



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

*"Regulating for Results"*

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

**OTUKE DISTRICT LOCAL GOVERNMENT**

**MAY 2026**

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## **ACRONYMS**

ESHS	Environment, Social, Health and Safety Safeguards
DLG	District Local Government
FY	Financial Year
GCC	General Conditions of Contract
Ltd	Limited
MoWT	Ministry of Works and Transport
OPM	Office of the Prime Minister
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
UGX	Uganda Shillings

## EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) undertook the compliance inspection of Otuke District Local Government (DLG) that covered a sample of 10 procurement transactions under Financial Year 2024/25.

The overall objective of the compliance inspection was to assess the effectiveness and efficiency of procurement and disposal processes and adherence to the PPDA Act Cap. 205, PPDA Regulations, and public procurement policies so as to identify areas for improvement to enhance procurement and disposal practices in the Entity.

From the findings of the compliance inspection exercise, the performance of Otuke District Local Government for Financial Year 2024/25 was **moderately satisfactory** with an average weighted risk rating of **34.7%** as detailed in Chapter 3 of this report.

### **The following key exceptions were noted:**

1. Regulation 2 (2) of the PPDA (Disposal of Public Assets) Regulations, 2023, requires the Accounting Officer to perform a financial year asset review to identify and schedule items for disposal in the following financial year. However, the Authority noted a persistent neglect of this function, as assets recommended for disposal in FY 2023/24 and FY 2024/25 remain undisposed. Consequently, the Entity is losing potential revenue that would have been realized from a timely asset disposal.
2. Section 10 (1) (a) of the PPDA Act, Cap. 205 provides that for any continuous breach of the Act, Regulations, or Guidelines, the Authority may direct the Entity in question to carry out corrective actions required to rectify the situation. While the Entity achieved a 61.5% full implementation rate for the FY 2022/23 PPDA audit recommendations, the failure to address the remaining 38.5% indicated a vulnerable internal control environment. Such gaps increase the risk of undetected procurement irregularities and fraudulent activities.
3. Section 51 of the PPDA Act, Cap. 205 requires all procurement and disposal actions to be driven by the principles of economy, efficiency, and value for money. However, a review of procurement lead times revealed that the Accounting Officer caused significant administrative delays, averaging 77 working days, to confirm funds for six procurements totaling UGX. 440,348,371. These delays undermined the Entity's ability to provide timely service.
4. According to Regulation 44 (b) (iii) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023, it is mandatory for an Entity to specify environmental protection and social inclusion issues within the statement of requirements for all works-related bidding documents. However, a review of bidding documents of six works projects valued at UGX. 440,348,371 revealed the exclusion of essential ESHS requirements, such as waste management and worker safety. This omission left the Entity without a legal basis to hold contractors accountable for on-site safety failures and/or environmental damage.
5. Section 51 of the PPDA Act, Cap. 205 requires all procurement and disposal actions to be driven by the principles of economy, efficiency, and value for money. However, the Authority noted the following:
  - i) Microscale Irrigation Programme: The demonstration site at Ogor Seed School (one of only three sites serving the entire district) was non-functional. By failing to maintain

this site, the Entity neutralized the demonstration effect, thereby stalling community technology adoption and undermining the school's mandatory vocational curriculum.

- ii) Force Account Mechanism: Despite receiving UGX. 1.159 billion across two funding streams, the Entity achieved a dismal completion rate for its 25 projects, where only five (20%) were finished and the remaining twenty (80%) were left incomplete, unimplemented, or unconfirmed as complete. This performance gap, highlighted in the August 2025 Entity Internal Audit Report, has resulted in a failure to deliver the intended road connectivity, leaving vital infrastructure like swamp crossings and border-link roads in an unusable state.

**In light of the above findings, the Authority recommends that:**

1. The Accounting Officer should:
  - i) Constitute a valuation team and coordinate with the Ministry of Works and Transport to conduct a valuation exercise. This will establish reserve prices for the disposable assets, which is a prerequisite for commencing the disposal process and maximizing financial returns as per Regulation 24 (1) the PPDA (Disposal of Public Assets) Regulations, 2023.
  - ii) Develop a Comprehensive Implementation Plan for all outstanding PPDA audit recommendations. This plan must specify the responsible officer or department, the specific corrective actions to be taken, strict deadlines for completion, and the requisite evidence to verify implementation, pursuant to Section 10 (1) (a) of the PPDA Act, Cap. 205.
  - iii) Replace restrictive batch approvals with a rolling processing system, where all Form 5s (requisitions) are acted upon within five working days to promote efficiency in public procurement as mandated under Section 51 of the PPDA Act, Cap. 205.
  - iv) Task the Senior Agricultural Engineer to immediately diagnose the cause of the system failure at the Ogor Seed School demonstration site (whether technical, mechanical, or lack of water) and prepare a report that will support its restoration to full functionality within 14 days.
  - v) Commission a technical audit of all Force Account Mechanism activities to verify whether the UGX. 1.159 billion expenditure is commensurate with the actual physical progress on-site. The audit should specifically reconcile material inputs with physical outputs to identify any potential inflation of works.
  - vi) Task the District Engineer to justify the project delays and provide comprehensive accountability for the UGX. 1.159 billion. This submission must include verifiable evidence, including:
    - Authenticated receipts, invoices, and delivery notes of inputs;
    - Fuel and plant equipment logs; and
    - Geo-tagged pictorial evidence of the current status of works.

Where delays are found to be a result of negligence or inadequate supervision, the Accounting Officer should initiate disciplinary action against the responsible technical officers (Force Account Supervisor/ Force Account Manager) for failure to perform their oversight duties stipulated in the PPDA (Force Account Mechanism) Regulations, 2014.

2. The Head Procurement and Disposal Unit should prepare a disposal plan, incorporating all items identified in both FY 2023/2024 and FY 2024/2025 Board of Survey Reports for disposal execution in accordance with Regulation 2 of the PPDA (Disposal of Public Assets) Regulations, 2023.
3. User Departments should collaborate with technical officers like the District Environment Officer, District Community Development Officer and the Procurement and Disposal Unit during the Statement of Requirements (SORs) preparation stage to draft specific ESHS clauses tailored to each project site. This will guarantee adherence to sustainable procurement and worker safety protocols as per Regulation 44 (b) (iii) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
4. The Contracts Committee should reject bidding documents that lack specific ESHS requirements for each particular project in accordance with Regulation 11 (2) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

Otuke District Local Government should implement the recommended action plan on Pages **24-26** of this report.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Procurement structure of the Entity**

Otuke District Local Government's procurement structure, consisting of the Chief Administrative Officer (serving as the Accounting Officer), the Contracts Committee, the Procurement and Disposal Unit (PDU), and User Departments, was fully functional at the time of the compliance inspection.

#### **i) Accounting Officer**

Section 28 of the PPDA Act, Cap. 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement and disposal processes in the Entity. During the Financial Year 2024/2025, the Chief Administrative Officer, Mr. Joseph Lomongin was designated as the Accounting Officer of the Entity.

#### **ii) Procurement and Disposal Unit**

Pursuant to Section 32 of the PPDA Act, Cap. 205, the Procurement and Disposal Unit was duly established and consistent with the Entity's approved organizational structure of a Senior Procurement Officer and a Procurement Officer. The staffing is detailed in Appendix I.

#### **iii) Contracts Committee**

In accordance with Section 29 (1) of the PPDA Act, Cap. 205, the Entity's Contracts Committee was duly appointed and fully constituted with five members. At the time of the audit, the members' tenure remained valid, as detailed in Appendix II.

### **1.2 Background of the compliance inspection**

The Authority carried out the compliance inspection of Otuke District Local Government between 17<sup>th</sup> and 21<sup>st</sup> November 2025.

#### **1.2.1 Objective of the audit**

The overall objective of the compliance inspection was to assess the effectiveness and efficiency of procurement and disposal processes and adherence to the PPDA Act, Cap. 205, PPDA Regulations, and public procurement policies so as to identify areas for improvement to enhance procurement and disposal practices in the Entity.

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

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

#### **1.2.2 Scope of the compliance inspection**

The compliance inspection covered a sample of 10 procurement transactions worth UGX. 1,041,857,371, vide Appendix III.

### **1.2.3 Methodology**

One Senior Officer-Performance Monitoring and one Officer-Performance Monitoring conducted the compliance inspection exercise under the supervision of the Regional Manager. During the exercise, the Officers examined records and documents for each sampled procurement transaction and obtained relevant and sufficient evidence to derive the conclusions. This involved a review of the Entity's procurement and disposal planning processes, initiation processes, bidding processes, bid evaluations, contract placement and contract management.

The Officers met with the staff from the Procurement and Disposal Unit, Contracts Committee, Internal Audit and User Departments where necessary, to obtain crucial qualitative information about the internal control system and processes in place.

Following completion of the field work, the Authority debriefed the Accounting Officer on 21<sup>st</sup> November 2025 and issued a Management Letter on 27<sup>th</sup> February 2026, to which the Entity responded on 10<sup>th</sup> March 2026. This report details the key findings and recommendations arising from the compliance inspection exercise.

## CHAPTER TWO: FINDINGS AND RECOMMENDATIONS

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

#### 2.1.1 Non-implementation of the PPDA Recommendations of FY 2022/23

Section 10 (1) (a) of the PPDA Act, Cap. 205 provides that: *“Where there is persistent breach of this Act or Regulations made, or Guidelines issued, under this Act, the Authority may direct the concerned Procuring and Disposing Entity to take such corrective action, as may be necessary in the circumstances, to rectify the breach.”*

An assessment of the previous PPDA compliance inspection recommendations for the FY 2022/2023 (report issued in December 2023) revealed administrative negligence in implementation of these recommendations. While the Entity made progress by fully implementing **61.5%** of the PPDA recommendations, the remaining **38.5%** represented areas that directly impact financial accountability and asset rationalization.

Table 1 below summarizes the status of PPDA recommendations from FY 2022/2023, categorized by the respective responsible officers:

**Table 1: Implementation Status of PPDA Recommendations by Each Responsible Officer**

<b>Responsible Officer</b>	<b>Total Recommendations</b>	<b>Implemented</b>	<b>Partial</b>	<b>Not Implemented</b>	<b>Success Rate (%)</b>
Accounting Officer	12	7	0	5	58.3%
User Departments	10	5	3	2	50%
Procurement & Disposal Unit (PDU)	9	7	1	1	77.8%
Evaluation Committee	4	3	1	0	75%
Contracts Committee	3	2	1	0	66.7%
Internal Audit Unit	1	0	1	0	0%
<b>Total</b>	<b>39</b>	<b>24 (61.54%)</b>	<b>7 (17.95%)</b>	<b>8 (20.51%)</b>	

**Note:** Success rate is full implementation of the PPDA recommendations

Table 2 details the FY 2022/23 PPDA recommendations, assigned Action Officers, the implementation status and management responses.

**Table 2: Detailed Status of FY 2022/23 PPDA Recommendations**

Action Officer	Recommendations	Status of implementation	Management Response
Accounting Officer	1. Seek clearance from responsible Agencies and dispose of all obsolete assets in order to avoid further depreciation of the assets and attain value for money.	Not implemented	<p><b>Response for Nos. 1 &amp; 2:</b> Management is following it up.</p> <p><b>Authority's comment:</b> While Management acknowledged the issue, no documentary evidence (e.g., correspondence with the MoWT or disposal schedules) was provided to prove progress. Hence, the risk of continuous asset depreciation remains high.</p>
	2. Liaise with the Ministry of Works and Transport (MoWT) on the matter of loss of original logbooks to dispose of the assets and avoid further depreciation.	Not implemented	
	3. Assess the financial loss of UGX. 41,089,205 and recover the funds lost due to the Evaluation Committee's failure to detect arithmetic errors in the bid of the contractor, B.P Enterprises & Construction Company limited, for the construction of a twin staff house at Acan Pii Primary School (i.e., the Authority's computed amount was UGX. 101,246,434 vs the evaluated amount of UGX. 142,335,639).	Not implemented	<p><b>Response for Nos. 3 &amp; 4:</b> This is true. It was an oversight. However, the contractor could not continue with the construction at UGX. 101,246,434 to deliver the staff house, kitchen and toilet. This issue was verified with the Office of the Auditor General (OAG) and dropped since the project was fully delivered as per the approved budget, commissioned and occupied by the teachers.</p> <p><b>Authority's comment:</b> Management's response is noted, however:</p> <ul style="list-style-type: none"> <li>No evidence of an official "clearance" or "drop" memo from the OAG was submitted to the Authority for verification. The arithmetic errors</li> </ul>
	4. Task members of the Evaluation Committee to show cause why sanctions should not be taken against them for their failure to detect	Not implemented	

Action Officer	Recommendations	Status of implementation	Management Response
	<p>arithmetic errors mentioned above.</p>		<p>represent a potential financial loss and without a formal discharge, the funds remain recoverable by the Entity.</p> <ul style="list-style-type: none"> <li>• No "Show Cause" notices or minutes of disciplinary proceedings against the Evaluation Committee members were submitted to the Authority for verification. Acknowledging an oversight does not satisfy the requirement for accountability or administrative action.</li> </ul>
	<p>5. Organize bidder conferences in order to obtain information on the causes of limited participation by bidders in the bidding processes of the Entity, and to also increase bidder awareness.</p>	<p>Not implemented</p>	<p><i>This was conducted and the finding was that the providers do not respond to bid invitations because of hard-to-reach locations of project sites and bad roads.</i></p> <p><b>Authority's comment:</b> Management's response is noted; however, no attendance lists, minutes of meetings, or bidder conference reports were submitted to the Authority for verification. In the absence of such records, the Authority could not confirm whether these provider sessions took place or that the Management's findings were valid.</p>
<p>Head Procurement and Disposal Unit.</p>	<p>1. Submit to the Authority procurement and disposal reports and performance data of all procurement transactions undertaken by the</p>	<p>Not implemented</p>	<p><i>This is being done in the monthly reports.</i></p> <p><b>Authority's comment:</b> Management's response is noted; however, verification of the FY 2025/26 monthly report submissions revealed a continuous omission of</p>

Action Officer	Recommendations	Status of implementation	Management Response
	Entity, including micro procurements.		micro-procurement. Consequently, the recommendation is still not implemented.
	2. In preparation of bidding documents, conduct quality assurance for appropriateness of all the required documentation.	Partially implemented	<i>We shall correct this and have it fully implemented.</i>
User Departments	1. Inform the Head Procurement and Disposal Unit to update the procurement plan in the event that amendments are made to their departmental work plans.	Not implemented	<i>This will be improved upon.</i>
	2. On a monthly basis report all micro procurements undertaken to the Contracts Committee through the PDU.	Not implemented	<i>Action has been taken and this is being reported.</i>  <b>Authority's comment:</b> Management's response is noted. However, verification of the FY 2025/26 monthly report submissions revealed that micro-procurement data was omitted. Consequently, the recommendation is still not implemented.
	3. Where no delegation of functions has been granted by the Accounting Officer, initiate procurement and disposal requirements and forward them to the Procurement and Disposal Unit for implementation.	Partially implemented	<i>Management is implementing the recommendation fully.</i>  <b>Authority's comment:</b> Management did not submit documentary evidence to support its response.
	4. Adhere to the provisions in the application of the use of Force Account		

Action Officer	Recommendations	Status of implementation	Management Response
	<p>Mechanism to ensure value for money as per the PPDA (Force Account Mechanism) Regulations, 2014.</p> <p>5. Prevail over Contract Managers to ensure that the Entity meets all payment and other obligations as per the terms and conditions of a contract.</p>		
Contracts Committee	Scrutinize all sections of the bidding documents for completeness and appropriateness before approving them for issue.	Partially implemented	<p><i>This is being done by the team.</i></p> <p><b>Authority's comment:</b> Management did not submit documentary evidence to support their response</p>
Evaluation Committees	Adhere to the evaluation criteria set out in the bidding documents during bid evaluation.		
Head of Internal Audit	Audit the procurement and disposal procedures as well as the payments made.	Partially implemented	<p><i>This is being done by the team.</i></p> <p><b>Authority's comment:</b> Management's response is noted; however, the Internal Audit Reports for Quarter One and Quarter Three were not submitted for verification. Consequently, the status of implementation remains partial.</p>

### Implications

- The failure by the Accounting Officer to recover UGX. 41M and the inaction to sanction the Evaluation Committee for the arithmetic errors suggests a lack of will to protect public funds. This encourages negligence and potential collusion in future bid evaluations.
- The failure to dispose of assets leads to the total loss of residual value, turning potential revenue into scrap and environmental hazards.
- By not reporting micro-procurements executed at the Lower Local Government level, the Entity provides a distorted view of its spend, hiding potential contract splitting or unauthorized expenditures from the Authority's oversight.
- The Contracts Committee's failure to scrutinize bidding documents before issuance compromises the procurement process, leading to technical errors that cause failed bids, non-compliance or costly mis-procurements.

- Failure by the Evaluation Committees to adhere to the evaluation criteria set out in the bidding documents exposes the Entity to the risk of contracting non-compliant/ incompetent bidders.
- Failure to produce internal audit reports for two quarters indicates a significant breakdown in oversight. This lack of verification undermines the Entity’s internal controls, creating an environment where fraudulent activities and procurement irregularities can go undetected.

### **Recommendations**

The Accounting Officer should:

1. Within 30 days obtain clearance from the relevant Agencies and the Ministry of Works and Transport to facilitate the lawful disposal of the obsolete assets. A formal Disposal Progress Report must be submitted to the Authority by the end of the fourth quarter of FY 2025/26.
2. Immediately issue a formal demand for the UGX. 41,089,205 (amount lost due to arithmetic errors), from the contractor (B.P Enterprises and Construction Company Limited). If the claim that the Office of the Auditor General (OAG) “dropped” the query is true, a formal clearance letter from the OAG must be filed and a copy submitted to the Authority, otherwise, recovery proceedings should commence.
3. Issue formal “Show Cause” letters to the members of the Evaluation Committee, requiring them to explain why disciplinary sanctions should not be imposed for their failure to detect arithmetic errors worth UGX. 41,089,205 during bid evaluation. The “Show Cause” letters, responses and committee minutes should be submitted to the Authority as evidence of action taken.
4. For future bidder conferences, maintain a file containing the Attendance Register, Minutes of the Meetings, and an Action Plan addressing the barriers identified (e.g., specific strategies to manage the hard-to-reach project sites).
5. Task the Head, Procurement and Disposal Unit to obtain and populate all micro procurement data from Lower Local Governments in the monthly report submissions to the Authority. Continued non-compliance should be treated as professional misconduct and a breach of the Entity’s statutory reporting obligations under Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.
6. Task the Contracts Committee to develop and adopt a Review Checklist for all bidding documents. This checklist must be signed, dated, and attached to the minutes of every meeting to prove that bidding document completeness and appropriateness was verified by the committee.
7. Task the Internal Audit Unit to undertake and submit quarterly reports specifically reviewing procurement files to establish whether the procured supplies, works or services are properly ordered, received, verified and paid for in accordance with Regulation 27 (1) (a) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

#### **2.1.2 Non-Compliance with Procurement Planning and Unauthorized Expenditure**

Section 60 (2) (d) of the PPDA Act, Cap. 205 provides that: *“A Procuring and Disposing Entity shall plan its procurement and disposal in a rational manner and, in particular, shall integrate its procurement budget with its expenditure programme.”*

Whereas the Entity achieved a procurement plan implementation rate of 85.9%, against a total planned value of UGX. 3,332,044,100, there was a variance of UGX. 469,340,583 as indicated in Table 3 below. Management informed the Authority that this gap was attributed to the misclassification of non-procurable expenses. Departmental budgeting practices erroneously

integrated administrative overheads, such as per diems and allowances, into the costs of procurable line items.

**Table 3: Procurement plan implementation analysis**

Description	Amount (UGX)
Total procurement plan value (UGX)	3,332,044,100
Total procurement spend value (UGX)	2,862,703,517
Procurement plan implementation rate (%)	85.9%
Procurement plan implementation variance (UGX)	469,340,583

**Implications**

- Over-inflating project costs with administrative overheads makes it difficult for management to assess the actual value-for-money of physical projects like road works. This is because the actual cost of physical works is aggregated with non-procurable operational expenses.
- Artificially inflated project estimates make it difficult to benchmark the true cost-per-kilometer of the Entity’s engineering road works against national standards.

**Management Response**

*The extra funds noted were as a result of the Engineering and Sub-Counties including in their work plans for road works a component of facilitation allowance which is non procurable. When the BoQs were submitted to the PDU, this component was eliminated hence reducing the actual procurement plan implementation rate to a lower value, and this was not reported to the Authority. However, this has been noted and we will report and update this in the current financial year’s procurement plan to reflect actual road project estimates.*

**Recommendations**

The Accounting Officer should task the Head Procurement and Disposal Unit to:

1. Liaise with the Heads of User Departments to review their departmental workplans for FY 2025/26 to remove non-procurable components, ensuring the “Total Planned Procurement Value” reflects only what is legally procurable.
2. Prepare an amendment to the FY 2025/26 procurement plan for the Contracts Committee’s approval and subsequent submission to the Authority in accordance with Regulation 5 of the PPDA (Procurement Planning) Regulations, 2023 and Section 60 (8) of the PPDA Act, Cap. 205.

**2.1.3 Administrative Delays in Confirmation of Funding and Approval of Procurement Requisitions**

Section 51 of the PPDA Act, Cap. 205 requires all procurement and disposal actions to be driven by the principles of economy, efficiency, and value for money.

However, a review of the procurement cycle lead times revealed that the Accounting Officer caused significant administrative delays averaging 77 working days to confirm funds for six procurements worth UGX. 440,348,371. While the User Departments initiated these requests as early as April and July 2024, the Accounting Officer did not approve them until 4<sup>th</sup> October 2024.

The clustering of all approvals on a single date (4<sup>th</sup> October 2024) suggested a batch approval approach rather than a continuous, efficient procurement flow. These delays are summarized in Table 4 below:

**Table 4: Analysis of Delays in Confirmation of Funding by the Accounting Officer**

No	Subject of Procurement	Contract Amount (UGX)	Date User Department initiated request	Date Accounting Officer approved request	Delay (Working Days)
1	Renovation of 4 classroom blocks at Adyerakonya P/S	70,733,979	18 <sup>th</sup> July 2024	4 <sup>th</sup> October 2024	56
2	Renovation of 3 classroom blocks at Anepmoroto P/S	68,071,604	18 <sup>th</sup> July 2024	4 <sup>th</sup> October 2024	56
3	Construction of 4 stance latrine at Ogwette HC III	22,603,500	16 <sup>th</sup> July 2024	4 <sup>th</sup> October 2024	58
4	Fencing of Orum HC IV	54,985,200	16 <sup>th</sup> July 2024	4 <sup>th</sup> October 2024	58
5	Construction of piped water at Okwang Technical Institute	116,532,788	23 <sup>rd</sup> April 2024	4 <sup>th</sup> October 2024	118
6	Drilling/testing of five (05) deep boreholes	107,421,300	23 <sup>rd</sup> April 2024	4 <sup>th</sup> October 2024	118
	<b>Total</b>	<b>440,348,371</b>			<b>77.3 (average)</b>

**Implications**

Delay to confirm funds availability:

- Jeopardizes the Entity's ability to deliver timely service and utilize the budget funds before the end of the financial year, due to increased total procurement lead times.
- Could lead to increased costs, for example, construction materials, rendering the original internal cost estimates at the time of confirmation of funding, inadequate during the bidding stage.

**Management Response**

*This has been noted. However, in the manual for National Assessment by the Office of the Prime Minister (OPM), all procurements are to be initiated by 30<sup>th</sup> August of the that financial year in order to get a score in that area. Therefore, User Departments were guided to do so in order to attain the score. We request to be guided on how to handle this matter.*

**Authority's comment**

Management's response is noted; however, it does not address the 77-day delay in the confirmation of funds by the Accounting Officer. While the Entity sought to meet the OPM's assessment deadline for initiation, the subsequent administrative delay in approval by the Accounting Officer undermined the purpose of early initiation and stalled service delivery. Management is therefore, urged to synchronize initiation deadlines with prompt administrative approvals.

## **Recommendations**

To promote efficiency in public procurement as mandated by Section 51 of the PPDA Act, Cap. 205:

1. The Accounting Officer should replace restrictive batch approvals with a rolling processing system, where all Form 5s (requisitions) are acted upon within five working days to facilitate the immediate commencement of the bidding process.
2. The Head Procurement and Disposal Unit should provide the Accounting Officer with a weekly "Pending Requisitions Report" to highlight any requests that have exceeded the 5-day approval window.
3. The District Internal Auditor should investigate the delays in Table 4 so that appropriate corrective action can be undertaken.

### **2.1.4 Failure to Incorporate Environmental, Social, Health, and Safety (ESHS) Safeguard Requirements in Bidding Documents**

Regulation 44 (b) (iii) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023 states that: "*A Procuring and Disposing Entity shall in the bidding documents for works specify the following information- the statement of requirements including the environmental protection issues and social inclusion issues applicable to the procurement requirement.*"

The Authority's review of the bidding documents for six works projects totalling UGX. 440,348,371 (**Table 4**) revealed that the Entity excluded mandatory ESHS requirements, such as, debris/waste management, site restoration, provision of Personal Protective Equipment (PPEs) for workers, community sensitization, and stakeholder engagements.

This was due to the User Departments' failure to provide specific ESHS compliance criteria to the Procurement and Disposal Unit for integration into the bidding documents. This omission undermined the Entity's commitment to sustainable procurement and safety of workers and the community.

### **Implications**

Without explicit ESHS requirements:

- The Entity had no legal basis to hold contractors accountable for safety failures on-site e.g., injuries or environmental damage, such as, poor waste management.
- The Evaluation Committee could not assess the bidders' capacity to manage social and environmental risks, potentially leading to the award of contracts to incompetent firms.

### **Management Response**

*This has been noted for improvement by the various departments involved in the procurement process.*

### **Recommendations**

To guarantee adherence to sustainable procurement and worker safety protocols as per Regulation 44 (b) (iii) of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023:

1. User Departments should collaborate with technical officers like the District Environment Officer, District Community Development Officer and the Procurement and Disposal Unit during the Statement of Requirements (SORs) preparation stage to draft specific ESHS clauses tailored to each project site.

2. The Head Procurement and Disposal Unit should prepare bidding documents for works that clearly define SORs that are environmentally and socially responsive.
3. The Contracts Committee should reject bidding documents that lack specific ESHS requirements for each particular project.

### 2.1.5 Low Bidder Participation

Section 49 of the PPDA Act, Cap. 205 requires the Entity to conduct all procurement and disposal activities in a manner that maximizes competition and guarantees the attainment of value for money.

The Authority, however, noted low bidder response rate in four procurements worth UGX. 216,394,283 (**Table 5**) conducted under the Request for Quotations procurement method. Despite the Entity inviting a total of 24 bidders across these procurements, only seven bids were received, representing an average of approximately 1.8 bids per procurement.

This pattern suggested either a superficial bid invitation process or suspected bid collusion among the firms on the Entity's pre-qualified list of providers.

**Table 5: Procurements with low bidder response rate**

No.	Subject of Procurement	Contract Amount (UGX)	Number of invited bidders	Number of bids received	Participation Rate (%)
1.	Renovation of 4 classroom blocks at Adyerakonya Primary School	70,733,979	6	2	33%
2.	Supply, delivery and installation of micro-scale irrigation equipment	68,071,604	6	2	33%
3.	Construction of 4 stance drainable latrine at Ogwette Health Centre III	22,603,500	6	2	33%
4.	Fencing of Orum Health Centre IV	54,985,200	6	1	17%
	<b>Total/ Average</b>	<b>216,394,283 (Total)</b>	<b>24 (Total)</b>	<b>7 – (Total) 1.8-(Average)</b>	<b>29% (Average)</b>

### Implications

- Limited competition prevents the Entity from achieving the most competitive market rates for the procurement requirements.
- There is a risk of collusion or bid rigging leading to erosion of public trust in the Entity's procurement processes.

### Management Response

*Research has ever been conducted on the low bidder participation and the Entity's finding was that the bidders complained about the hard-to-reach project sites, i.e., location distance, and the bad roads during rainy seasons that are beyond their control leading to their decline of bid*

*invitations when called upon to participate. However, the Authority's advice has been taken. We will review the list of pre-qualified providers.*

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

Management's findings regarding geographical constraints are noted, however, no research report or evidence of bidder complaints was submitted for verification. Identifying the challenges does not fulfil the requirement for a competitive procurement process. The Entity should thus implement the recommendations below:

#### **Recommendations**

To achieve value for money via enhanced competition in bidding processes as mandated by Section 49 of the PPDA Act, Cap. 205, the Accounting Officer should direct the Head Procurement and Disposal Unit to:

1. Conduct periodic research on bidder participation patterns to identify and address the barriers, so as to foster genuine competition and enhance provider interest, for example, adjusting cost estimates to reflect logistical realities.
2. Immediately review and update its list of pre-qualified providers. Firms that were invited but failed to submit bids without reasonable justification should be removed from the prequalified list of providers in accordance with Clause 6 of Guideline 8/2014 on Pre-qualification of Providers for a Group of Contracts.

### **2.2 Efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) safeguard requirements**

#### **2.2.1 Suboptimal Execution of Road Works under the Force Account Mechanism**

Section 51 of the PPDA Act, Cap. 205 requires all procurement and disposal actions to be driven by the principles of economy, efficiency, and value for money.

The Authority established that Otuke District Local Government received UGX. 1BN from the Uganda Road Fund for 13 road and six swamps projects in FY 2024/2025. However, as of the Fourth Quarter Internal Audit Report (dated August 2025), the Entity had achieved a dismal completion rate; including six previous roads under Transitional Road Grant for FY 2023/2024. The analysis of the 25 total projects is summarized below:

- Only five out of 25 projects (**20%**) were completed.
- 15 projects (**60%**) remained in "Partial" or "Incomplete" status.
- Three projects (**12%**) had not been implemented at all.
- Two projects (**8%**) were listed as "Implemented" but not explicitly confirmed as completed/commissioned.

Whereas the slow implementation was attributed to inadequate equipment capacity, delayed supply of essential inputs by providers, and adverse weather conditions i.e., heavy rains that made the roads inaccessible and halted works, the Authority at the time of audit in November 2025 did not find any evidence of completion of the road works.

Thus, the Force Account Mechanism failed to deliver the intended road connectivity, leaving critical infrastructure like swamp crossings and border-link roads in unusable states.

Table 6 below provides a summary of the implementation status for works executed under the Force Account mechanism as of August 2025.

**Table 6: Progress of Works under Force Account Mechanism**

No.	Project Name	Length (km)	Cost Estimate (UGX)	Status in August 2025
<b>ROADS FOR FY 2024/25 (Uganda Road Fund)</b>				
1.	Olilim to Ogobam	8	32,000,000	Implemented
2.	Oreme Trading Centre to Anyalima Trading Centre	5	15,000,000	Partially implemented
3.	Onyon to Agago border	3	54,000,000	Completed
4.	Ajur Trading Centre to Olangit B	7	116,000,000	Partially implemented
5.	Canpepeny to Teokworo	8	32,000,000	Partially implemented
6.	Okwong West to Angwalla village	5	27,000,000	Implemented
7.	Aluga P/S sign post to Gotojwang	20	58,000,000	Partially implemented
8.	Corner Tecwao to Aminogwang	6	18,000,000	Not yet implemented
9.	Acwao via Okokodyere–Amin Ogwang	8	25,000,000	Partially implemented
10.	Okwang T/C –Amele Barocok	10	30,000,000	Not yet implemented
11.	Oreme Market to Omwonlee	5	80,000,000	Partially implemented
12.	Otuke Town Council to Omoro border	8	8,300,000	Partially implemented
13.	Ader via Acane to Agago border	15	45,000,000	Partially implemented
<b>SWAMPS FOR FY 2024/25 (Uganda Road Fund)</b>				
1.	Agweng swamp in Ogor		54,000,000	Incomplete
2.	Anapa swamp in Okwang		30,000,000	Complete
3.	Ogwangakeo in Olilim		30,000,000	Incomplete
4.	Acwao swamp in Goi B Okwang		20,000,000	Partially implemented
5.	Anyal swamp in Adwari		30,000,000	Incomplete
6.	Acoke swamp in Okwongo		20,000,000	Complete
<b>ACTIVITIES FY 2023/2024 (Transitional Road Grant)</b>				
1.	Aminawili–Acandyang–Okwang border	8	32,000,000	Incomplete
2.	Barjobi (Teokworo) to Opio Gustavo	5.8	15,000,000	Complete
3.	Okera to Ogwette P/S	6.4	32,000,000	Not yet implemented
4.	Aluga P/S - Okwangakeo swamp	5	20,000,000	Incomplete
5.	Okune to Corneragaal-Okwongo T/C	8	32,000,000	Complete
6.	Okwongo to Apaku road	8	28,000,000	Incomplete

## Implications

- The marginal 20% completion rate represents a significant service delivery failure, severely restricting the movement of goods to markets and hindering community access to essential social services, including healthcare and education.
- The high rate of incomplete projects (80%) suggests potential mismanagement of Force Account Mechanism resources, specifically the risk that fuel, labour, and equipment were diverted for unauthorized use or wasted through lack of oversight.
- Partially implemented roads (e.g., grading without compacting or drainage) deteriorate rapidly if not completed. This leads to double expenditure, as the same sections will require fresh rehabilitation in the next cycle.
- Incomplete swamp crossings pose significant safety risks and can lead to the total isolation of communities during rainy seasons.

## Management Response

*The Entity experienced quite a number of challenges in the implementations of Force Account Mechanism which included; heavy rainfall, floods, inadequate equipment and late release of funds. However, the current status generated from Table 6 above is detailed in Table 7 below. The other works were completed.*

**Table 7: Progress of Road Works under Force Account Mechanism for FY 2024/2025**

<b>Ref No.</b>	<b>Road Name</b>	<b>Length (km)</b>	<b>Cost Estimate (UGX)</b>	<b>Current Status</b>
5	Canpepeny to Teokworo	8	32,000,000	In progress
8	Corner Tecwao to Aminogwang	6	18,000,000	In progress
9	Acwao via Okokodyere-Amin Ogwang	8	25,000,000	Partially implemented
13	Ader via Acane to Agago border	15	45,000,000	In progress
<b>SWAMPS</b>				
3	Ogwangakeo in Olilim		30,000,000	Incomplete

## Authority's comment

Management's response is noted; however, there was no evidence submitted to support the management response, for example, Geo-tagged pictorial evidence of the current status of works, fuel and plant equipment logs, receipts, invoices, and delivery notes of the works executed.

## Recommendations

The Accounting Officer should:

1. Commission a technical audit of all Force Account activities to verify whether the UGX. 1.159 billion expenditure is commensurate with the actual physical progress on-site. The audit should specifically reconcile material inputs with physical outputs to identify any potential inflation of works.
2. Task the District Engineer to explain the project delays and provide comprehensive accountability for the UGX. 1 billion under URF and UGX. 159M under the Transitional Road Grant. This submission must include verifiable evidence, including:
  - Authenticated receipts, invoices, and delivery notes of the inputs;
  - Fuel and plant equipment logs; and
  - Geo-tagged pictorial evidence of the current status of works.

Where delays are found to be a result of negligence or inadequate supervision, the Accounting Officer should initiate disciplinary action against the responsible technical officers (Force Account Supervisor/ Force Account Manager) for failure to perform their oversight duties.

3. Task the Internal Audit Unit to conduct a verification exercise to confirm whether all works were fully executed and the use of Force Account Mechanism was both justified and efficiently managed, as required under Regulation 27 (a) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

### **2.2.2 Inoperability of the Ogor Seed School Demonstration Site and Low Program Uptake under the Microscale Irrigation Programme**

#### **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 subsidises 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.
- 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.

#### **Exceptions**

Section 51 of the PPDA Act, Cap. 205 requires all procurement and disposal actions to be driven by the principles of economy, efficiency, and value for money.

Contrary to these statutory requirements, the Authority observed the following anomalies which indicated a lapse in the Entity's adherence to these principles:

#### **i) Low Program Uptake of Micro-scale Irrigation Program**

The Authority established that the Entity received 397 Expressions of Interest, however, only 22 irrigation systems were installed as detailed in Appendix V. This represented an actual installation rate of 5.5% which was remarkably low.

Out of the 397 interested farmers that expressed interest, 285 applicants were successful. However, from the successful 285 farmers, 138 did not receive farm visits, primarily due to non-payment of commitment fees and lack of reliable water sources.

#### **Implication**

The high drop out rate of interested farmers indicates that the program entry requirements, such as commitment fees and water availability, are either poorly communicated or serving as prohibitive barriers to the intended beneficiaries

#### **Management response**

*This is all about mind set which the farmers have been trained and talked to several times but we do not see any positive change from them.*

*The Authority's advice on this issue of integration will be taken up by the department for betterment of the system.*

**Authority's comment**

Management's response is noted; however, it fails to address the specific root causes identified during the inspection, namely the financial barrier of commitment fees and the technical lack of water sources. Attributing the 5.5% conversion rate solely to "farmer mindset" without providing a documented strategy to mitigate these identified hurdles is unsatisfactory. Management should establish a clear action plan on how they intend to support successful applicants in meeting the co-funding requirements and overcoming the technical water challenges.

**Recommendations**

The Accounting Officer should task the Senior Agricultural Engineer to:

1. Conduct a sensitization drive to explain the importance of the commitment fee and explore flexible payment modalities (e.g., instalments) to encourage the 138 successful applicants to proceed to the farm-visit stage.
2. Integrate the microscale irrigation program with the District Water Department to explore the possibility of drilling communal boreholes or providing technical advice on water harvesting, in areas with high farmer interest but poor water access in accordance with Clause 13 of the UGIFT Micro-Scale Irrigation Program Technical Guidelines, Version 3, April 2023.

**ii) Inoperability of the Ogor Seed School Demonstration Site**

Critically, the Authority found that the demonstration site at Ogor Seed School (which is one of only three sites serving the entire district) was non-functional as of November 2025. This non-functionality indicated a breakdown in the project management lifecycle, resulting in a waste of administrative and financial resources. This rendered a key pillar of the microscale irrigation program's approach ineffective for the farmers in that catchment area.

**Implications**

- The investment in the Ogor Seed School demonstration site constitutes wasteful expenditure, as the non-functional equipment provides zero return on investment regarding knowledge transfer.
- By failing to maintain a functional Ogor Seed School demonstration site, the Entity neutralized the demonstration effect, simultaneously stalling community technology uptake and undermining the school's mandatory vocational curriculum.

**Management response**

*Management has diagnosed the cause and is trying to secure funds to procure a controller that was damaged by the fire to make the site functional.*

**Authority's comment**

Management's response is noted; however, no formal incident report, technical assessment, or police statement was submitted to substantiate the claim of fire damage. Furthermore, Management failed to provide a clear timeline or a dedicated budget source for the procurement of the replacement controller. Until the site is fully restored and operational, this remains a significant loss of value-for-money and a failure in asset preservation.

## Recommendations

The Accounting Officer should task the Senior Agricultural Engineer to:

1. Immediately diagnose the cause of the system failure at the Ogor Seed School demonstration site (whether technical, mechanical, or lack of water) and prepare a report that will support its restoration to full functionality within 14 days.
2. Adequately train the staff at Ogor Seed School to operate and perform basic maintenance on the irrigation equipment to prevent future downtime.

### 2.2.3 Procurement Execution without Approved Work Programs

GCC 27 of the signed agreements mandated contractors to submit their work programs within two weeks of contract delivery. During the compliance inspection exercise the Authority did not find evidence that the contractors submitted the work programs in six projects totalling UGX. 440,348,371 as required under GCC 27 of the signed agreements. The details of the procurement are in Table 8 below.

The lack of work programs and the subsequent updates indicated that the projects were implemented without a formal baseline for measuring progress, which was a critical failure in technical supervision by the Contract Managers.

**Table 8: Procurements without work programs**

No.	Subject of Procurement	Name of Contractor	Contract Amount (UGX)
1.	Renovation of 4 classroom blocks at Adyerakonya Primary School	Ogolson Company Limited	70,733,979
2.	Renovation of 3 classroom blocks at Anepmoroto Primary School	Kajuka Engineering Limited	68,071,604
3.	Construction of 4 stance drainable latrine at Ogwette Health Centre III	Trends Services Ltd.	22,603,500
4.	Fencing of Orum Health Centre IV	Joint Hands Investment Limited	54,985,200
5.	Construction of solar piped water	Rejime Contractors Ltd.	116,532,788
6.	Drilling, pump testing and installation of 5 deep boreholes	Mama Borewell Africa Ltd.	107,421,300
<b>Total</b>			<b>440,348,371</b>

## Implications

Without work programs, the Contract Managers could not determine if the projects were on schedule, ahead, or behind. This leads to subjective assessments and makes it difficult to justify extensions of time or to invoke liquidated damages for the delays.

## Management Response

*The work programs were submitted and were with the external Auditors in Soroti during the time of the PPDA inspection.*

## Authority's comment

Management's response is noted. However, the documentation provided consisted of bid-stage work programs rather than the finalized schedules mandated by GCC 27 of the contracts, essentially to reflect actual project timelines and milestones.

## **Recommendations**

Contract Managers should in future procurements:

1. Task contractors to submit work programs as per the terms and conditions of the contract before contract execution in accordance with Regulation 52 (3) (ii) of the PPDA (Contracts) Regulations, 2023.
2. Penalize contractors who fail to submit work programs, by invoking the penalty clauses on submission of work programs in the Special Conditions of Contract, if so stated.

### **2.2.4 Irregularities in Payments**

Regulation 52 (3) (a) (i) and (iii) of the PPDA (Contract) Regulations, 2023 requires the Contract Manager to ascertain that both the provider and the Procuring and Disposing Entity fulfil their respective performance, delivery, and payment obligations in strict accordance with the terms and conditions of the contract.

The Authority, however, identified financial anomalies in three procurements totalling to UGX. 196,495,583 as detailed below:

#### **1) Non-Remittance of Revenue**

- GCC 22.3 of the contract provided that revenue should be remitted three months in advance;
- Item No.7 under the Terms of Reference provided that payment should be three months in advance of collection; and
- Clause 2 of the Agreement stated that: *“The contractor hereby covenants to pay the employer in consideration of the execution and completion of the services, the contract price of UGX. 6,410,000 monthly which is to be **paid three months before collection**”.*

The Authority did not find evidence that the provider, Ebue Technical Services Ltd. remitted revenue totalling UGX. 57,690,000 for nine months as per the contract for the collection of revenue at Otuke Town Council Market. This was attributed to laxity in contract supervision.

### **Implications**

The failure to enforce the advance payment clause for revenue collection:

- Resulted in a financial loss of UGX. 57,690,000 to the Entity.
- Directly deprived the Entity of local revenue, which hindered the delivery of planned essential social services to the community.

### **Management Response**

*The firm remitted its payment and this is availed for verification by the team.*

### **Authority’s comment**

Management’s response is noted; however, the finding stands due to a lack of verifiable evidence. No payment receipts or bank statements were submitted to verify the UGX. 57,690,000 payment.

### **Recommendation**

The Accounting Officer should issue a 10-day Demand Notice to Ebue Technical Services Limited for the refund of the UGX. 57,690,000. Should the firm fail to remit the funds within the stipulated period, the Accounting Officer should initiate a submission to the Authority for suspension proceedings pursuant to Section 128 (e) of the PPDA Act, Cap. 205.

## **2) Failure by the Entity to Honor Payment Obligations to Contractors**

This was observed in two procurements worth UGX. 138,805,583 as detailed below:

### **i) Unpaid Retention Monies**

Regulation 52 (3) (a) (iii) of the PPDA (Contract) Regulations, 2023 requires the Procuring and Disposing Entity to fulfil all payment and other obligations as defined within the contract's terms and conditions.

In the renovation of Adyerakonya Primary School valued at UGX. 70,733,979, the retention monies totaling UGX. 3,536,699 remained unpaid to Ogolson Company Limited. The Authority noted that despite the Assistant Engineering Officer (Civil) certifying completion on 11<sup>th</sup> March 2025 and the subsequent expiration of the Defects Liability Period (DLP) on 11<sup>th</sup> July 2025, there was no documented evidence or technical justification provided to explain why these funds were not remitted to the contractor.

### **ii) Non-Payment of Certified Works**

GCC 43.1 stated that: *“The amount certified by the contract manager shall be paid in full within 30 days of receipt of an invoice supported by the payment certificate and a certificate of completion of the works.”*

The Authority noted that despite the Assistant Engineering Officer (Civil) certifying the renovation of 3-classroom blocks at Anepmoroto Primary School as complete on 11<sup>th</sup> March 2025, the contractor, Kajuka Engineering Limited, remains unpaid. The total contract value of UGX. 68,071,604 stands as an outstanding liability without documented justification for the delayed settlement.

### **Implications**

- Holding retention past the Defects Liability Period (DLP) without valid claims creates a risk of interest claims and litigation.
- Delays in settling legitimate claims stifles the contractors cash flows and discourages competent providers from bidding for future Entity projects, thereby reducing competition.

### **Management Response**

*The retention for Ogolson Company Limited was paid and evidence availed for verification; however, Kajuka Engineering Limited has just submitted his request for payment and it is being processed.*

### **Authority's comment**

Management's response is noted. However, the finding stands as no payment receipts or bank transfers were provided to verify the claim regarding Ogolson Company Limited's retention payment. Additionally, the payment to Kajuka Engineering Limited is confirmed as still in process and not yet settled, contrary to the completed status of the works.

### **Recommendations**

1. The Head of Finance/Accounts Unit should settle the outstanding sums and retention monies immediately to mitigate the risk of interest-bearing claims and litigation. Furthermore, the Unit should, systematically track the expiry of DLP and ensure timely discharge of financial obligations.
2. The Accounting Officer should task the Contract Managers to explain why they should not be held accountable for failure to monitor payment timelines and escalate non-payment

issues, which was a breach of the duties of a Contract Manager as prescribed under Regulation 52 (3) (a) (iii) of the PPDA (Contract) Regulations, 2023.

### **2.3 Compliance of the Entity's disposal processes with the provisions of the PPDA Act, Cap. 205 and PPDA Regulations**

#### **2.3.1 Failure to dispose of obsolete/unserviceable assets**

Under Regulation 2 (2) of the PPDA (Disposal of Public Assets) Regulations, 2023, the Accounting Officer is mandated to perform a financial year asset review to identify and schedule items for disposal in the following financial year.

Despite the FY 2024/2025 Board of Survey Report dated 10<sup>th</sup> September 2025 identifying and recommending specific assets (**Appendix VI**) for disposal, the Entity failed to prepare a disposal plan to commence the disposal process. Furthermore, the assets recommended for disposal in the previous FY 2023/2024 remained undisposed. This indicated a persistent neglect of the disposal function, resulting in the accumulation of unserviceable items that continue to occupy space and lose residual value.

#### **Implications**

- By delaying disposal for over two financial years, the Entity is losing potential revenue that could have been realized from a timely disposal.
- Keeping unserviceable assets leads to security risk, theft risk and the physical degradation of the environment (e.g., scrap metal attracting pests or leaking hazardous fluids).

#### **Management Response**

*Management has taken up the Authority's advice for implementation and will follow up with Ministry of Works and Transport (MoWT).*

#### **Recommendations**

To maximize financial return from the unserviceable assets as per the PPDA (Disposal of Public Assets) Regulations, 2023, the Accounting Officer should take two immediate actions:

1. Instruct the Head of Procurement and Disposal Unit to prepare a disposal plan, incorporating all items identified in both FY 2023/2024 and FY 2024/2025 Board of Survey Reports and execute it without delay.
2. Constitute a valuation team and coordinate with the MoWT to schedule and conduct the valuation exercise to determine the reserve prices for the disposable assets.

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

This section presents the scores per area assessed under the different compliance inspection questions.

#### 3.1 Overall Procurement Performance

The performance of Otuke District Local Government for the Financial Year 2024/25 was moderately satisfactory with an overall weighted average risk rating of 34.7% as per the rating in Table 9 below:

**Table 9: Performance Rating**

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

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 10 below:

**Table 10: Summary of Performance of Otuke District Local Government**

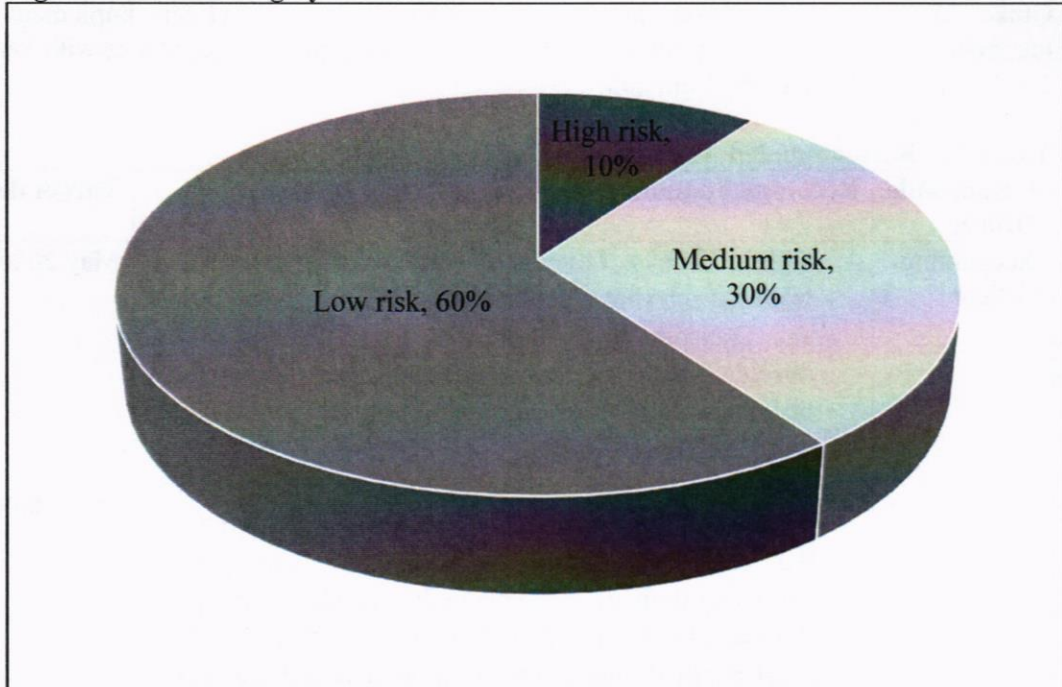
Risk Rating	No.	% By No.	Weight	Weighted score by No.	Value (UGX)	% By Value	Weight	Weighted score by value
High	1	10	0.6	6	76,920,000	7.4	0.6	4.44
Medium	3	30	0.3	9	360,324,583	34.6	0.3	10.38
Low	6	60	0.1	6	604,612,788	58.0	0.1	5.80
<b>Total</b>	<b>10</b>	<b>100</b>	<b>1</b>	<b>21</b>	<b>1,041,857,371</b>	<b>100</b>	<b>1</b>	<b>20.62</b>

$$\text{Weighted Average (By no.)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{21}{60} \times 100 = 35\%$$

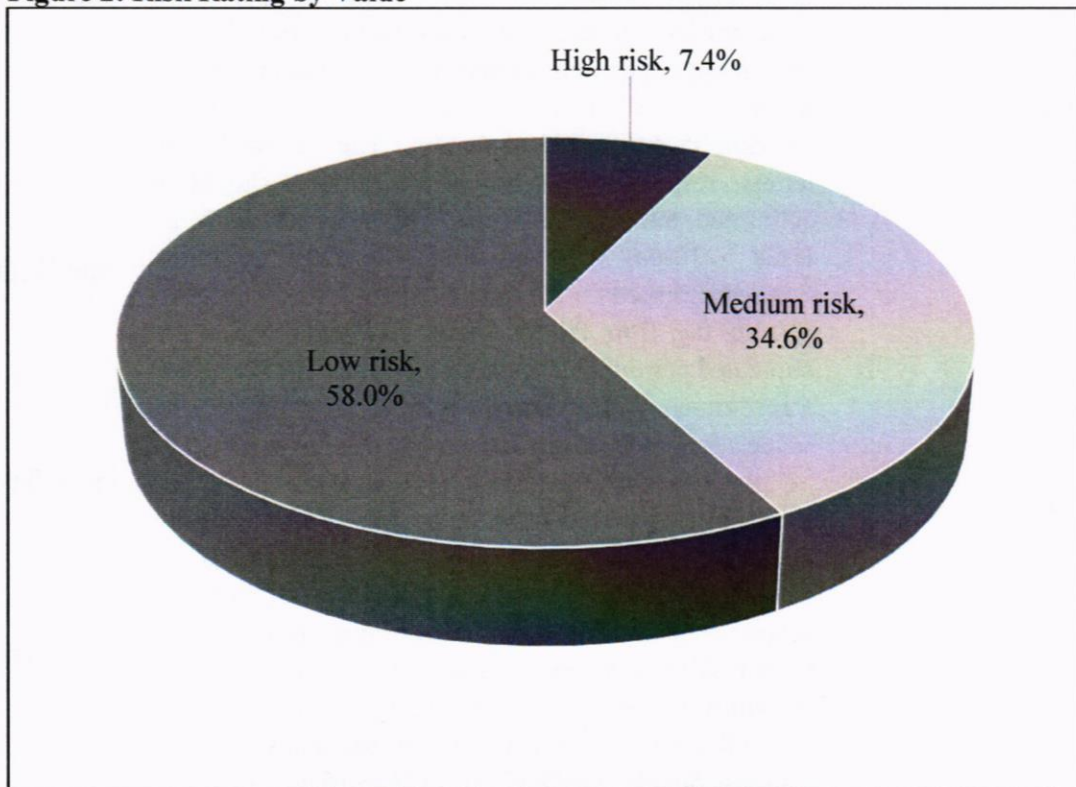
$$\text{Weighted Average (By Value)} = \frac{\sum \text{Weighted Score}}{60} \times 100 = \frac{20.62}{60} \times 100 = 34.4\%$$

$$\text{The average weighted risk rating} = \frac{35 + 34.4}{2} = 34.7\%$$

**Figure 1: Risk Rating by Number**



**Figure 2: Risk Rating by Value**



### 3.2 Recommended Action Plan

Otuke District Local Government should with immediate effect implement the recommendations in Table 11 below to improve its performance in accordance with Section 10 (1) (a) of the PPDA Act, Cap. 205.

**Table 11: Recommended Action Plan**

Responsible Officer	Recommendation	Target date
Accounting Officer	1. Within 30 days of receipt of this report obtain clearance from the relevant Agencies and the Ministry of Works and Transport to facilitate the lawful disposal of the obsolete assets. A formal Disposal Progress Report must be submitted to the Authority by the end of the fourth quarter of FY 2025/26.	May 2026
	2. Immediately issue a formal demand for the UGX. 41,089,205 (amount lost due to arithmetic errors), from the contractor (B.P Enterprises and Construction Company limited). If the claim that the OAG “dropped” the query is true, a formal clearance letter from the OAG must be filed and a copy submitted to the Authority, otherwise, recovery proceedings should commence.	Immediate
	3. Issue formal “Show Cause” letters to the members of the Evaluation Committee, requiring them to explain why disciplinary sanctions should not be imposed for their failure to detect arithmetic errors worth UGX. 41,089,205 during bid evaluation. The “Show Cause” letters, responses and committee minutes should be submitted to the Authority as evidence of action taken.	Immediate
	4. Issue a 10-day Demand Notice to Ebue Technical Services Limited for the refund of the UGX. 57,690,000. Should the firm fail to remit the funds within the stipulated period, the Accounting Officer should submit a recommendation for suspension to the Authority for suspension proceedings to commence in pursuant to Section 128 (e) of the PPDA Act Cap. 205.	April 2026
	5. Replace restrictive batch approvals with a rolling processing system, where all Form 5s (requisitions) are acted upon within five working days to facilitate the immediate commencement of the bidding process.	Immediate
	6. Commission a technical audit of all Force Account activities to verify whether the UGX. 1.159 billion expenditure is commensurate with the actual physical progress on-site. The audit should specifically reconcile material inputs with physical outputs to identify any potential inflation of works.	Immediate
	7. Task the District Engineer to justify the project delays and provide comprehensive accountability for the UGX.	Immediate

Responsible Officer	Recommendation	Target date
	1 billion under URF and UGX. 159M under the Transitional Road Grant. Where delays are found to be a result of negligence or inadequate supervision, the Accounting Officer should initiate disciplinary action against the responsible technical officers (Force Account Supervisor/ Force Account Manager) for failure to perform their oversight duties.	
Procurement and Disposal Unit	<ol style="list-style-type: none"> <li>1. Prepare an amendment to the FY 2025/26 procurement plan for the Contracts Committee's approval and subsequent submission to the Authority in accordance with Regulation 5 of the PPDA (Procurement Planning) Regulations, 2023 and Section 60 (8) of the PPDA Act, Cap. 205.</li> <li>2. For future bidder conferences, maintain a file containing the Attendance Register, Minutes of the Meetings, and an Action Plan addressing the barriers identified (e.g., specific strategies to manage the hard-to-reach project sites).</li> <li>3. Review and update Entity's list of pre-qualified providers. Firms that were invited but failed to submit bids without reasonable justification should be removed or cautioned.</li> <li>4. Obtain and populate all micro procurement data from Lower Local Governments in the monthly report submissions to the Authority. Continued non-compliance should be treated as professional misconduct and a breach of the Entity's statutory reporting obligations under Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.</li> <li>5. Prepare a disposal plan, incorporating all items identified in both FY 2023/2024 and FY 2024/2025 Board of Survey Reports and execute it without delay.</li> </ol>	<p>Immediate</p> <p>June 2026</p> <p>Immediate</p> <p>Immediate</p> <p>Immediate</p>
User Departments	<ol style="list-style-type: none"> <li>1. Collaborate with technical officers like the District Environment Officer, District Community Development Officer and the PDU during the Statement of Requirements (SORs) preparation stage to draft specific ESHS clauses tailored to each project site.</li> <li>2. Contract Managers should penalize contractors who fail to submit work programs, by invoking the penalty clauses on submission of work programs in the Special Conditions of Contract, if so stated.</li> <li>3. Head of Finance/Accounts Unit should settle the outstanding sums and retention monies immediately to mitigate the risk of interest-bearing claims and litigation. Furthermore, the Unit should, systematically</li> </ol>	<p>Immediate</p> <p>Immediate</p> <p>Immediate</p>

Responsible Officer	Recommendation	Target date
	<p>track the expiry of DLP and ensure timely discharge of financial obligations.</p> <p>4. Senior Agricultural Engineer should:</p> <p>i) Conduct a sensitization drive to explain the importance of the commitment fee and explore flexible payment modalities (e.g., instalments) to encourage the 138 successful applicants to proceed to the farm-visit stage.:</p> <p>ii) Diagnose the cause of the failure at the Ogor Seed School demonstration site (whether technical, mechanical, or lack of water) and prepare a report that will support its restoration to full functionality within 14 days.</p> <p>iii) Adequately train the staff at Ogor Seed School to operate and perform basic maintenance on the irrigation equipment to prevent future downtime.</p>	<p>May 2026 for all</p>
<p>Contracts Committee</p>	<p>1. Develop and adopt a Review Checklist for all bidding documents. This checklist must be signed, dated, and attached to the minutes of every meeting to prove that bidding document completeness and appropriateness was verified by the committee.</p> <p>2. Reject bidding documents that lack specific ESHS requirements for each particular project.</p>	<p>Immediate</p>
<p>Evaluation Committee</p>	<p>Adhere to the evaluation criteria set out in the bidding documents during bid evaluation.</p>	<p>Immediate</p>
<p>Internal Audit Unit</p>	<p>Undertake and submit quarterly reports specifically reviewing procurement files to establish whether the procured supplies, works or services are properly ordered, received, verified and paid for in accordance with Regulation 27 (1) (a) of the PPDA (Procuring and Disposing Entities) Regulations, 2023</p>	<p>Quarterly</p>

## APPENDICES

### Appendix I: Members of the Procurement and Disposal Unit

No	Name	Job Title	Academic Qualification	Years of Experience
1.	Ms. Juliet Ekut Achiro	Senior Procurement Officer	Masters in Public Procurement	7 Years
2.	Ms. Jemimah Atim	Procurement Officer	Post Graduate Diploma in Procurement and Supply Chain Management	3 years

### Appendix II: List of the Contracts Committee members

No	Name	Job Title	Position on Contracts Committee	Appointment Date	Date of Expiry
1.	Mr. Bonny Ocen	Principal Agricultural Officer	Chairperson	7 <sup>th</sup> June 2023	7 <sup>th</sup> June 2026
2.	Mr. Emmanuel Okello	District Commercial Officer	Secretary	7 <sup>th</sup> August 2024	7 <sup>th</sup> August 2027
3.	Mr. Patrick Onyanga	Senior Environment Officer	Member	7 <sup>th</sup> August 2024	7 <sup>th</sup> August 2027
4.	Mr. Gyaviira Musoke Okello	Physical Planner	Member	7 <sup>th</sup> June 2023	7 <sup>th</sup> June 2026
5.	Ms. Annet Konga	Assistant Town Clerk	Member	7 <sup>th</sup> August 2024	7 <sup>th</sup> August 2027

### Appendix III: List of audited files for FY 2024/2025

No.	Procurement Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Rating
1.	OTUK915/WRKS/24-25/000068	Construction of staff at Alango Health Centre II	Restricted Domestic Bidding	Wangi General Enterprises Limited	265,470,000	Low
2.	OTUK915/WRKS/24-25/0030	Supply, delivery and installation of micro-scale irrigation equipment	Request for Quotations	Icon projects limited	221,519,000	Medium
3.	OTUK915/WRKS/24-25/00012	Construction of piped water	Request for Quotations	Rejime Contractors Limited	116,532,788	Low
4.	OTUK915/WRKS/24-25/00010	Drilling, pump testing and installation of 5 deep boreholes	Request for Quotations	Mama Africa Boreholes Limited	107,421,300	Low

No.	Procurement Reference Number	Subject of Procurement	Method of Procurement	Provider	Contract Amount (UGX)	Rating
5.	OTUK915/WRKS/24-25/00006	Renovation of 4 classroom blocks at Adyerakonya Primary School	Request for Quotations	Ogolson Company Limited	70,733,979	Medium
6.	OTUK915/WRKS/24-25/00005	Renovation of 3 classroom blocks at Anepmoroto Primary School	Request for Quotations	Kajuka Engineering Limited	68,071,604	Medium
7.	OTUK915/WRKS/24-25/00067	Fencing Orum Health Centre IV	Request for Quotations	Joint Hands Investment Limited	54,985,200	Low
8.	OTUK915/SUPLS/24-25/0000	Supply of 2 Motor cycles	Request for Quotations	Simba Automotives	37,600,000	Low
9.	OTUK915/WRKS/24-25/00002	Construction of 4 stance Drainable Latrine at Ogwette Health Centre	Request for Quotations	Trends Services Limited	22,603,500	Low
10.	OTUK915/SRVCS/24-25/00003	Revenue collection at Otuke Town Council Market	Open Domestic Bidding	Ebue Technical Services Limited	6,410,000 per month	High

#### Appendix IV: Risk Rating Criteria

RISK	DESCRIPTION
<b>HIGH</b>	Such procurements are considered to have serious weaknesses, which could cause material financial loss or carry risk for the regulatory system or the Entity's reputation. Such cases warrant immediate attention by Senior Management.  Significant deviations from established policies and principles and/or generally accepted industry standards will normally be rated "high".
<b>MEDIUM</b>	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity's reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded "medium" provided that there is sufficient evidence of "hands on management control and oversight" at an appropriate level of seniority.

<b>RISK</b>	<b>DESCRIPTION</b>
<b>LOW</b>	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practice. Deviations from laid down detailed procedures would normally be graded “low” provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.
<b>SATISFACTORY</b>	Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.

**Appendix V: List of microscale irrigation kits installed in FY 2024/2025**

<b>No</b>	<b>Location (sub-county, parish, village)</b>	<b>Farmer name</b>	<b>Farmer ID</b>	<b>Date of DPTC approval</b>	<b>Amount (UGX)</b>	<b>Provider</b>	<b>Details of irrigation system (type of system, acreage)</b>
1.	Ocuur Icak, Oget Ward, Otuke T/C	Ms. Evaline Stella Amongi	OTUKE/2023-06-06/Female/57721	05/11/2024	33,910,000	Icon Projects	Sprinkler and drip, 2 acres
2.	Olilim Ward, Olilim, Olilim T/C	Mr. Peter Oluge	OTUKE/2024-05-28/Male/97048	05/11/2024	24,470,000	Icon Projects	Drag hose, 1 acre
3.	Barraliro, Alango Ward, Adwari T/C	Mr. Peter Ojok	OTUKE/2024-07-29/Male/99035	05/11/2024	25,250,000	Icon Projects	Drag hose, 1 acre
4.	Anaikopi, Ogwette, Ogwette	Mr. Eddy Okello	OTUKE/2023-09-22/Female/68362	05/11/2024	23,840,000	Icon Projects	Drag hose, 1 acre
5.	Goi A, Opejal, Okwang	Mr. Francis Boniface Omeny	OTUKE/2023-02-02/Male/35605	07/11/2023	22,819,000	Icon Projects	Drag hose, 1 acre
6.	Obangakonya, Olarokwon, Adwari	Mr. Richard Omara	OTUKE/2022-11-22/Male/28782	07/11/2023	16,970,000	Icon Projects	Drag hose, 1 acre
7.	Ocuur Icak, Oget Ward, Otuke Town Council	Mr. Thomas Anyuru	OTUKE/2024-02/14/Male/763679	03/09/2024	23,870,000	Icon Projects	Sprinkler and drag hose, 2 acres
8.	Bar-Okango, Atangwatta, Ogor	Mr. Jasper Okengo	OTUKE/2023-03-13/Male/49484	03/09/2024	25,600,000	Icon Projects	Drag hose, 2 acres

No	Location county, (sub-parish, village)	Farmer name	Farmer ID	Date of DPTC approval	Amount (UGX)	Provider	Details of irrigation system (type of system, acreage)
9.	Tegweng, Barjobi, Barjobi	Mr. Moses Omachi	OTUKE/2023-02-15/Male/38150	07/11/2023	24,790,000	Icon Projects	Drag hose, 1 acre
10.	Ayiloi A, Okere, Adwari	Mr. Ojok Okello	OTUKE/2024-09-17/Male/101067	05/11/2024	23,950,000	Sprinktech	Drag hose, 2.5 acres
11.	Ayiloi A, Okere, Adwari	Ms. Lucy Arach Okati	OTUKE/2024-09-17/Female/101068	05/11/2024	23,950,000	Sprinktech	Drag hose, 2.5 acres
12.	Apur B, Agweng Ward, Alango S/C	Mr. Joseph Omara	OTUKE/2024-10-15/Male/102700	05/11/2024	23,863,000	Sprinktech	Drag hose, 2.5 acres
13.	Apur B, Agweng Ward, Alango S/C	Ms. Rosemary Akullo	OTUKE/2024-10-15/Female/102703	05/11/2024	23,813,000	Sprinktech	Drag hose, 2.5 acres
14.	Tegweng, Amoyai, Barjobi	Mr. Paul Omara	OTUKE/2024-10-15/Male/102728	05/11/2024	24,383,000	Sprinktech	Drag hose, 2.5 acres
15.	Awonaluk B, Ogoro, Barjobi	Ms. Alice Anyango	OTUKE/2024-10-21/Female/102976	05/11/2024	24,383,000	Sprinktech	Drag hose, 1.5 acres
16.	Awonaluk B, Ogoro, Barjobi	Ms. Suzan Abeja	OTUKE/2023-06-24/ Female/60345	05/11/2024	24,173,000	Sprinktech	Drag hose, 2.5 acres
17.	Apur B, Agweng, Alango S/C	Mr. Martin Okullo	OTUKE/2023-02-02/Male/41045	08/11/2023	16,055,000	Mubanique Co Ltd	Drag hose, 1 acre
18.	Onyon, Okee, Adwari S/C	Mr. Francis Awee	OTUKE/2023-04-15/Male/50156	08/11/2023	13,728,000	Mubanique Co Ltd	Drag hose, 1 acre
19.	Amunga, Alangi, Orum S/C	Mr. John Angoo	OTUKE/2023-05-25/Male/55884	08/11/2023	14,823,000	Anen Consulting Engineers	Drag hose, 1 acre
20.	Awee, Olilim, Olilim	Mr. Benard Amuge Oluge	OTUKE/2023-04/14/Male/49914	08/11/2023	14,822,000	Anen Consulting Engineers	Drag hose, 1 acre
21.	Alakodak, Opejal, Okwang S/C	Mr. Tom Etil	OTUKE/2025-01-08/Male/115625	15/04/2025	26,780,000	Icon Projects	Drag hose, 1 acre

No	Location (sub-county, parish, village)	Farmer name	Farmer ID	Date of DPTC approval	Amount (UGX)	Provider	Details of irrigation system (type of system, acreage)
22.	Alai, Alai ward, Otuke Town Council	Mr. Richard Opio	OTUKE/2025-05-02/Male/118425	15/04/2025	26,780,000	Icon Projects	Drag hose, 1 acre

**Appendix VI: List of unserviceable assets due for disposal**

No.	Item	Unique identifier (tag/registration number)	No.	Item	Unique identifier (tag/registration number)
1.	Laptop Dell	OTC/ADM/COM/02	20.	Motorcycle	OKWANG SC
2.	Printer	OTC/ADM/PRIN/01	21.	Motorcycle	LG 0029-096
3.	Printer	BARJOBIT/C072	22.	Motorcycle	UG 3507M
4.	Station wagon	LG 0173-26	23.	Tractor	UE 1730
5.	Motorcycle	LG 0013-096	24.	Van	UAF 663F
6.	Motorcycle	LG 0023-096	25.	Sofa set	ADTC/ADM/SFS/01
7.	Motorcycle	LG0034-096	26.	Sofa set	VNC3J82691
8.	Motorcycle	LG0048-096	27.	Photocopying machine	VNC3J82691
9.	Pick up double cabin	UG 0218Z	28.	Generator	ADSS/GEN/001
10.	Motorcycle	UG 4465M	29.	Solar battery	ALG/PS/SB/1
11.	Motorcycle	UDX 367Z	30.	Solar panel	AMU/PS/SP/1
12.	Motorcycle	UEB 411C	31.	Solar panel	OKHCIII/SB/8
13.	Pick up double cabin	UAG 344T	32.	Generator 2	ORMHCIV/GEN/2
14.	Pick up double cabin	LG 0006-096	33.	Solar battery	OTUK/TC/SB/1
15.	Pick up double cabin	LG 0004-096	34.	Solar panel	OTUK/TC/SP/1
16.	Motorcycle	LG 0015-096	35.	Solar inverter	OTUK/TC/INV/1
17.	Motorcycle	LG 0026-096	36.	Motorcycle	UDX 421Y
18.	Motorcycle	LG 0027-096	37.	Motorcycle	LG 0025-096
19.	Motorcycle	LG 0021-096	38.	Motorcycle	LG 0035-096