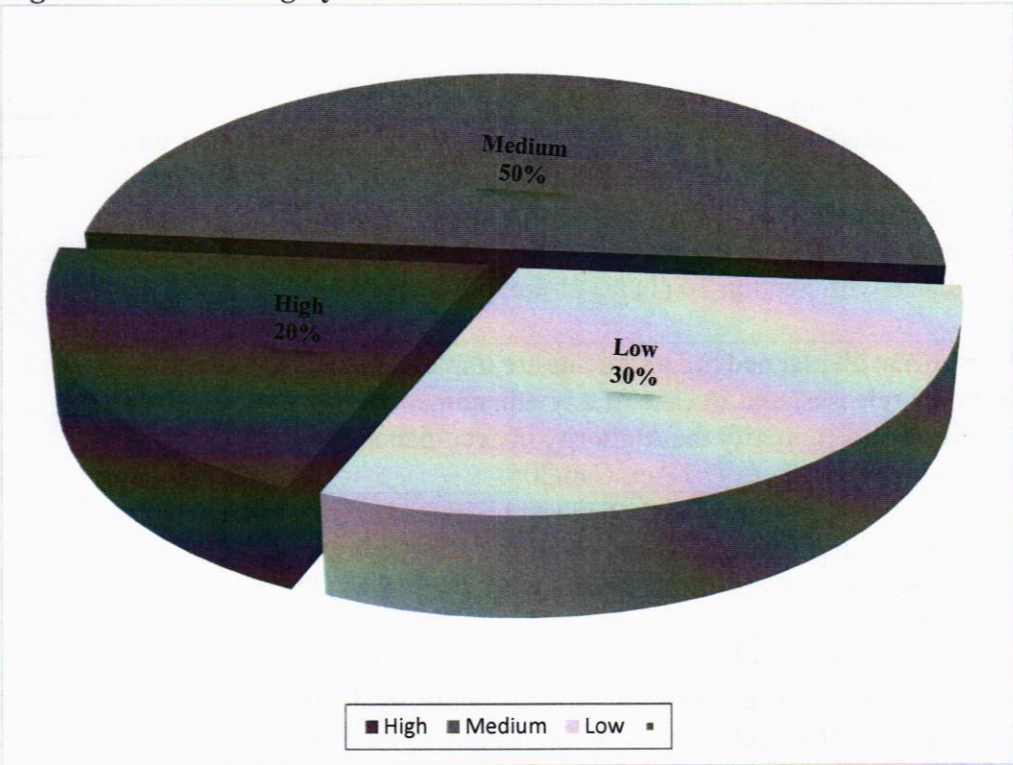
Risk Rating	No.	%No.	Weights	Weighted score by No.	Value (UGX)	%Value	Weights	Weighted score by value
High	2	20	0.6	12	142,101,964	8.6	0.6	5.16
Medium	5	50	0.3	15	1,261,895,534	76.7	0.3	23.01
Low	3	30	0.1	3	241,974,000	14.7	0.1	1.47
<b>Total</b>	<b>10</b>	<b>100</b>	<b>1</b>	<b>30</b>	<b>1,645,971,498</b>	<b>100</b>	<b>1</b>	<b>29.64</b>

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

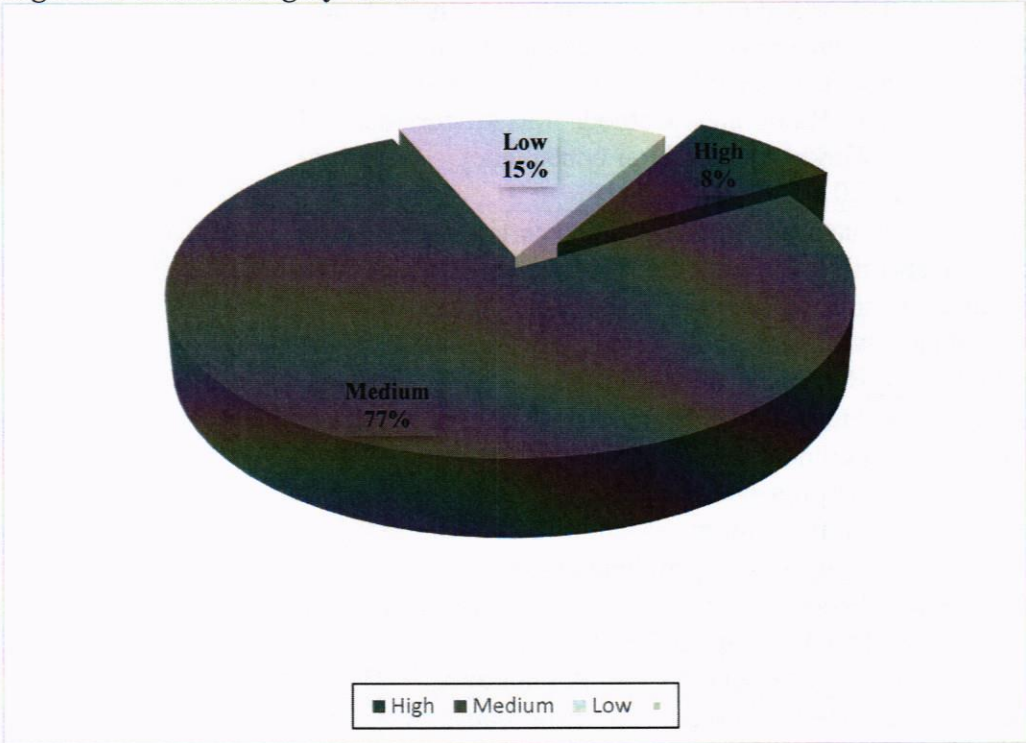
$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{29.64}{60} \times 100 = 49.4\%$$

$$\text{Combined Weighted Average} = \frac{50+49.4}{2} = 49.7\%$$

**Figure 3: Risk Rating by number**



**Figure 4: Risk Rating by value**



### 3.3 Recommended Action plan

The Entity should implement the following recommendations in Table 16 below within the time frame given in order to improve its performance.

**Table 16: Recommended Action plan**

Origin	Recommended Action	Target date
Accounting Officer	Put in place strong internal mechanisms and a dedicated team of staff that will always ensure full implementation of the Authority’s previous audit recommendations in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.	Immediately
	Oversee that all planned procurements are implemented as per funds releases, and in case of any amendments to the procurement plan, notify the Authority in accordance with Section 60 (8) of the PPDA Act, Cap.205.	
	Facilitate the Procurement and Disposal Unit (PDU) with adequate filing cabinets and shelves for proper management of records in accordance with Section 44 (1) of the PPDA Act, Cap. 205.	
	Task the Internal Auditor to audit the procurement and disposal procedures as well as the payments made in accordance with Regulation 27 of the PPDA (Procuring and Disposing Entities) Regulations, 2023.	
	Task the responsible User Departments (UDs) to recommend clear and detailed description of the supplies, works or non-consultancy services required at initiation of the procurement in accordance with Regulation 3 (2) (a) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-consultancy Services) Regulations, 2023.	
	Task the Evaluation Committees to stick to the evaluation criteria specified in the bidding documents as per the evaluation criteria during the evaluation process in accordance with Regulation 5 (1) & (2) of the PPDA (Evaluation) Regulations, 2023.	
	Task Procurement and Disposal Unit to always scrutinize all contract documents to ensure that all the provisions are complete and appropriate for each individual procurement to avoid creation of doubt/ assumptions by the provider and Entity during contract implementation.	
	Prepare the disposal plan in accordance with Section 60 (1) of the PPDA Act, Cap. 205 and Regulation 2 (1) of the PPDA (Disposal of Public Assets) Regulations, 2023.	
	Task the Contract Managers to show cause why they should not face disciplinary action for failure to supervise and ensure timely execution of works.	

<b>Origin</b>	<b>Recommended Action</b>	<b>Target date</b>
The Head of Procurement Disposal Unit.	<ul style="list-style-type: none"> <li>i. Undertake that all procurements are conducted in a manner which promotes economy, efficiency in accordance with Section 51 of the PPDA Act, Cap. 205.</li> <li>ii. Set the most appropriate evaluation criteria that suits the purpose of the procurement in accordance with Regulation 42 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.</li> <li>iii. Maintain accurate copies of acknowledged bid invitations to ensure transparency and accountability in accordance with Section 48 of the PPDA Act, Cap. 205.</li> </ul>	Immediately
Contract Managers	<ul style="list-style-type: none"> <li>i. Prepare contract management plans and routinely prepare and submit monthly progress reports as required under Regulation 50 (3) and 52 (3) (g) of the PPDA (Contracts) Regulations, 2023.</li> <li>ii. Strictly supervise contracted firms to fulfill all contractual obligations specified within the terms and conditions in accordance with Regulation 52 (3) of the PPDA (Contracts) Regulations, 2023.</li> <li>iii. Always prepare payment certificates based on the contract terms to avoid retaining higher percentage or amount of the total contract value than what is stated in the contract.</li> </ul>	Immediately
The Evaluation Committee	The Evaluation Committee members should reject bids that not compliant with the evaluation criteria in the bidding document in accordance with Regulation 18(4) and Regulation 19 (4) of the PPDA (Evaluation) Regulations, 2023.	Immediately
The Contracts Committee	The Contracts Committee members should only approve the procurement in the approved Entity's procurement plan in accordance with Section 30 (d) of the PPDA Act, Cap. 205.	Immediately

## APPENDICES

### Appendix 1: SAMPLE LIST OF ARUA DLG FOR COMPLIANCE INSPECTION IN THE FY 2024/2025

No.	Reference no.	Subject of Procurement	Method of procurement	Provider	Amount (UGX)	Risk Rating
1.	ARUA810/WRKS/24-25/00001	Construction of Arua District administration office block at Odumi	Open Bidding	Link Investments Limited	897,409,470	Medium
2.	ARUA810/MOES/SUPLS/24-25/00002- Lot 1	Supply and delivery of ICT Equipment to St. Peter's Aliba Seed Secondary School	Request for Quotation	Munaja Group	162,950,000	Medium
3.	ARUA810/WRKS/24-25/00011	Construction of a 3-class room block with office at Anguru Parents Primary School	Request for Quotation	Benzak Infrastructure Development (U) Limited	140,000,000	Low
4.	ARUA810/WRKS/24-25/00002	Siting, drilling, casting and installation of 05 boreholes under Water- Lot 1	Request for Quotation	Mama Bore Well Africa Limited	113,588,100	Medium
5.	ARUA810/SUPLS/24-25/00014	Design, supply and installation of micro scale irrigation	Request for Quotation	Reliefline Uganda Limited	89,074,000	Low
6.	ARUA810/WRKS/24-25/000019	Maintenance of a 4-classroom block at Eceko Primary School	Request for Quotation	Eppo Engineering Services Limited	72,101,964	High
7.	ARUA810/WRKS/24-25/00017	Maintenance of a 4-classroom block at Ayelembe Primary School	Request for Quotation	Queron Engineering Services Limited	72,101,964	Medium
8.	ARUA810/WRKS/24-25/00027	Construction of 4 stance toilet facility at Odumi	Request for Quotation	Amie and sons Company Limited	70,000,000	High
9.	ARUA810/SUPLS/24-25/00001	Supply and delivery of 57-3-seater metal frame school desks to Anguru Parents Primary School	Selective bidding	Zayfa Ventures SMC Limited	15,846,000	Medium
10.	ARUA810/SUPLS/24-25/00006	Supply and delivery of solar system with components to Arivu Sub County Headquarters	Selective bidding	Embabua and sons Investments Limited	12,900,000	Low
	<b>GRAND TOTAL</b>				<b>1,645,971,498</b>	

**Appendix 2: Risk Rating Criteria**

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

RISK	DESCRIPTION	AREA	IMPLICATION
	<p>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>issue and receipts of bids, usage of non-qualified firms and splitting procurement requirements.</p> <p><b>Procurement Structures:</b> Lack of procurement structures.</p> <p><b>Record Keeping:</b> Missing Contracts Committee records and incomplete contract management records.</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 implies lack of independence of functions and powers and interference in the procurement process.</p> <p>This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.</p> <p>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.</p>
		<p>Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety.</p> <p>Aspects of gender, social inclusion, environment, health and safety not covered by the contractor during contract implementation.</p>	
<b>LOW</b>	Procurements with weaknesses where resolution within the normal management	<b>Planning:</b> Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record keeping.

RISK	DESCRIPTION	AREA	IMPLICATION
	framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	<b>Bidding Process:</b> Not signing the Ethical Code of Conduct.	This leads to failure to declare conflict of interest and lack of transparency.

### SATISFACTORY

Relates to following laid down procurement procedures and guidelines and no significant deviation.

### Appendix 3: Contracts Committee Members

No.	Name	Job Title	Position on Committee	Date of Appointment
1.	Mr. Jimmy Alli	Senior Assistant Secretary	Chairperson	3 <sup>rd</sup> September, 2025
2.	Mr. Ben Angumaniyo	Biostatistician.	Secretary	3 <sup>rd</sup> September, 2025
3.	Mr. Manasseh Anziku	District Health Inspector.	Member	3 <sup>rd</sup> September, 2025
4.	Mr. Ella Onziga	Senior Agricultural Engineer.	Member	3 <sup>rd</sup> September, 2025
5.	Ms. Monica Likaru	Senior Human Resource Officer.	Member	18 <sup>th</sup> January, 2023

### Appendix 4: Staff in the Procurement and Disposal Unit

No.	Name	Position	Qualification
1.	Mr. Erisa Wakabi	Senior Procurement Officer	Bachelor's degree in business administration and a Post graduate Diploma PSM.