



Public Procurement & Disposal of Public Assets Authority

ANNUAL PERFORMANCE REPORT
JULY 2014 - JUNE 2015



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TABLE OF CONTENTS

ACRONYMS.....	iv
MESSAGE FROM THE BOARD CHAIRMAN.....	v
EXECUTIVE SUMMARY.....	vi
CHAPTER 1: ORGANIZATION OVERVIEW.....	1
1.0 Background.....	1
1.1 Vision, Mission, and Overall Goal of the Authority.....	1
1.2 Core Values of PPDA.....	2
1.3 Organizational Structure.....	2
CHAPTER 2: STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY IN PROCUREMENT AND DISPOSAL.....	7
2.0 Introduction.....	4
2.1 Procurement and Disposal Audits.....	4
2.2 Investigations.....	13
2.3 Monitoring of Contracts by Non-State Actors.....	14
2.4 Administrative Reviews.....	14
2.5 National Integrity Survey.....	15
2.6 Advocacy for the use of Independent Parallel Bid Evaluation.....	16
CHAPTER 3: INCREASING COMPETITION AND HENCE CONTRIBUTING TO DOMESTIC INDUSTRY DEVELOPMENT.....	18
3.0 Introduction.....	18
3.1 Participation in Government Tenders by the Private Sector.....	18
3.2 Contracts by Value Subjected to Open Competition.....	19
3.3 Contracts Awarded to Local Providers.....	19
3.4 Preference and Reservation Schemes.....	19
3.5 Register of Providers.....	20
CHAPTER 4: ENHANCING THE EFFICIENCY OF THE PUBLIC PROCUREMENT PROCESS.....	22
4.0 Introduction.....	22
4.1 Review of Procurement Plans and Reports.....	22
4.2 Average Procurement Lead Time.....	22
4.3 Procurement Performance Measurement System (PPMS).....	23
4.4 Monitoring Progress of Implementation of Procurement Plans for High Spend Entities.....	24
4.5 Accreditations.....	24
4.6 Amendments to the PPDA Regulations, SBDs and Guidelines.....	24
4.7 Deviations.....	25

CHAPTER 5: STRENGTHENING CONTRACT MANAGEMENT AND PERFORMANCE.....	27
5.0 Introduction.....	27
5.1 Contracts Rated Satisfactory from Procurement Audits.....	27
5.2 Contracts Completed within Contractual Value.....	28
5.3 Contracts Completed within Contractual Time.....	28
5.4 Proportion of Contracts with Complete Records.....	29
5.5 Follow-up of Audits and Investigations Recommendations.....	29
5.6 Suspensions of Providers.....	30
CHAPTER 6: LEVERAGING TECHNOLOGY THROUGH E-PROCUREMENT & OTHER ICT	
PLATFORMS TO IMPROVE PROCUREMENT OUTCOMES.....	32
6.0 Introduction.....	32
6.1 Summary Achievements and Project Activities.....	32
6.2 Integrated Tender Portal.....	33
6.3 Way Forward for Implementation of e-Government Procurement.....	33
CHAPTER 7: ENHANCING THE PERFORMANCE OF PUBLIC PROCUREMENT BEYOND	
COMPLIANCE.....	36
7.0 Introduction.....	36
7.1 Recognition of Good Performers in Public Procurement.....	36
7.2 Performance Oriented Capacity Building Approaches.....	37
7.3 Issuing Timely and Searchable Indicative Common User Prices.....	37
7.4 Update of the Audit Manual.....	37
CHAPTER 8: ENHANCING THE EFFECTIVENESS OF CAPACITY BUILDING, RESEARCH AND	
KNOWLEDGE MANAGEMENT.....	39
8.0 Introduction.....	39
8.1 Training in Basic and Specialized Procurement Skills.....	39
8.2 Key Issues Raised during Capacity Building Activities.....	41
CHAPTER 9: STRENGTHENING INTERNAL PPDA CAPACITY TO DELIVER IMPROVED	
PERFORMANCE OF PUBLIC PROCUREMENT.....	43
9.0 Introduction.....	43
9.1 Financial Matters.....	44
9.2 Human Resources.....	44
9.3 Staffing	46
9.4 Staff Retreat.....	46

9.5	Northern Uganda Regional Office.....	47
9.6	Risk Management.....	47

CHAPTER 10.	LEVERAGING AND ENHANCING PPDA'S PARTNERSHIPS AND COLLABORATIONS.....	50
10.0	Introduction.....	50
10.1	Collaborative Initiatives conducted in Partnerships.....	50
10.2	Productive Partnerships Established with MoUs in Existence.....	50
10.3	Strengthening Uganda Anti-Corruption Regime (SUGAR).....	51
10.4	Participation in the East African Procurement Forum in Nairobi.....	51

CHAPTER 11:	WAY FORWARD AND CONCLUSIONS.....	56
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LIST OF TABLES

Table 1:	Overall Performance of the Entities by Risk Rating.....	8
Table 2:	Key Audit Findings and Recommendations.....	9
Table 3:	Average number of bids submitted by method of procurement.....	18
Table 4:	Summary of Performance against Targets.....	23
Table 5:	Total Number of Stakeholders Trained in FY 2014/15.....	40
Table 6:	Key Issues raised during Capacity Building Activities.....	41
Table 7:	Government of Uganda Budget Performance FY 2014/15.....	43
Table 8:	Summary of Procurements handled in FY 2014/15.....	44

LIST OF FIGURES

Figure 1:	Organisational Structure of PPDA as at 30th June, 2015.....	5
Figure 2:	Trend of Procurement Audits Conducted in the Last Five Years.....	7
Figure 3:	Performance of Central Government Entities.....	8
Figure 4:	Performance of Local Government Entities.....	9
Figure 5:	Trend of Investigations Handled in the Last 5 Years.....	14
Figure 6:	Administrative Reviews handled by the Authority.....	15
Figure 7:	Overall Performance of Entities by Value of Contracts FY 2014/15.....	27
Figure 8:	Performance Trend of Contract Audits Conducted.....	28
Figure 9:	Trend of the Follow up of Recommendations and Status of Implementation.....	29
Figure 10:	Official Launch e-Government Procurement Strategy	32
Figure 11:	Trend of Number of Participants Trained over the Last six years.....	40
Figure 12:	Trend of Attrition Rate.....	46
Figure 13:	Official Opening of Northern Regional Office.....	47

ACRONYMS

AO	-	Accounting Officer
BEB	-	Best Evaluated Bidder
CAOs	-	Chief Administrative Officers
CC	-	Contracts Committee
CIID	-	Criminal Investigation and Intelligence Directorate
CG	-	Central Government
CSO	-	Civil Society Organisation
DFID	-	UK Department for International Development
DLG	-	District Local Government
EC	-	Evaluation Committee
eGP	-	Electronic Government Procurement
FINMAP	-	Financial Management and Accountability Programme
FY	-	Financial Year
GAPP	-	Governance, Accountability, Participation, Performance Programme
GIZ	-	German Development Cooperation
GPP	-	Government Procurement Portal
GoU	-	Government of Uganda
HC	-	High Court
HSEs	-	High Spend Entities
IGG	-	Inspector General of Government
LG	-	Local Government
MAC	-	Management Advisory Committee
MC	-	Municipal Council
MOFPED	-	Ministry of Finance, Planning and Economic Development
MoLG	-	Ministry of Local Government
MoU	-	Memorandum of Understanding
MTEF	-	Medium Term Expenditure Framework
ODB	-	Open Domestic Bidding
OIB	-	Open International Bidding
PDEs	-	Procuring and Disposing Entities
PDU	-	Procurement and Disposal Unit
PFM	-	Public Financial Management
PPDA Act	-	Public Procurement and Disposal of Public Assets Act No. 1/2003
PPDA Regulations	-	Public Procurement and Disposal of Public Assets Regulations
PPDA	-	Public Procurement and Disposal of Public Assets Authority
PPMS	-	Procurement Performance Measurement System
RFQ	-	Request for Quotation
RFP	-	Request for Proposals
RoP	-	Register of Providers
SACCO	-	Savings and Credit Co-operative
SBDs	-	Standard Bidding Documents
SG	-	Solicitor General
UGX	-	Uganda Shillings
UNRA	-	Uganda National Roads Authority
URA	-	Uganda Revenue Authority
USAID	-	United States Agency for International Development
USD	-	United States Dollars
USMID	-	Uganda Support to Municipal Infrastructure Development Programme

MESSAGE FROM THE BOARD CHAIRMAN

On behalf of the Board of Directors and Management of the Public Procurement and Disposal of Public Assets Authority, I am honored to present to you the 12th Annual Report of the Authority for the Financial Year (FY) 2014/15.

This was the first year of implementation of the fourth Strategic Plan FY 2014/15-2018/19 with the overall goal of achieving value for money in public procurement. Overall, the Authority is satisfied with the FY 2014/15 performance in light of the available resources. The Authority has noted a number of achievements including: the increase in the coverage of procurement audits; concluded the startup activities for strengthening readiness for e-government procurement; launched the Government Procurement Portal (GPP) and rolled out its implementation to PDEs; officially launched the Gulu Regional Office that offers support to 31 Entities located in Northern Uganda as a deliberate strategy to move the oversight services of the Authority closer to the stakeholders; and enhanced the capacity of different stakeholders on the public procurement and disposal system in Uganda.

The Authority also reviewed and updated the Audit Manual and the Audit Tool aimed at monitoring performance and ensuring higher compliance of the PDEs. Further, the Authority commenced on the Organization Development (OD) exercise with the aim to achieve improved performance through strategic and output orientation, improved human resource management and a revised functional organization structure that ensures

efficiency and effectiveness in the activities of the Authority.

The Government of Uganda released UGX 10.27 Billion for implementing the FY 2014/15 work plan of which 84% was absorbed. The Authority also received and utilized funding from FINMAP III, GIZ, GAPP/USAID and the World Bank. In the coming year, the Authority will focus on enhancing efficiency of the public procurement process through monitoring lead-times especially for High Spend Entities, strengthening contract management and performance, leveraging ICT to deliver procurement outcomes, enhancing the effectiveness of capacity building, research and knowledge management through broadening the capacity building tools to address the growing demand for specialized and generic procurement skilling. The Authority will also embark on implementing the recommendations of the Organizational Development exercise.

I would like to express my appreciation to the Government of Uganda, the Development Partners and other stakeholders for their support in improving efficiency and effectiveness in public procurement. I look forward to more support and collaboration with all our stakeholders to ensure a more efficient and productive public procurement and disposal system that promotes value for money.



Dr. Simeon Wanyama
Chairman -Board of Directors

EXECUTIVE SUMMARY

Introduction

The Public Procurement and Disposal of Public Assets Authority (PPDA) is implementing the fourth Strategic Plan since its inception in 2003. The current Strategic Plan (FY 2014/15 – 2018/19) articulates nine (9) Strategic Objectives which guide the operations of the Authority and the procurement sub-sector over a 5-year planning horizon ending in FY 2018/19. UGX 70 Billion¹ (UGX 14 Billion annually) is expected to be mobilized to implement the Plan.

The Annual Report for Financial Year 2014/15 highlights the key achievements of the Authority, the challenges faced during the implementation of activities; and the main activities planned for Financial Year 2015/16 based on the strategic plan.

The legal mandate of the Authority is derived from the objectives of the Authority as stipulated under section 6 of the PPDA Act, namely to:

- a) Ensure the application of fair, competitive, transparent, non-discriminatory and value for money public procurement and disposal standards and practices;
- b) Harmonize the procurement and disposal policies, systems and practices of the Central Government, Local Governments and Statutory Bodies;
- c) Set standards for the public procurement and disposal systems in Uganda;
- d) Monitor compliance of Procuring and Disposing Entities; and
- e) Build procurement and disposal capacity in Uganda.

Key Highlights of the Achievements in FY 2014/15

a) Strengthening Transparency and Accountability in Public Procurement

Bidder Perception: With the help of an independent consultant, the Authority conducted the 3rd National Integrity Survey which is sequel to the earlier editions conducted in 2007 (Baseline) and 2009. The survey aimed to gauge the public / bidder perceptions on the transparency of the public procurement process as well as the impact of corruption on the outcomes of public procurement in order to devise remedial solutions to public procurement related corruption. The preliminary results show an increase in the perception index about existence of corruption in public procurement at 71.8% (resulting into 22% of bidder confidence in public procurement) which is a decline from the 2009 level whose index was 70% (resulted into 30% of bidder confidence in public procurement).

Procurement Audits: The audit findings from the 121 Entities audited revealed that in over 95% of the value of procurements conducted, the Procurement and Disposal Units (PDUs) adhered to the recommended procurement methods in accordance with the PPDA Law and maintained

¹ *This takes into consideration the conservative figure of UGX 18 Bn initially planned to develop the PPDA Home Offices. However, this cost may now rise four-fold based on the revised estimates.*

proper record keeping of the procurement process. The findings also indicated that Procurement and Disposal Units displayed the notice of best evaluated bidder in 99% of the procurements conducted which indicates achievement towards the strengthening transparency in public procurement.

Investigations: The Authority handled 79 complaints for investigation compared to 41 handled in the previous year. The increase in the number of investigations shows the confidence of bidders in the complaints handling mechanism to address complaints related to corruption. The major grounds for investigations related to malpractices in procurement processes and transparency gaps at the Entities which include unfair award of contracts, noncompliance with contract terms, fraud at evaluation, conflict of interest, and the lack of confidentiality of information at bidding and evaluation stages. The Authority found merit in 29 (37%) of the investigations and recommended corrective measures such as blacklisting of Entities, retendering of the procurement and disciplinary action to the responsible staff in the PDEs.

Handling Applications for Administrative Reviews: The Authority handled of 40 applications for administrative review, of which 12 (30%) were upheld while 28 (70%) were rejected which indicates that Accounting Officers were following the right procedures in conducting their procurements. The upheld administrative reviews handled were due to non-adherence to the statements of requirements, evaluation criteria in the bidding documents and procurement for revenue management centers. In addition, the Authority reviewed seven (7) decisions of the Accounting Officers and agreed with the decisions made at the Entities level.

Advocacy for the use of Independent Parallel Bid Evaluation: The Authority with officials from Crown Agents agreed on an arrangement to discuss issues regarding the use of the Independent Parallel Bid Evaluation by Uganda National Roads Authority (UNRA). This arrangement includes sharing information on the lessons learnt/observations in regards to using the Independent Parallel Bid Evaluation to improve transparency and the bidder confidence in especially the evaluation process resulting in fewer complaints and a quicker evaluation and award process. The Authority will use this information to advocate for increased application of this initiative to more high spend agencies.

Monitoring of Contracts by Non-State Actors: To promote the participation of non-state actors in monitoring contract implementation, the Authority signed a Memorandum of Understanding with the Uganda Contracts Monitoring Coalition (UCMC), a voluntary, non-profit, non-partisan, non-political, multi-stakeholders' initiative established to promote contract performance and value for money through promoting transparency, participatory approaches and accountability in the planning, implementation, monitoring and evaluation of public contracts. The following sectors will be subjected to monitoring by UCMC under this cooperation: Education, Health, Agriculture and Environment.

b) Increasing Competition and Hence Contributing to Domestic Industry Development

Participation in Government Tenders by the Private Sector: The Procurement Performance Monitoring System (PPMS) records for FY 2014/15 indicate that the average number of bids submitted has stagnated at 3 bids. However, this number would be higher but there is still an

ineffective competition as bidders submit bids that are not technically responsive. Sixty eight per cent (68%) of the value of contracts was awarded to local providers according to the PPMS report of FY 2014/15. The procurement audit findings also indicate that in some of the procurements conducted the User Departments solicited for bids and awarded contracts to pre-determined suppliers without exercising competition and/or directly without sufficient justification. The Authority noted that Procurement and Disposal Units (PDUs) failed to show evidence of invitation to bid while in other instances, the record of receipt and record of bid opening had sole bidders in some of the procurements.

The low participation of bidders from the private sector in Government tenders is attributed to several challenges cited such as the lengthy procurement processes involved, the unreliable payments, and unreasonably high bidding requirements. For the large and complex projects, the limited capacity/skills of the local supply market to meet specialized/high value procurement needs, often forces PDEs to look elsewhere for providers.

Local Content Development: The Authority in collaboration with the Ministry of Finance, Planning and Economic Development and other key stakeholders both in the public and private sector set up a taskforce to develop a strategy on promotion of local content that is aimed at ensuring that more local providers participate in public procurement.

Contracts Subjected to Open Competition: There is a significant drop in the value of procurements that is subjected to open competition from 87.6% in FY 2013/2014 to 49.9% in FY 2014/15. The decline is partly attributed to the raising of thresholds for open bidding in the amendments to the PPDA Act. A number of contracts whose value would have been within the threshold in the previous years were now in the bracket of the less competitive methods.

Preference and Reservation Schemes: The Authority reviewed and granted an application by KCCA to have Kampala City cleaning contracts reserved for the vulnerable communities that are organized in SACCOs. The Authority also granted the Electoral Commission to use these schemes for printing/publishing ballot papers. The Authority is in the process of developing guidelines on preference and reservation schemes. The implementation of the updated audit manual will enable the Authority to monitor the use of preference schemes at the PDEs.

Register of Providers (ROP): 1,415 new providers were registered on the ROP and 1,296 existing providers renewed their subscription. A total of UGX 433 million was generated from the Register of Providers. The Register of Providers is a quick avenue to reduce process time and cost during the prequalification process. The Register of Providers offers reliable and updated information to Entities and the general public on the competencies of providers. Five (5%) of those on the ROP benefitted from government contracts during FY 2014/15.

c) **Enhancing the Efficiency of the Public Procurement Process**

Procurement Audits: The Authority conducted 121 procurement and disposal audits for Entities on procurements undertaken in FY 2013/2014. The overall performance of the Entities indicated that four Entities representing 3% were rated highly satisfactory, 23 (20%) were satisfactory, 41 (35%) were moderately satisfactory, 38 (32%) were unsatisfactory and 12 (10%) were highly

unsatisfactory. The audit findings also revealed that 62% of the Entities improved in performance compared to their last audit performance while 38% of Entities declined in performance.

Review of Procurement Plans and Reports: Submission of procurement plans and reports should improve with the roll out of the Government Procurement Portal as it will create a platform for PDEs to post their procurement plans online. The procurement audit findings revealed that 90% of the value of procurements conducted were included in the annual procurement plans which minimizes budget overruns at the Entity level. However it was noted that there were still delays at the User Department level to initiate procurements leading to delayed contracting of providers which affected the budget absorption rate of the PDEs. The review of plans also revealed that most of the Entities do not prepare disposal plans and therefore do not report on disposals. This implies that the majority of the PDEs do not identify the asset to be disposed of annually which has resulted in dilapidation of assets at PDE premises.

Average Procurement Lead Time: There was an improvement in the average time taken to complete the procurement cycle with the open competitive bidding methods taking less time compared to the previous year. The average time taken to complete the procurement cycle for Open International Bidding improved from an average of 218 days in FY 2013/14 to 181 in FY 2014/15 while the average time for open domestic bidding marginally improved from 158 days in FY 2013/14 to 151 days in FY 2014/15. Despite the notable improvement in performance, the average time taken is still way above the indicative time frames that were developed by the Authority. The variances are higher in the more competitive procurement processes. Other noted areas of concern remain the administrative timelines such as the time between submission of bids and start of evaluation, and time taken between completion of evaluation and submission to the Contracts Committee. Time taken at these stages remains unnecessarily long. The Authority shall, through its audits, continue to monitor procurement lead times with a view to ensuring that procurements processes are completed within reasonable periods of time.

Monitoring of Progress of Implementation of Procurement Plans for High Spend Entities: The Authority constituted a committee to monitor the progress of implementation of procurement plans for High Spend Entities (HSEs). The committee identified 15 HSEs (with a budget of UGX 8.2 Trillion in FY 2015/16) and allocated relationship managers to support these Entities through quarterly meetings. The committee's major objective is to track the progress of the implementation of the procurement plans, procurement performance through procurement audit reports, compliance reports and administrative reviews handled. This will enable timely information to PDEs so as to take remedial actions.

Accreditations: The Authority handled fourteen (14) Applications and granted two (2) applications for Accreditation of an alternative procurement system to Entities that are not able to operate efficiently within the law.

d) Strengthening Contract Management and Performance

Contracts Rated Satisfactory from Procurement Audits: The Authority noted a significant increase in the number of low risk and satisfactory contracts over the years. 16% of the value of

contracts was rated satisfactory, 40% was of low risk, 32% medium risk, and 12% was of high risk. The percentage of high risk contracts has reduced from 40% in FY 2010/11 to 12% in FY 2014/15. However, the procurement and disposal audit findings further revealed that some Entities failed to appoint contract managers/supervisors to ensure effective implementation of contracts and this resulted into poor supervision/monitoring of contracts that led to shoddy works in 20% of the value of procurements conducted.

Contracts Completed Within Contractual Value: There is an improvement in performance from 75% in the FY 2013/14 to 80.5% of the value of procurements in FY 2014/15 being implemented according to planned money value. In terms of numbers, 48.6% of the total number of procurement contracts in FY 2014/15 got implemented within the planned money value compared to 20.9% reported in FY 2013/14. The improvement may be attributed to requirement for Accounting Officers to determine the market prices before signing contracts under the amended PPDA Act 2003. The Authority is in the process of developing a guideline to assist PDEs in determining market price.

Proportion of Contracts with Complete Records: The percentage of contracts with complete records declined to 23.4% as compared from 29.9% in the Financial Year 2013/14. The record that continues to cause the poor performance is the contract implementation plan although there was a general improvement in the availability of other records on file. Without due regard to the contract implementation plan, performance under this indicator would have been 68.6%.

Follow-up of Audits & Investigations Recommendations: The Authority followed up on 590 audit and investigations recommendations. 57% of the recommendations were implemented while 43% were not implemented. The majority of unimplemented recommendations were in respect to effective contract management and preparation of contract management documents. There was an improvement in adherence to the procurement plan, and the appointment of contract managers. The Authority will continue to enforce the implementation of its recommendations through targeted and timely monitoring of Entities and by using synergies with other competent Authorities.

Suspension of Providers: The Authority handled 164 suspension cases during the period under review. These cases were majorly due to submission of forged documents and for being debarred by International Organizations to which Uganda is a member. Forty five (45) firms were suspended mostly on the basis of sub-standard works and forgery of documents (i.e. completion certificates, income tax clearance, bid guarantee, bid security and ROP certificate).

e) Leveraging Technology to Improve Procurement Outcomes

The Authority, through the Trust Fund Grant from DFID/World Bank completed the start-up activities of e- government procurement as spelt out in the e-government procurement strategy. The completed activities included the finalization of the e-bidding document and the completion of the business re-engineering process. The redevelopment of the Tender Portal was also completed into a Government Procurement Portal which was launched during the sensitization workshops for the Entities held in eastern, western and central regions.

f) Enhancing the Performance of Public Procurement beyond Compliance

Recognising the Best Performing Entities: The Authority conducted an assessment to establish Entities with the best practices. This assessment was based on various parameters that included the Entity's performance in audits, availability of credible PPMS data, compliance to the reporting standards and benchmarking with the Auditor General's report. These Entities were recognized and awarded at the 10th Procurement Review Workshop held in February 2015.

Update of the Audit Manual: The Audit Manual was reviewed and updated to strengthen the Authority's procurement audit and disposal function. The objective of the exercise was to review the existing procurement audit practices and identify areas for strengthening in the context of the strategic plan. The updated audit manual included a revised audit criteria and performance indicators that combine compliance levels with performance levels to yield a composite measure for the strategic objectives that lead to achievement of value for money in public procurement. The procurement audit process for FY 2015/16 will be conducted using the new audit manual and tool.

g) Enhancing the Effectiveness of Capacity Building, Research and Knowledge Management

The Authority conducted training of stakeholders through capacity building programmes which included hands on training, induction of contracts committee members, procurement barazas, Local and Central Government cadre fora, demand driven training, training of small and medium scale enterprises and providers. These capacity building initiatives were intended to enhance the stakeholders with skills to enable them enforce compliance and best practices in public procurement and disposal. Some of the concerns raised and addressed during these training included sharing information with CSOs to facilitate contract monitoring at the districts, implementation of preference and reservation schemes, and the market price assessment and framework contracts. The development of guidelines on market price assessment, preference and reservation schemes and standard bidding documents for revenue collection and framework contracts shall be concluded in FY 2015/16.

h) Strengthening the Internal PPDA Capacity to Deliver Improved Performance of Public Procurement

Financial Budget Performance: Government of Uganda released UGX 10.27 Billion (95.8% of the approved budget) of which the Authority utilized UGX 8.59 Billion representing 84% absorption. The Authority also received and utilized funds from FINMAP III, GIZ, GAPP and the World Bank/DFID Trust Fund amounting to USD 1.2 million towards financing e-GP, procurement audits and capacity building activities.

Organization Development Exercise

The Organization Development (OD) exercise was launched with the aim to achieve improved performance through strategic and output orientation, improved human resource management and a revised functional organization structure that ensures efficiency and effectiveness in the

activities of the Authority. Some of the outputs of the OD exercise are: increased staff strength of the Authority, enhanced staff emoluments, revamped appraisal system, and a re-organised organization structure among others.

Capacity Building of PPDA Staff: During the period, the Authority sponsored training of 14 staff abroad while 39 staff were locally trained in Microsoft Advanced Excel under the GIZ funding in preparation for the new procurement audit approaches.

Holding Staff Retreat: The Authority held a staff retreat in June 2015 to take stock of the achievements registered in the financial year 2014/15 and chart a way forward to improve effectiveness and efficiency in the implementation of the strategic plan.

Launch of the PPDA Regional Offices in Gulu: The official opening of the Gulu Regional Offices took place in May 2015. The Regional Office offers support to 31 Entities located in northern Uganda which is a deliberate strategy by the Authority to move its services closer to the stakeholders and serve them better in terms of providing the oversight functions to ensure efficient and accountable use of public resources.

i) Leveraging and Enhancing PPDA's Partnerships and Collaborations

The Authority maintained many existing strategic relationships as well as initiated new ones. Key among these are with FINMAP for funding support to strengthen compliance and budget control as key pillars of the PFM reform; the World Bank/DFID for financial and technical support in e-procurement, the Accountability Sector; Transparency International Uganda for accountability and integrity issues, GIZ on a project on accountability and transparency; Makerere University in conducting market surveys; Uganda Revenue Authority for sharing information on suppliers, among others. A number of achievements were realized under these partnerships including: securing additional funding from FINMAP and World Bank/DFID; reviewing of the average prices for common user items, and participating in a benchmarking studies to Germany, Bangladesh, Italy, India and Kenya.

In summary, the performance of the Authority in FY 2014/15 has been satisfactory in light of the realized resources. The summary table below presents a snapshot of the scorecard of the Authority which is a tabular set of metrics that provides an on-going focus on trends for a set of indicator outcomes/outputs arising from the FY 2014/15-2018/19 Strategic Plan. The scorecard is updated annually and uses FY 2013/14 as the base year.

SUMMARY TABLE OF REVIEW OF WORK PLAN FOR FY 2014/15

High level Outcomes	PPDA Indicators	Metric	Baseline (2013/14)	FY2014/15			2014/15
				Target	Actual (#)	Actual (%)	Results Rating
1. Strengthening Transparency and Accountability in Public Procurement							
Improved bidder perception on the transparency of the process as recorded through integrity surveys	Bidder confidence about the public procurement system in Uganda	%	30% (2009)	50%	N/A	28% ²	
	Procurement audits	# GoU	61	90	88	97%	
		# FINMAP	35	20	20	100%	
		# GAPP/USAID	10	13	13	100%	
	Investigations carried out	# conducted	41	40	79	198% ³	
	Contracts Monitored by non-state actors	# monitored	N/A	5	5	100% ⁴	
	Administrative Reviews	Rejected	15	N/A	28	70%	N/A
		Upheld	13	N/A	12	30%	N/A
	Centralized Complaints Logging system in place	System in place	N/A		Manual system in place ⁵	N/A	N/A
	No. of fraudulent and unethical practices identified, reported and followed up	#	58	60	105 ⁶	175%	
	No. of Contracts awarded to suspended providers	#	0	0	0	0%	
	No. of procurement related complaints outside admin review	#	10	8	6	75%	
Number of Compliance checks/ PPMS verifications	numeric	100	150	134	89%		

² From the preliminary results of the integrity survey.

³ The over performance was because most of the investigations were carried out around Kampala as well as due to an increase in the number of procurement auditors/investigators.

⁴ These were conducted and reported by the Tororo Anti-Corruption Coalition.

⁵ The authority plans to roll out an automated centralized complaints logging system that will manage the reporting, tracking and resolution of stakeholder complaints in the next financial year through acquisition of EDMS.

⁶ This includes cases of complaints by Admin reviews, investigations, Appeals to the PPDA Tribunal.

High level Outcomes	PPDA Indicators	Metric	Baseline (2013/14)	FY2014/15			2014/15
				Target	Actual (#)	Actual (%)	Results Rating
2. Increasing Competition and hence Contributing to Domestic Industry Development							
Increased average number of bids received from 3 to 5	Average number of bids received	# Received	3	5	3	60%	
Increase in percentage of responsive bids	Average number of bids that reach the financial comparison stage of an evaluation	#	1	3	2	100%	
Increase in proportion of contracts by value awarded to domestic industry providers	% of contracts by value subjected to open competition	%	88	80	N/A	50%	
	Proportion of contracts by value awarded to local providers	By Number	99%	90	N/A	99.3%	
		By value	40%	60%	N/A	68%	
	No. of domestic producers and local contractors awarded tenders on the basis of preference schemes	#	N/A	20	0 ⁸	N/A	N/A
	No. of reservation schemes implemented	#	N/A	3	3	100%	
	Average Payment lead time (time between submission of invoice and the date when payment is effected)	No. of days			N/A ⁹	N/A	N/A
	No. of barriers to participation identified and minimized	#		2	2	100%	
	No. of BEB notices published on the tender portal	Numeric	1,082	1,200	952	79%	
No. of hits/searches on the tender portal	Numeric		6,000	N/A ¹⁰		N/A	

⁷ The process of identifying innovations is underway and expected to be completed in Q2 of FY 2015/16.

⁸ Data will be generated from the new audit tools beginning FY 2015/16 to be able to assess progress.

⁹ Data will be generated from the new audit tools beginning FY 2015/16. Additionally, the Authority will work with Accountant General's Office to access IFMS data to validate with the field data.

¹⁰ The Tender Portal has been redeveloped. Counting of hits will begin in FY 2015/16.

High level Outcomes	PPDA Indicators	Metric	Baseline (2013/14)	FY2014/15			2014/15
				Target	Actual (#)	Actual (%)	Results Rating
3. Enhancing the Efficiency of the Public Procurement Process							
Improved budget absorption rate resulting in better service delivery	Absorption rate = Procurement Budget utilized / Procurement Funds released	%	94%	95%		93%	
	Proportion of Entities compliant with submission of procurement plans	LG Entities	63%	136	102	75%	
		CG Entities	62%	148	116	78%	
	% of HSEs recording reduced time variations in implementation of procurement plans	#		100 ¹¹	n/a	80%	
	Number of Entities compliant with submission of reports	LG Entities	43%	136	99	73%	
		CG Entities	31%	148	108	73%	
	Accreditations	# Rejected	16	N/A	3	22%	N/A
		# Granted	N/A	N/A	2	14%	N/A
		# Pending	N/A	N/A	9	64%	N/A
	Register of providers	New registrations	1,006	1,444	1,415	98%	
Renewals		1,231	1,444	1,296	90%		
4. Strengthening Contract Management and Performance							
Reducing procurement lead time for competitive bidding	Average procurement lead time (OIB)	Days	218	150	181	64%	
	Average procurement lead time (ODB)	Days	157	150	151	100%	
Proportion of contracts rated satisfactory from contract audits	% of contracts rated satisfactory from the audits (by value)	%	29%	50%	N/A	16%	
	No. of high impact capacity gaps identified and addressed through action plan	#	N/A	1	1	100%	
	Contract Management Efficiency	% completed within cost (by number)	21%	100%	N/A	80.5%	
		% completed within time	75.3%	100%	N/A	78.6%	
	Proportion of Contracts with complete records	#%	29.9%	100%		23.4%	

¹¹ The 15 HSEs have been identified and monitoring their performance started in FY 2015/16.

High level Outcomes	PPDA Indicators	Metric	Baseline (2013/14)	FY2014/15			2014/15
				Target	Actual (#)	Actual (%)	Results Rating
	Suspensions	# of applications	108	N/A	164	N/A	N/A
		# upheld	40	N/A	45	N/A	N/A
	Follow-up audits & investigations conducted	# Entities followed up	92	100	77	77%	
		Recommendations implemented (%)	77%	100%	336 (n=590)	57%	
5. Leveraging Technology through e-Procurement & other ICT Platforms to Improve Procurement Outcomes							
Increased numbers of bids received for PDEs using e-procurement system	Average number of bids received under E-procurement	#	3	4	Lagged ¹²	N/A	N/A
	satisfaction levels for e-procurement stakeholders	%	N/A	55	Lagged	N/A	N/A
	Procurement Integrity rating for agencies with e-Procurement	%	N/A	50%	Lagged	N/A	N/A
	% increase in tenders and award notices published in e-Procurement Portal by agencies registered in e-Procurement	%	N/A	N/A	Lagged	N/A	N/A
	No. of E- Procurement Framework agreements	#	N/A	N/A	Lagged	N/A	N/A
	Integrated Tender Portal	# of notices	3068	5,000	Lagged	N/A	N/A
6. Enhancing the Performance of Public Procurement Beyond Compliance							
Increased percentage in Entities rated highly satisfactory from audits	% of Entities rated highly satisfactory from audits	%	4%	5%	N/A	3%	
	Proportion of monitoring reports that focus on performance	%	N/A	60%	N/A ¹³	N/A	N/A
	No. of good performers recognized	#	2	2	2	100%	
	No. of performance oriented capacity building tools and approaches	#	1	2	2	100%	
	No. of research findings translated into practice	#	1	2	0 ¹⁴	N/A	
	No. of best practices in public procurement identified and disseminated	N/A	2	2	2	100%	

¹² Awaiting full implementation of e-procurement which is expected to begin in FY2016/17.

¹³ This was awaiting the deployment of the new audit tool.

¹⁴ Guidelines are being finalised.

High level Outcomes	PPDA Indicators	Metric	Baseline (2013/14)	FY2014/15			2014/15
				Target	Actual (#)	Actual (%)	Results Rating
	Audit Manual Updated	Updated Audit Manual	2011	Mar	June 2015	N/A	
7. Enhancing the Effectiveness of Capacity Building, Research and Knowledge Management							
Scaled up capacity building program to have more knowledgeable stakeholders	# and % of personnel trained in basic and specialized procurement skills	# trained	2,888	3,500	2,701	77%	
	% age of participants that attain knowledge, skills and attitudes through capacity building	%	50%	55%	N/A	77%	
	% of PDEs that show improvement in performance after training	%	N/A	30		N/A ¹⁵	N/A
	No. of procurement stakeholders reached for capacity building via ICT	#	N/A	1,500		N/A	N/A
	Satisfaction index of the HSEs	%	N/A	50%	N/A	N/A	N/A
Research topics on Topical areas and best practices that inform regulation and practice	# of research topics that PPDA has contributed to	#	N/A	1	0	0 ¹⁶	
	No. of research recommendations identified and implemented	#	N/A	3	0	0 ¹⁷	
	Proportion of certifications and accreditations awarded and retained	%	N/A	5%	0	0	
	# of PDEs that engaged certified and accredited institutions, firms and individual consultants	#	N/A	10	5	50%	

¹⁵ Assessment will be done in FY 2015/16 and results verified from audit reports.

¹⁶ Most of the research activities could not be implemented due to a lack of framework for cooperation with the key partner research institutions. The research guidelines are currently being approved to guide the framework for cooperation.

¹⁷ Ditto

High level Outcomes	PPDA Indicators	Metric	Baseline (2013/14)	FY2014/15			2014/15
				Target	Actual (#)	Actual (%)	Results Rating
8. Strengthening Internal PPDA Capacity to Deliver Improved Performance of Public Procurement							
At least 85% achievement of set strategic goals against plan	100% of high priority products adequately funded	%	75%	76%		78% ¹⁸	
	% achievement of set strategic goals against plan	%	82%	85%	6 (n=9)	67% ¹⁹	
	% of procurement audit reports issued to OAG on a timely manner	%	30%	60%	31% ²⁰	31%	
	Funding from Government and development partners to support PPDA activities	% increase in GoU Funding	N/A	2%	0	0%	
% increase in Development Partners' funding		N/A	2%	USD0.5mn	113% ²¹		
Motivation levels as shown by the internal stakeholder satisfaction level	% level of motivation as shown through internal stakeholder satisfaction survey	%	65%	70%	N/A	62%	
	% of staff sanctioned due to poor performance (dismissed)	%	1%	2%	0	0% ²²	N/A
	Variance to annual budgets	%	5%	4%		4%	
	Number of confirmed corruption cases within PPDA	#	0	0	0	N/A	
	Average performance rating from performance appraisals	%	60%	75%		71.8%	
	% of targeted staff trained	%	30%	50%		32%	
	No. of Regional offices established	#	Not in place	2	1	50%	
	PPDA Home established	#	0	Detailed Designs	Draft design produced	N/A	

¹⁸ Only 78% of the UGX 15 Bn required for the work plan implementation was realized.

¹⁹ The achievement is below target because of inadequate resource. The implementation of the Plan started late because the Strategic was approved late.

²⁰ Poor performance attributed to delay in contracting of outsourced auditors.

²¹ The over performance was from the DFID/World Bank Trust fund of USD 540,000 towards start-up activities for e-procurement.

²² This will await the outcome of OD exercise in order to set a realistic target.

High level Outcomes	PPDA Indicators	Metric	Baseline (2013/14)	FY2014/15			2014/15
				Target	Actual (#)	Actual (%)	Results Rating
9. Leveraging and Enhancing PPDA's Partnerships and Collaborations							
Objectives achieved through partnerships	No. of collaborative initiatives conducted in partnerships	#	N/A	4	5	125%	
	No. of productive partnerships established with MoUs in existence	#	3	3	5 ²³	167%	
	Stakeholder satisfaction (time & quality of report)	%	N/A	60% ²⁴		N/A	N/A
	No. of in-year value-adding collaborative initiatives with regional and international institutions	#	N/A	2	2 ²⁵	100%	

Key to Performance

	≥70% = Satisfactory
	≥50≤70 = Average
	<50%=Poor

²³ Authority is working with UCMC, Transparency International, Makerere University, GIZ, and Uganda Civil Service College.

²⁴ The satisfaction survey is expected to be completed in Q2 FY 2015/16.

²⁵ MOUs signed with Makerere University, Transparency International (TIU), UTAMU, Office of the Prime Minister, and GIZ.

Challenges/Key Observations

- a) The implementation of e-procurement in at least 8 procuring Entities was considered a Trigger²⁶ by the World Bank. Although the activities on strengthening readiness for e-government procurement were successfully implemented with financial and technical support from the World Bank/DFID, the pilot roll out of e-procurement could not begin in FY 2015/16 as planned due to a number of reasons including lack of funding. The pilot roll out of e-procurement is now envisaged to commence in FY 2017/18.
- b) The PPDA Organization Development (OD) was an important activity whose implementation was meant to analyze the Authority's structures, systems, processes and functions to ensure that they are properly aligned and effective in implementing the 5 year strategic plan. The OD exercise was conducted late towards the end of first year of the strategic plan. The results of the OD would have enhanced the capacity of the Authority to achieve more results from the strategic plan.
- c) The other activity that was linked to the OD exercise was the audit tool which was developed towards the end of the first year of the strategic plan. Due to this delay, some of the indicators in the M & E framework could not be measured due inadequate capacity, data and guidance.
- d) The approval of the strategic plan was not aligned to the government budget cycle for the year 2014/15. The required funding could therefore not be realized due to this misalignment.

26 *Triggers are the planned actions in the second year or later year of a programme that are deemed critical to achieving the outcomes of the programme and that will be the basis for establishing the prior actions for later operations.*

CHAPTER 1: ORGANIZATION OVERVIEW

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1.0 Background

The Public Procurement and Disposal of Public Assets Act No. 1 of 2003 (PPDA Act) established the Public Procurement and Disposal of Public Assets Authority (PPDA) as an autonomous regulatory body. The Act empowers the Authority to formulate policies, set procurement and disposal standards, build procurement and disposal capacity and supervise the procurement and disposal practices of all Procuring and Disposing Entities (PDEs). PPDA's mandate is derived from the objectives and functions of the Authority as stipulated in PPDA Act Sections 6 and 7.

1.1 Statutory Objectives

The legal mandate of PPDA is derived from the objectives as stipulated under Section 6 of the PPDA Act; namely to:

- a) Ensure the application of fair, competitive, transparent, non-discriminatory and value for money public procurement and disposal standards and practices;
- b) Harmonize the procurement and disposal policies, systems and practices of the Central Government, Local Governments and statutory bodies;
- c) Set standards for the public procurement and disposal systems in Uganda;
- d) Monitor compliance of Procuring and Disposing Entities; and
- e) Build procurement and disposal capacity in Uganda.

1.2 Vision, Mission, and Overall Goal of the Authority

In drawing up the current strategic plan FY 2014/2015- 2018/19, PPDA reviewed and refined its vision, mission, and focus. The following section presents the vision, mission, overall goal, core values and organizational structure of the Authority.

Vision

"A center of excellence for regulation of public procurement and disposal."

Mission

"To ensure that the public procurement and disposal system in Uganda achieves value for money."

Overall Goal

"To promote the achievement of value for money in public procurement so as to contribute to national development."

1.3 Core Values of the Authority

Value for Money:

- Public procurement and disposal will be based on the concept of creating value for money.
- PPDA will strive to create a sound business environment.

Reliability:

- PPDA will strive to understand and meet the needs of the public.
- PPDA will carry out its commitments in full and on schedule.

Integrity:

- PPDA will promote a sound procurement ethical code of conduct.
- PPDA staff will be fair, honest and trustworthy in their actions and apply the law uniformly.

Professionalism:

- PPDA will encourage its staff to develop their professional skills through training programmes and to apply their skills, knowledge and experience in their services to the public and stakeholders.

Transparency and Accountability:

- PPDA will demonstrate transparency in its interactions and transactions with its stakeholders and with the general public.
- PPDA staff will take responsibility for their actions, be accountable for their actions and be responsive to the public.

Commitment and Teamwork:

- PPDA staff will dedicate themselves to fulfilling the mission and to be committed to carrying out their duties to the best of their abilities.
- PPDA staff will cooperate with each other through teamwork and free exchange of information between individuals and departments.

Partnership:

- PPDA will build strong partnerships with oversight agencies, development agencies and civil society through effective collaboration and information sharing.

1.4 Organizational Structure

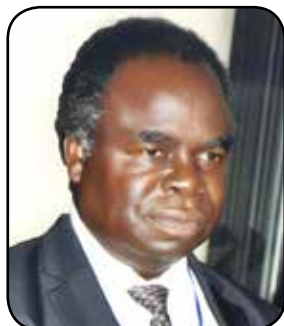
1.4.1 Corporate Governance Statement

The Authority is committed to ensuring that it is a centre of excellence for the regulation of public procurement and disposal. The Board of Directors recognises the responsibility of the Authority to conduct its affairs with reliability, integrity and professionalism, with transparency and accountability to safeguard the interests of stakeholders. The Authority's compliance with the principles of good governance is reflected in the constituted governance structure comprised of the Board of Directors, Board Committees and the Management Sub Committees. Therefore, the provisions impacting operations of the Authority are identified and addressed through the work plans and regular reporting to the appropriate governance structure.

1.4.2 The Board of Directors

Section 10 of the PPDA Act, 2003 establishes the Board of Directors of the Authority. The functions and powers of the Authority are vested in the Board. The Board of Directors of the Authority consists of a Non-Executive Chairperson, four Non- Executive Directors and the Executive Director of the Authority who is an *ex officio* member. The Board has three committees: the Audit and Risk Committee, the Advisory Committee and the Complaints Review Committee. Under the PPDA Act, 2003, at least one Board meeting must be held in two months of a Financial Year.

The following were the Board of Directors as at 30th June 2015:



Dr. Simeon Wanyama: Chairman of the Board of Directors and the Complaints Review Committee.



Ms. Lydia Ochieng-Obbo: Non-Executive Director, Chairperson of the Advisory Committee and Member of the Complaints Review and the Audit and Risk Committees.



Eng. Geoffrey Ssebugwawo: Non-Executive Director, the Chairperson of the Audit and Risk Committee and Member of the Complaints Review Committee.



Mr. Joseph Matsiko: Non-Executive Director, Member of the Complaints Review, and Advisory Committees.



Mr. Godfrey Ssemugooma: Non-Executive Director, Member of the Complaints Review, the Audit and Risk and the Advisory Committees.



Cornelia K. Sabiiti Executive Director, Member of Advisory and Complaints Review Committees.

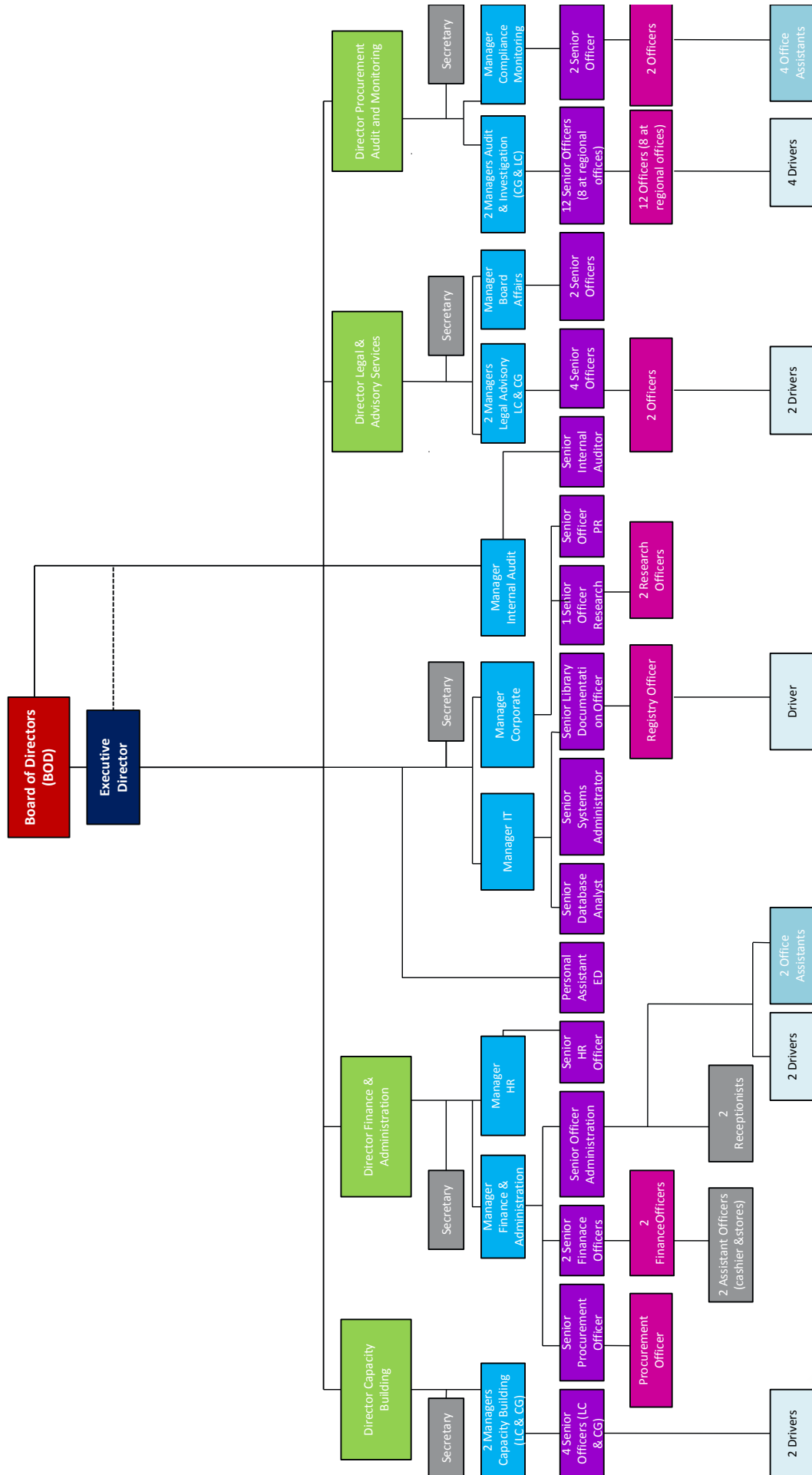
1.4.3 Departments of the Authority

The Executive Director, who is the Accounting Officer, is responsible for the day to day affairs of the Authority and is in charge of the overall planning in the organization, coordination of other departments and coordination with other government agencies, public relations, research activities among others. The Executive Director oversees the following Departments of the Authority:

- i. Legal and Advisory Services Department:** This department sets standards for the public procurement and disposal sector. It is also in charge of advisory services and monitoring compliance to the set standards.
- ii. Procurement Audit and Investigations Department:** This department is mandated to carry out procurement and disposal contract and performance audits and investigations.
- iii. Training and Capacity Building Department:** This department sets training standards, implements capacity building interventions in collaboration with PDEs, providers, training and research institutions and also sets competence level certification systems.
- iv. Finance and Administration Department:** This department is responsible for the smooth management of financial, human resource and administrative affairs of the Authority.
- v. Corporate Department:** This department is responsible for both the internal and external relations of the organization.

As at end of June 2015, the Authority had a staff complement of 86 out of the 103 approved positions. Figure 1 presents the PPDA organogram as at 30th June, 2015.

Figure 1: ORGANISATIONAL STRUCTURE OF PPDA AS AT JUNE 2014



**CHAPTER 2:
STRENGTHENING
TRANSPARENCY AND
ACCOUNTABILITY IN
PROCUREMENT AND
DISPOSAL**

CHAPTER 2: STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY IN PROCUREMENT AND DISPOSAL

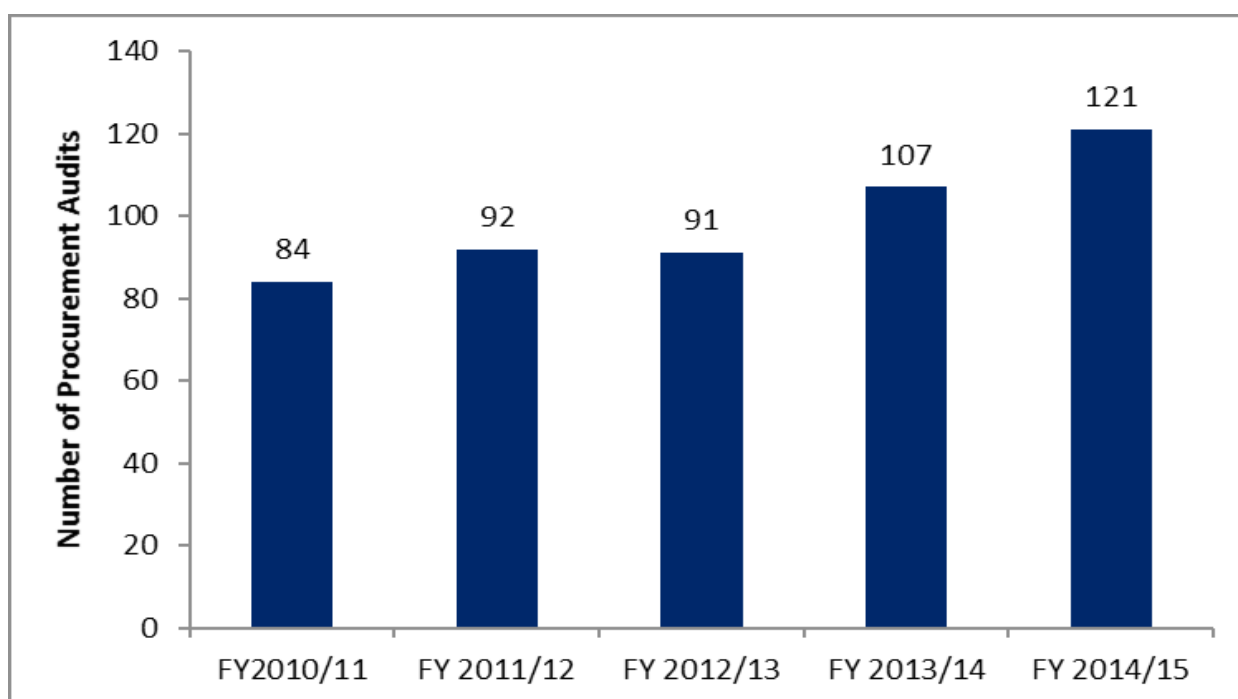
2.0 Introduction

The Authority under Section 6(a) of the PPDA Act 2003 is mandated to ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices. The Authority carries out activities in form of procurement audits, investigations and administrative reviews to fulfil this mandate. By strengthening transparency and accountability in procurement, Government will be in a position to address the weaknesses that have undermined public procurement through malpractices. This chapter presents the performance of the Authority in terms of ensuring transparency and accountability in public procurement and disposal practices.

2.1 Procurement and Disposal Audits

In accordance with Section 7 (j) of the PPDA Act 2003, the Authority is mandated to conduct procurement audits in all Procuring and Disposing Entities (PDEs). In the period under review, the Authority conducted 121 procurement and disposal audits for procurements undertaken in FY 2013/2014. Of these procurement and disposal audits, 57% (69) were in Local Government Entities while 43% (52) were in Central Government Entities. Over the years the number of procurement audits conducted has steadily increased from 84 audits in FY 2010/11 to 121 audits in FY 2014/15 as presented in Figure 2.

Figure 2: Trend of Procurement Audits Conducted in FY 2010/11 – FY 2014/15



Overall, the performance of the Entities indicated that only 4 (3%) Entities were rated as highly

satisfactory, 23 (20%) were satisfactory, 41 (35%) were moderately satisfactory, 38 (32%) were unsatisfactory and 12 (10%) were highly unsatisfactory as indicated in Table 1.

Table 1: Overall Performance of the Entities by Risk Rating

Category of Performance	Numbers of Entities	Percentages (%)
Highly satisfactory	4	3
Satisfactory	23	20
Moderately satisfactory	41	35
Unsatisfactory	38	32
Highly unsatisfactory	12	10
Total	118	100

NB: The 3 contract audits were not rated since these are individual contracts.

The performance of the 50 Central Government Entities indicated that 3 (6%) Entities were rated as highly satisfactory, 13 (26%) were satisfactory, 19 (38%) were moderately satisfactory, 8 (16%) were unsatisfactory and 7 (14%) were highly unsatisfactory while the performance of the 68 Local Government Entities indicated that 1 (1%) Entity was highly satisfactory, 10 (15%) were satisfactory, 22 (32%) were moderately satisfactory, 30 (45%) were unsatisfactory and 5 (7%) were highly unsatisfactory as indicated in Figure 3 and 4.

Figure 3: Performance of Central Government Entities

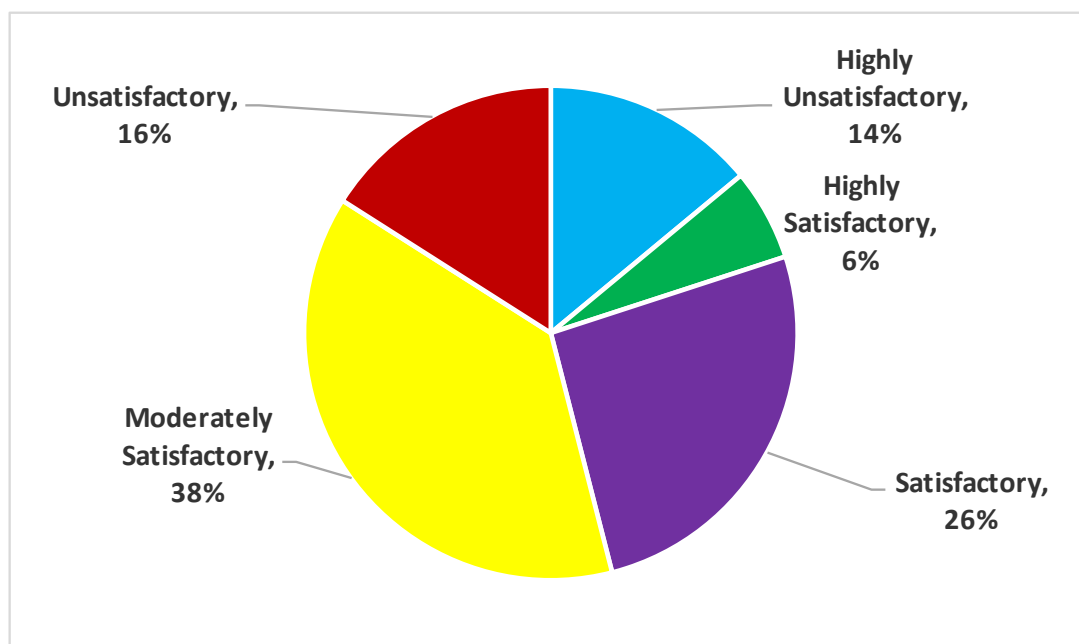
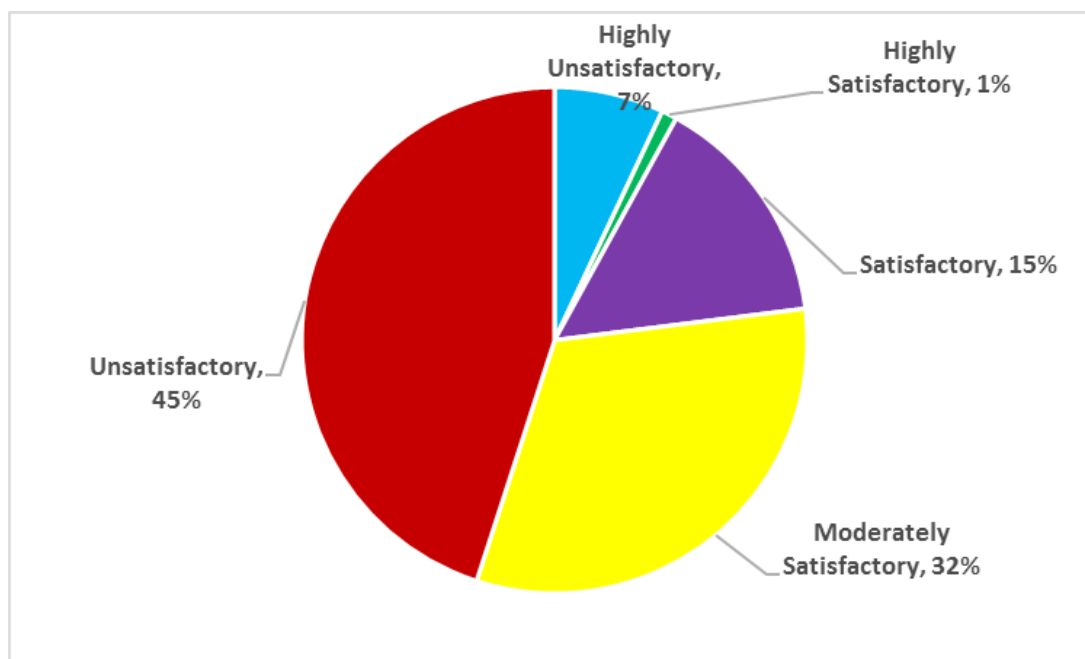


Figure 4: Performance of Local Government Entities



In general, the Authority noted an improvement in the performance of Entities, 62% of the audited Entities improved compared to their last audit performance while 38% declined in performance. A summary of key audit findings and recommendations are presented in Table 2.

Table 2: Key Audit Findings and Recommendations

Principle	Finding	Recommendation
Accountability	Procurements conducted outside the procurement plan: There was poor procurement planning in 552 procurements worth UGX 172,509,019,809 , which led to conducting procurements outside the procurement plan. This caused budget overruns and created domestic arrears.	The Authority directed the Accounting Officers of the affected Entities to ensure that all procurements conducted by the Entities are included in the annual procurement plans and where necessary, the procurement plans are updated in accordance with the PPDA Act.
	Poor estimation of procurement requirements: Variances between estimated procurements and final contract prices were noted in 159 procurements worth UGX 613,550,159,670 . Failure to generate realistic estimates during the planning phase and at initiation leads to budget overruns and accumulation of domestic arrears.	The Authority advised the Accounting Officers of the affected Entities to undertake market price assessment in accordance with Section 26 (4) of the PPDA Act, 2003 prior to commencement of a procurement process in order to eliminate unnecessary price variation between estimated and actual contract prices and the associated problems that come with the variance.

Principle	Finding	Recommendation
	<p>Failure to confirm funding at initiation: The Authority noted that in 208 procurements worth UGX 15.6 Billion, Accounting Officers failed to confirm availability of funds prior to the commencement of the procurement process. This may lead to accumulated domestic arrears.</p>	<p>The Authority advised the Procurement and Disposal Units and Contracts Committees of the affected Entities not to commence any procurement process before a requisition form is appropriately completed with the Accounting Officer's approval in accordance with Section 59 of the PPDA Act 2003.</p>
	<p>Usurping the roles of the Procurement and Disposal Unit: The Authority noted that in 26 procurements worth UGX 3.1 Billion, User Departments solicited for bids without the involvement of the Procurement and Disposal Unit which was irregular.</p>	<p>The Authority directed the Accounting Officers of the affected Entities to ensure that all procurements are undertaken within the Procurement and Disposal Unit and that all procurement structures within the respective Entities are independent in accordance with Section 38 and 46 of the PPDA Act, 2003.</p>
	<p>Poor record keeping: Poor record keeping was noted in 198 procurements worth UGX 114.2 Billion, contract management records such as delivery notes and goods received notes for supplies, progress reports for service contracts and completion certificates were not kept on the procurement action files, which affected the audit trail.</p>	<p>The Authority instructed the Heads Procurement and Disposal Units of the affected Entities to ensure that all documents pertaining to a particular procurement are kept on an individual file and closed off with a procurement file completeness checklist as this ensures that all records are kept on file in accordance with the PPDA Law.</p>
Transparency	<p>Irregularities during the bidding process: Use of wrong procurement methods, unjustified use of the direct procurement method and failure to indicate evidence of invitation of bidders was noted in 589 procurements worth UGX 134.5 Billion. This led to use of less competitive procurement methods in procurements and usurping the powers of the Contracts Committee.</p>	<p>The Authority advised the Accounting Officers of the affected Entities to ensure that Procurement and Disposal Units adhere to the recommended procurement methods in accordance with the PPDA Law and maintain proper record keeping of the procurement process.</p>
	<p>Failure to notify bidders of reasons for disqualification: The Authority noted that Procurement and Disposal Units did not either display the notices of best evaluated bidders, displayed it without notifying bidders of reasons for disqualification or signed contracts before expiry of the notice in 46 procurements worth UGX 3.4 Billion.</p>	<p>The Authority advised the Procurement and Disposal Units of the respective Entities to always display the notice of best evaluated bidder in accordance with PPDA Law.</p>

Principle	Finding	Recommendation
Competition	Use of pre-determined providers: The Authority noted that in 26 procurements worth UGX 3.15 Billion , User Departments solicited for bids and awarded contracts to pre-determined suppliers without exercising competition and/or directly without sufficient justification	The Authority directed the Accounting Officer to ensure that all procurements are undertaken within the Procurement and Disposal Unit and that all procurement structures within the respective Entities are independent in accordance with Section 38 and 46 of the PPDA Act, 2003.
	Low bidder participation: The Authority noted that Procurement and Disposal Units failed to show evidence of invitation to bid while in other instances, the record of receipt and record of bid opening had sole bidders in 108 procurements worth UGX 2.8 Billion . Sole bidding is an indicator of lack of competition in the procurement of goods, works and services.	The Authority advised the Accounting Officers of the affected Entities to ensure that all procurements are undertaken in a competitive manner and in accordance with Section 48 of the PPDA Act, 2003.
Efficiency	Delays: Delays in the various stages of the procurement process were noted in 168 procurements worth UGX 56.3 Billion . The delays were mainly at initiation of procurements, approval of confirmation of funds by the Accounting Officer, approval of the procurement methods by the Contracts Committees and during the evaluation process. This affects service delivery to the intended beneficiaries.	The Authority advised the Accounting Officers of the affected Entities to ensure that procurement processes are conducted in a manner that enhances efficiency as required by Section 46 of the PPDA Act, 2003.
Fairness	Unfair conduct of the evaluation process: Entities altered evaluation criteria during the evaluation process in 549 procurements worth UGX 147.2 Billion , which led to unfairness in the evaluation process.	The Authority instructed the Accounting Officers of the affected Entities to ensure that Evaluation Committees strictly adhere to the evaluation methodologies and criteria stated in the solicitation document during the evaluation process.

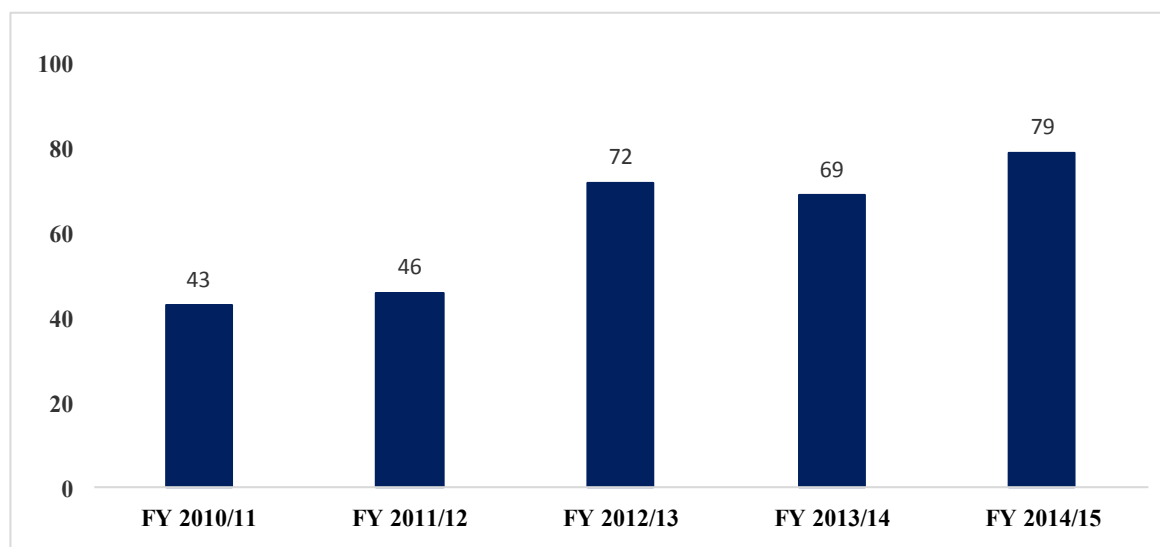
Principle	Finding	Recommendation
Contracting and contract management	Failure to appoint contract managers/supervisors: Entities failed to appoint contract managers/supervisors to ensure effective implementation of contracts in 766 procurements worth UGX 109.2 Billion . This resulted into poor supervision/monitoring of contracts that led to shoddy works in 95 procurements worth UGX 490.7 Billion .	The Authority advised the Accounting Officers of the affected Entities to ensure that Heads of User Departments appoint contract managers/supervisors for each contract to monitor contract implementation.
	Failure to prepare contract implementation plans: Contract implementation plans were not prepared in 329 procurements worth UGX 79.3 Billion . This led to poor contract management.	The Authority advised the Heads of User Departments of the affected Entities to ensure that contract managers prepare contract implementation plans as per PPDA Regulations.
	Expired bids: In 15 procurements worth UGX 2.4 Billion , contracts were signed with providers after bids had expired. Such contracts are signed when the prices in the bid are no longer applicable which may affect the quality of performance of the contract.	The Authority instructed the Accounting Officers of the affected Entities to caution the Procurement and Disposal Units for failure to request bidders to extend the bid validity in accordance with Regulation 52 (5) of the PPDA (Rules and methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations 2014.
Value for money	Advance payments without advance payment guarantees: In 4 procurements worth UGX 11.4 Billion , advance payment was made without the proper advance guarantees as per the terms and conditions in the contract. For example, insurance bonds were provided by the bidders instead of bank guarantees. Such payments are effected without guarantees and there is always a risk of financial loss where the provider fails to perform the contract.	The Authority instructed the Accounting Officers the Heads of User Departments and the Procurement and Disposal Units for failure to request for advance payment guarantees as the terms and conditions of the contract.
	Financial loss: There was financial loss in 21 procurements worth UGX 74.8 Million . This was due to awarding contracts at reserve prices. The affected Entities were Agago DLG (UGX 20,037,715), Amudat DLG (UGX 52,033,265), Kapchorwa DLG (UGX 1,126,660), Zombo DLG (746,245) and Lira MC (UGX 900,000).	The Accounting Officers of the affected Entities were held liable for the financial losses incurred by the Entities.

Principle	Finding	Recommendation
Procurement structures	Procurement and Disposal Units were inadequately staffed in six (6) Entities, namely Fort Portal Regional Referral Hospital, Mbarara Regional Referral Hospital, Makerere University Business School, Uganda Virus Research Institute and Amuru and Kaliro District Local Governments. Whereas low staffing levels were noted in some Entities, there were others where staff lacked the required procurement qualifications.	The Authority advised the Accounting Officers to ensure that the Procurement and Disposal Units are sufficiently staffed with qualified procurement professionals and also put in place the necessary procurement structures for the efficient and effective management of the procurement processes.
Disposal of Assets	The Authority noted that the following Entities had a number of obsolete assets especially motor vehicles which were grounded but had not been disposed off: Kyambogo University, Law Development Centre, Kampala Capital City Authority, Ministry of Health, Ministry of Agriculture, Animal Industry and Fisheries, National Agricultural Genetic Research Centre, Uganda Road Fund, Arua DLG, Bulambuli DLG, Kibuku DLG, Wakiso and Gulu, Mbale, Hoima and Mbarara Municipal Councils.	The Accounting Officers were advised to dispose of assets timely to avoid further loss of value of these assets due to pilferage and depreciation when they remain idle for long.

2.2 Investigations

The Authority received 79 complaints from providers in respect of the procurement and disposal function of the PDEs. The trend of the number of investigations handled by the Authority is presented in Figure 5. Forty six percent (46%) of these complaints were in respect of Local Governments while 54% of the complaints were in respect of Central Government Entities. PPDA issued Sixty four (64) investigation reports and the rest were referred to the other competent authorities for further investigation. Six (6) complaints were referred to the respective Accounting Officers, three (3) complaints were referred to the Inspector General of Government (IGG), one (1) complaint had a court injunction while one case was withdrawn by the complainant and Four (4) were cancelled. The major investigations related to unfair award of contracts, noncompliance with contract terms, fraud at evaluation, conflict of interest and the lack of confidentiality of information at bidding and evaluation.

Figure 5: Trend of Investigations Handled in the Last 5 Years



2.3 Monitoring of Contracts by Non-State Actors

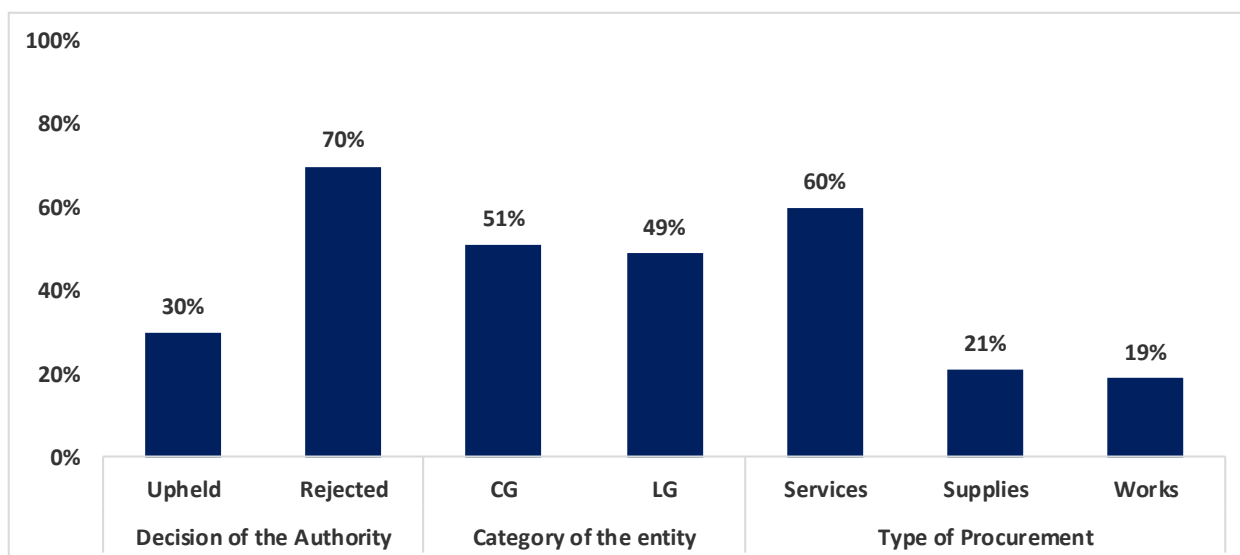
To promote the participation of non-state actors²⁷ in monitoring contract implementation, the Authority signed a Memorandum of Understanding with officials from Uganda Contracts Monitoring Coalition (UCMC), a voluntary, non-profit, non-partisan, non-political, multi-stakeholders' initiative established to promote contract performance and value for money through promoting transparency, participatory approaches and accountability in the planning, implementation, monitoring and evaluation of public contracts in the following sectors: Health, Education, Agriculture and Environment. This collaboration is intended to provide a framework in areas of communication of results as well as coordination and information sharing. The Authority also engaged CSOs in its capacity building Barazas conducted in the Tororo, Jinja and Gulu.

2.4 Administrative Reviews

The Authority handled a total of 40 applications for administrative review in the year under review. 12 (30%) were upheld while 28 (70%) were rejected which indicates an improvement in handling of procurement processes by the Entities. The Authority noted a challenge in the communication to bidders by the Entities which is often done late thus raising issues of transparency. The upheld administrative reviews handled related to non-adherence to the statements of requirements, evaluation criteria in the bidding documents and procurement for revenue management centers. In addition, the Authority reviewed seven (7) decisions of the Accounting Officers and agreed with the decisions of the Entities involved. Figure 6 presents the administrative reviews handled.

²⁷ *Non-state actors (NSA) are defined to include civil society organizations, universities, private sector associations, professional associations among others.*

Figure 6: Administrative Reviews handled by the Authority



2.5 National Integrity Survey

The Authority contracted a consultant to conduct the 3rd National Integrity Survey which is sequel to the earlier editions conducted in 2007 (Baseline) and 2009. The survey aimed to gauge the public perspectives on the impact of corruption on the outcomes of public procurement and come up with remedial solutions to public procurement related corruption.

The specific objectives were:

- a) To gauge the extent to which corruption is perceived as influencing the outcome of public procurement and disposal in Uganda.
- b) To identify the vulnerable points in the procurement and disposal system.
- c) To identify the relative prevalence of corruption in different central government ministries (that have direct relevance to local governments) and in local authorities and the factors that account for the differences in risk.
- d) To identify the deterrent and other measures which are perceived as being effective in reducing the incidence of corruption and in changing attitudes to corruption.

On impact of the earlier reforms: 33.3% of the service providers said procedures had been standardized; 31.2% said there is more transparency; 22.2% said bidding is now more open while 7.5% said the reforms reduced political interference in the public procurement processes; and 5.8% said the reforms instilled fear in would-be corrupt individuals.

Presently, the perception index about existence of corruption in public procurement is 71.8%.

The overall recommendations from the survey is for PPDA to;

- i. Initiate or support measures to improve accountability in public procurement by collaborating with the civil society through organizing regular community meetings where communities interface with public officials for accountability and participatory planning.

- ii. Set strict guidelines for all Procurement and Disposal Units to ensure that the evaluation committees for each procurement at all levels, should have at least one technically qualified person to guide the technical evaluation of the bids.
- iii. There is need for further legal reforms giving the Authority powers to deal decisively with unscrupulous service providers and officials. Among powers sought should be prosecution of those culprits.

2.6 Advocacy for the use of Independent Parallel Bid Evaluation

The use of the Independent Parallel Bid Evaluation has demonstrated significant positive results in improving transparency and the bidder confidence in especially the evaluation process resulting in fewer complaints and a quicker evaluation and award process. The Authority with officials from Crown Agents have agreed on an arrangement to discuss issues regarding the use of the Independent Parallel Bid Evaluation by Uganda National Roads Authority (UNRA). This arrangement includes sharing information on the lessons learnt/observations in regards to using the Independent Parallel Bid Evaluation. The Authority will use this information to advocate for increased application of this initiative to more agencies through the National Partnership Dialogue coordinated by the Office of the Prime Minister.

**CHAPTER 3:
INCREASING COMPETITION
AND HENCE CONTRIBUTE
TO DOMESTIC INDUSTRY
DEVELOPMENT**

CHAPTER 3: INCREASING COMPETITION AND HENCE CONTRIBUTE TO DOMESTIC INDUSTRY DEVELOPMENT

3.0 Introduction

This section presents the status of implementation of activities aimed at increasing competition in public procurement. The section also highlights the efforts of government in promoting the participation of domestic industry in public procurement. The low levels of competition in government procurement poses a risk to government not achieving benefits from lower costs of purchase that would result if several bidders were involved. It also means the government's aim of improving domestic industry development by providing opportunities for local companies is not enhanced. Increasing the level of competition in public procurement can ultimately contribute to domestic industry development

3.1 Participation in Government Tenders by the Private Sector

The Procurement Performance Measurement System (PPMS) records for FY 2014/2015 indicate that the average number of bids submitted has stagnated at an average of 3 bids. However, the data indicates ineffective competition as bidders submit bids that are not technically responsive. Table 3 presents the average number of bids received by method of procurement.

Table 3: Average number of bids submitted by method of procurement

No	Procurement Method	Bids submitted	Technically responsive bids
1	Open Domestic Bidding	5	4
2	Open International Bidding(OIB)	6	3
3	Open National Bidding	3	2
4	Request for Quotations/Proposals (RFQ/P)	3	3
5	Restricted Domestic Bidding (RDB)	4	3
6	Restricted International Bidding (RIB)	3	2
7	Selective International Bidding (SIB)	2	1
8	Selective National Bidding	2	2

Source: PPMS records FY 2014/2015

There is still low participation of bidders from the private sector and hence low competition for government tenders as potential bidders cite several challenges such as the lengthy procurement processes involved, the unreliable payments, unreasonably high bidding requirements, etc. For the large and complex projects, the limited capacity/skills of the local supply market to meet specialized/high value procurement needs often forces procurement Entities to look elsewhere for providers or to use the few frequently used providers.

The following barriers to participation have been minimized through the amendments to the PPDA law:

- **Cost of Bid Security:** The amended law introduced a Bid Securing Declaration for

procurements under the restricted domestic bidding and quotations methods and for procurement of consultancy services.

- **Elimination of bidders at preliminary stage for failure to submit a certificate of incorporation and trading license:** The amended law allows the evaluation committee to seek clarification from bidders in the case that the documents are missing.

3.2 Contracts by Value Subjected to Open Competition

The PPMS report for FY 2014/2015 indicates a significant drop in the value of procurements that were subjected to open competition from 87.6% in FY 2013/2014 to 49.9% in FY 2014/2015. This drop in performance is attributed to the fact that the thresholds for open competition in the Central Government PDEs were significantly raised under the amendments to the PPDA Act. This being the first full fiscal year in which the amendments were implemented, the changes are reflected in the statistics. It should therefore be noted that this drop in performance does not necessarily mean that Entities used the wrong procurement methods.

3.3 Contracts Awarded to Local Providers

The PPMS report FY 2014/2015 indicates that 99.3% of the total number of contracts was awarded to local providers. However in terms of value of contracts, there was a significant improvement from 40% reported in FY 2013/2014 to 68% reported in FY 2014/15 .The improvement may be as a result of increased amount of data captured in the system that reflects more procurements across a number of PDEs unlike in the previous year when a few PDEs skewed the data. The local providers continue to take majority of contracts which are low in value while the high value procurements are taken by foreign firms.

The Authority in collaboration with the Ministry of Finance, Planning and Economic Development and other stakeholders both in the public and private sector is currently developing a policy on promotion of local content. This policy is aimed at ensuring that more local providers are awarded contracts under public procurement.

3.4 Preference and Reservation Schemes

Section 50 of the PPDA Act, 2003 provides for preference and reservation schemes. During the year under review, the Authority reviewed and granted an application by KCCA to have Kampala City Cleaning Contract reserved for the vulnerable communities organized in SACCOs in accordance with Section 59B of the PPDA Act, 2003. The City cleaning services under reservation include sweeping the roads and all public places, de-silting storm water drainage system, cutting grass and maintaining gardens and picking litter from public places, road verge and parks, slashing grass, removing trash and posters and scouting i.e. reporting potholes, open man holes, faulty street lights, and theft of KCCA installations.

The Authority also approved the request from the Electoral Commission to use these schemes for printing/ publishing ballot papers. The Authority is in the process of developing guidelines for use of these preference and reservation schemes.

3.5 Register of Providers

Under Section 7(h) of the Public Procurement and Disposal of Public Assets Act No. 1, 2003, the Authority is mandated to establish and maintain a Register of Providers of works, services and supplies. The establishment of a Register of Providers (RoP) is an important step in promoting a sound private business environment and is a quick avenue to reduce process time and cost during the prequalification process. The Register of Providers offers reliable and updated information to Entities and the general public on the competencies of providers. During the period under review, 1,415 new providers were registered on the ROP and 1,296 existing providers renewed their subscription. A total of UGX 433 million was generated from the Register of Providers. In addition to the above, the Authority through the RoP Secretariat supports providers through demonstrations on to how to utilize the RoP website and generate payment slips from the URA portal.

**CHAPTER 4:
ENHANCING THE
EFFICIENCY OF THE PUBLIC
PROCUREMENT PROCESS**

CHAPTER 4: ENHANCING THE EFFICIENCY OF THE PUBLIC PROCUREMENT PROCESS

4.0 Introduction

In order to improve efficiency in the public procurement system, the Authority in the financial year stepped up its monitoring function in order to identify bottlenecks that account for the delays in the procurement processes. The Authority using its tools such as the review of procurement plans and reports, and the PPMS has identified areas of weakness such as long lead times, variance between estimated and final contract prices, procurements not according to the plan among others. This has enabled the Authority to come up with appropriate recommendations as highlighted below.

4.1 Review of Procurement Plans and Reports

4.1.1 Review of Procurement Plans

A total of 218 procurement plans (representing 68% of the Entities) were received by the Authority during the period under review. There was a marked improvement in performance from 62.7% in FY 2013/14 to 68% in FY 14/15 of Entities that submitted their procurement plans. The Authority received 116 (53%) procurement plans from Central Government Entities and 102 (76%) procurement plans from Local Government Entities. Performance should improve with the roll out of the Government Procurement Portal as it will create a platform for PDEs to post their procurement plans.

From the review of plans, it was noted that most of the Entities do not prepare disposal plans and therefore do not report on disposals. This implies that the majority of the PDEs do not identify the assets to be disposed of annually which has resulted in dilapidation of assets at PDE premises.

4.1.2 Monthly and Quarterly Procurement Reports

Submission of reports to the Authority is a legal requirement and the purpose is to enable the Authority monitor implementation of procurement plans. In the financial year under review, 72.7% of Entities submitted their monthly and quarterly reports as compared to 65.6% in FY 2013/14. The improvement in compliance is partly attributed to the directive by the Authority to PDEs to print their procurement reports off the system. Therefore PDEs do not have to submit two separate reports i.e. monthly/quarterly reports and PPMS reports, which was considered rather cumbersome by the PDEs. These reports are reviewed in comparison with what was reported in the procurement plan and the noted discrepancies are highlighted and communicated to the Entities for corrective action. From the review of reports, it was noted that most of the Entities do not report on disposals. This implies that the majority of the PDEs do not identify the assets to be disposed of annually which has resulted in dilapidation of assets at PDE premises.

4.2 Average Procurement Lead Time

According to the PPMS report FY 2014/2015, there was an improvement in the average time taken to complete the procurement cycle with the open competitive bidding methods taking

less time compared to the previous year. The average time taken to complete the procurement cycle for Open International Bidding dropped from an average of 218 days in FY 2013/2014 to 181 in FY 2014/2015 while the average time for open domestic bidding dropped from 158 days in FY 2013/2014 to 151 days in FY 2014/2015.

Despite the notable improvement in performance, the average time taken is still way above the indicative time frames that were developed by the Authority. The variances are higher in the more competitive procurement processes with the highest variances being under open international bidding which took 181 days as compared to the recommended 110 days, a variance of 71 days. Under open domestic bidding, there was a variance of 51 days between the time taken in FY 2014/2015 and the recommended time frame.




4.3 Procurement Performance Measurement System (PPMS)





The Authority conducted a verification exercise among Central and Local Government PDEs. The exercise entailed verification of records for the various procurements undertaken in the financial year and entered into the PPMS by the PDEs. In FY 2014/15, the Authority verified a total of 3,452 contracts worth UGX 560.4 Billion. The following are key findings from the PPMS verifications:

- a. Most procurement action files lacked complete documentation such as general receipt notes and delivery notes to show completeness of the procurement process.
- b. While there has been an improvement in respect to appointment of contract managers, most PDEs did not use the Contract Management Plan (Form 49).
- c. Approval of contracts by the Solicitor General was secured by most Entities.
- d. Most PDEs up-country did not have access to photocopying facilities resulting in poor record keeping.
- e. Most PDEs did not submit reports from User Departments such as sub county chiefs in Local Government PDEs.
- f. PDEs faced major staffing challenges leading to slow progress in data entry.
- g. Some PDEs did not have internet facilities resulting in low data entry.

Table 4 presents the summary of performance against targets for FY 2013/14 and FY 2014/15.

Table 4: Summary of Performance against Targets

No	Indicator		Targets (%)	FY 2013/14 (%)	FY 2014/15 (%)	Trend
1	Contracts subject to open competition	Value	80	87.6	49.9	
2	Integration of procurements in Procurement plan	Number	100	93.5	96.7	
		Value	100	99.9	98.9	

No	Indicator		Targets (%)	FY 2013/14 (%)	FY 2014/15 (%)	Trend
3	Integration of procurements in Annual Budget	Number	100	93.5	96.9	
		Value	100	99.9	98.9	
4	Procurements implemented according to the market price	Number	100	75	80.5	
		Value	100	20.9	48.6	
5	Compliance with evaluation methodology	Number	100	95.5	98.6	

4.4 Monitoring of Progress of Implementation of Procurement Plans for High Spend Entities

The Authority has constituted a committee to monitor the progress of implementation of procurement plans for High Spend Entities (HSEs). This committee has identified 15 HSEs and allocated relationship managers to support these Entities. Currently the committee is tracking the progress of the implementation of the procurement plans and will be holding quarterly meetings with the HSEs. This will contribute to providing timely information to PDEs to take remedial actions in a timely manner.

4.5 Accreditations

Section 40(A) of the PPDA Act provides for accreditation for alternative systems for Entities that are not able to operate efficiently within the law. The Authority received fourteen (14) applications for accreditation of alternative procurement systems. Of the applications received, Two (2) applications were granted, three (3) were rejected and 3 Entities were requested to submit additional information to support their applications while six were pending Board and MAC considerations.

4.6 Amendments to the PPDA Regulations, SBDs and Guidelines

In order to promote efficiency in public procurement the Authority is in the process of developing the following guidelines:

- a) Assessment of Market Price
- b) Procurement of Legal Services
- c) Use of Preference and Reservation Schemes
- d) Manual on Contract Management

The Authority is also in the process of finalizing the following pending Standard Bidding

Documents for;

- a) Framework contracts
- b) Management Services for Parks
- c) Pre-qualification of bids
- d) Design and Build
- e) Large and complex works
- f) Procurement of IT services

4.7 Deviations

The Authority granted three (3) requests for a deviation from the use of standard bidding documents. The applications were from the following Entities;

- a) Makerere University Business School from the use of the standard bidding document for framework contracts issued by the Authority.
- b) National Water and Sewerage Corporation from the use of standard bidding document for development of waste-to-energy facilities for NWSC- Kampala
- c) Ministry of Defense from the use of standard bidding document for large and complex works.

**CHAPTER 5:
STRENGTHENING CONTRACT
MANAGEMENT AND
PERFORMANCE**

CHAPTER 5: STRENGTHENING CONTRACT MANAGEMENT AND PERFORMANCE

5.0 Introduction

Contract management is a key downstream process for the achievement of the intended outcome of procurement. This process requires transformation in several areas, if it is to support the overall objective of delivering value for money and service delivery in a timely manner. The section presents activities executed in the period under review intended to strengthen contract management and performance.

5.1 Contracts rated Satisfactory from Procurement Audits

During the year under review, The Authority noted that of the sampled 4,692 procurements worth UGX 2.5 Trillion, UGX 299.5 Billion (12%) were high risk, UGX 789.5 Billion (32%) were medium risk, UGX 1.01 Trillion (40%) were low risk and UGX 408 Billion (16%) were satisfactory by value.

Over the last 5 years, the performance of contracts have progressively improved as shown in Figure 8. The Authority noted a significant increase in the number low risk and satisfactory contracts over the years. The percentage of high risk contracts reduced from 40% in FY 2010/2011 to 12% in FY 2014/2015. This indicates an improvement in contract management. Figure 7 illustrates the overall performance of Entities by value of contracts.

Figure 7: Overall Performance of Entities by Value of Contracts FY 2014/15

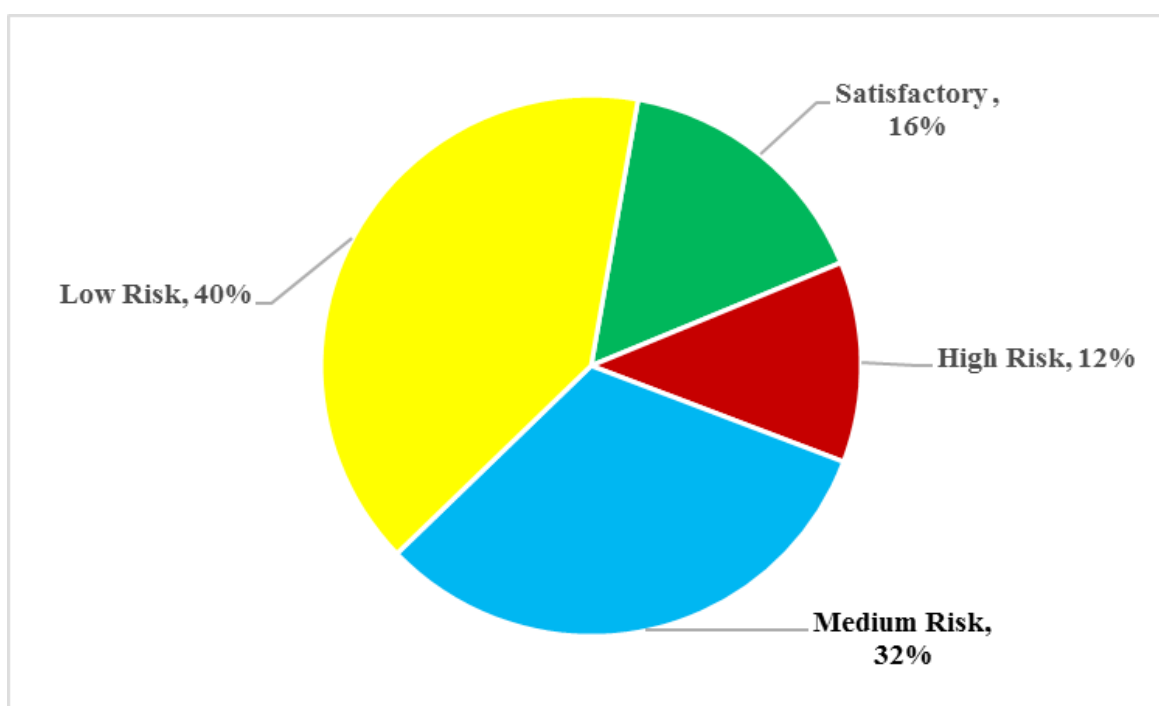
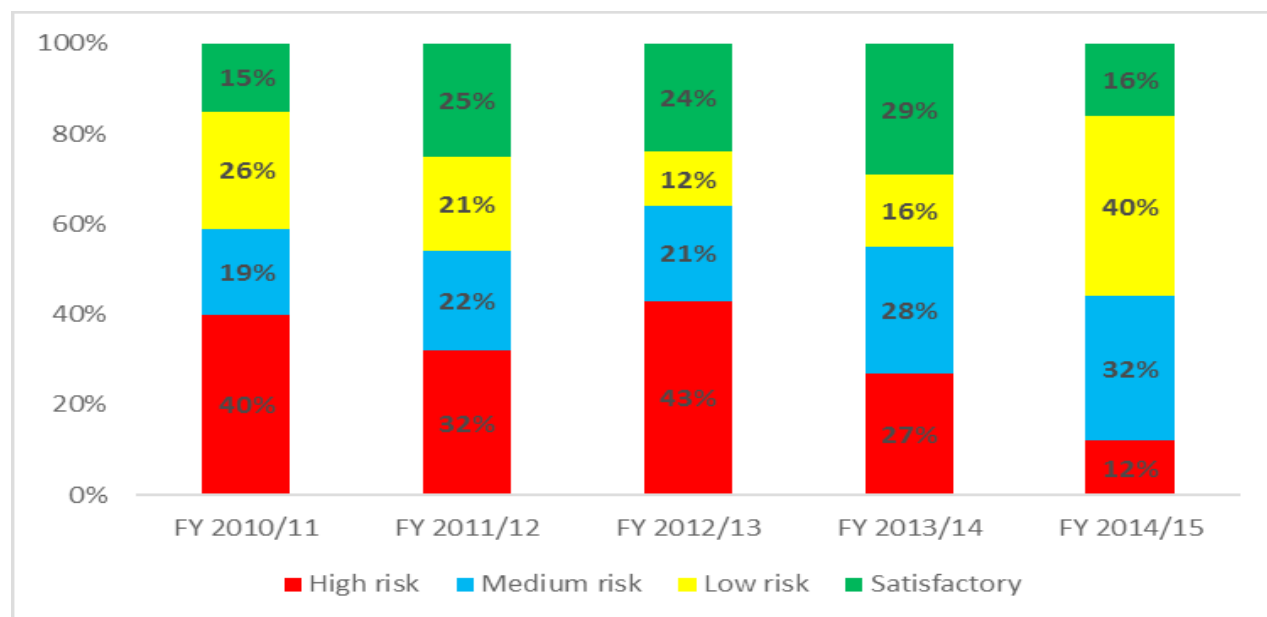


Figure 8: Performance Trend of Contract Audits Conducted



5.2 Contracts Completed within Contractual Value

There was an improvement in contracts completed within the contractual value from 75% in the FY 2013/14 to 80.5% of the value of procurements in FY 2014/2015. In terms of numbers 48.6% of the total number of procurement contracts in FY 2014/2015 got implemented within the contractual value compared to 20.9% reported in FY 2013/2014.

The improvement is attributed to the requirement for Accounting Officers to determine the market prices before signing contracts under the amended PPDA Act 2003. The Authority is in the process of developing a guideline to assist PDEs in determining market prices; which will further improve performance on this indicator. The Authority will therefore support PDEs with large value procurements to improve planning, and also timely execution of projects as this ultimately has an implication on the implementation as well as final costs.

5.3 Contracts Completed within Contractual Time

The percentage of contracts completed in time increased from 69.3% in FY 2013/2014 to 78.6%, in FY 2014/2015. Delays in completion of contracts lead to delays in service delivery and in some cases increased contract prices. This calls for stronger contract management to avoid variations in procurements that could cause arrears or call for supplementary funding.

5.4 Proportion of Contracts with Complete Records

There was a decline in performance on the indicator related to contracts with complete records²⁸ in FY 2014/2015. The percentage of contracts with complete records declined to 23.4% from the 29.9% recorded in the Financial Year 2013/2014. However, there was a general improvement in the availability of the other records on file. The contract implementation plan remains the weakest link and it almost entirely accounts for the poor performance.

5.5 Follow-up of Audits and Investigations Recommendations

A total of 590 recommendations were reviewed and of these, 336 recommendations (57%) were found to have been implemented and 254 (43%) were either partially implemented or not implemented. The performance of Central Government PDEs in implementing the recommendations was slightly better than that of the Local Government PDEs. Of the 181 recommendations issued in 33 Central Government Entities, 107 recommendations representing 59% were implemented. For the Local Government PDEs, there were 409 recommendations issued in 46 Entities, of which 229, representing 56%, were implemented.

The decline can be attributed to some individual Entities with many recommendations (above 15 recommendations which is over the average of 7 recommendations) and the majority of these recommendations remained unimplemented at the end of the period under scrutiny. These Entities include Iganga DLG, Kiryandongo DLG, Mbarara Municipal Council, Soroti MC and Ministry of Health which account for more than 25% of all the recommendations issued. The implementation status in these Entities was 40% which greatly affected the overall average implementation status. The Authority will work closely with these Entities to address their performance challenges.

The key recommendations that were not implemented by the Entities were:

- a) Recommendations related to contract award and implementation which accounted for 21% of the unimplemented recommendations. These recommendations were mainly related to poor contract monitoring and preparation of the attendant reports.
- b) Failure of the Procurement and Disposal Units (PDUs) to maintain complete procurement action files as stipulated in the PPDA Act. The documents which still present a major challenge to the PDUs include payment records and contract management records. This represented 21% of the unimplemented recommendations.
- c) Failure by the Accounting Officers to take disciplinary action against officials in their PDEs which accounted for 14 % of all the unimplemented recommendations.

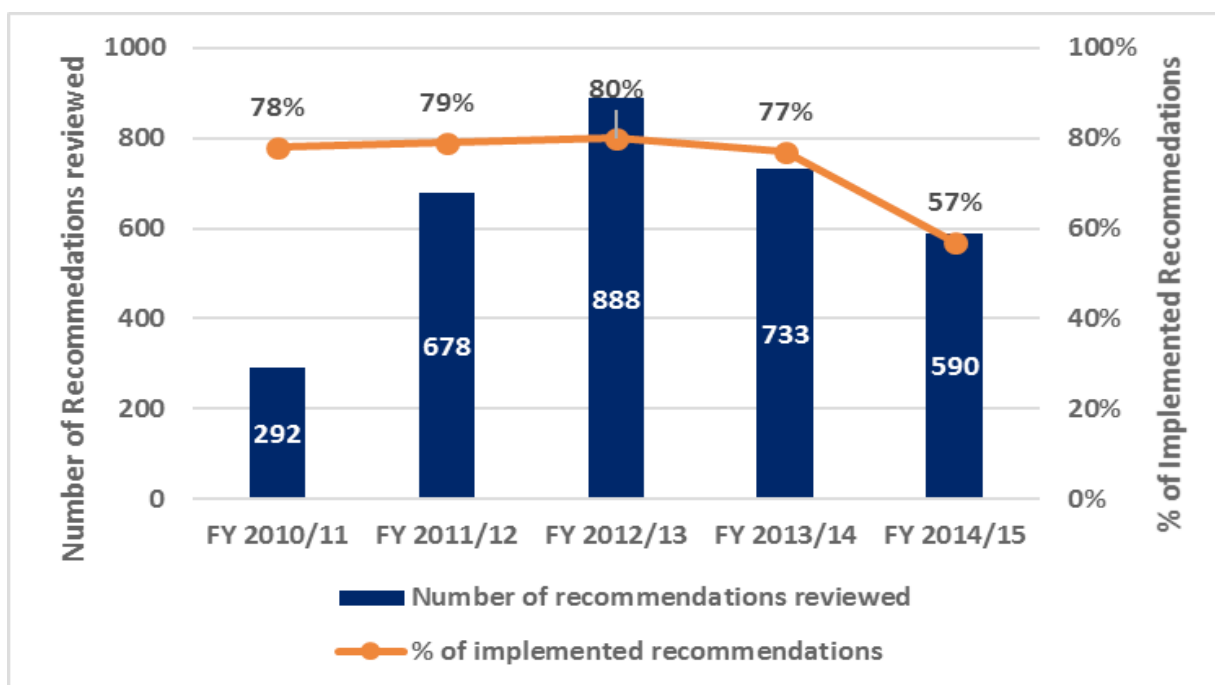
The failure to implement most of the recommendations is as a result of laxity on the part of the Accounting Officers and the Procurement and Disposal Units; and failure of the User Departments in Ministries, Departments, Agencies and Local Governments to play their roles in public procurement. The Authority will work more closely with the Ministry of Local Government, Ministry of Finance, Planning and Economic Development and the respective Entities to ensure that the Entities implement all the recommendations issued in order to achieve value for money in public procurement in Uganda.

The trend of the follow up of recommendations and their status of implementation is presented

²⁸ Complete records mean all the 12 records including Approval of initiation document by Accounting Officer, Approval of solicitation document for initiation to bidders, Record of issue of bids; Record of bid receipt/opening, Record of all bids received, Record of approved evaluation report; Copy of Contracts Committee award decision; Copy of notice of best evaluated bidder, Approval by Solicitor General/Donor/Board/Other Party, Contract documents and all amendments in file; Contract monitoring plan; and Evidence of contract completion.

in Figure 9. This shows a downward performance on the part of Entities. The Authority will engage the Ministry of Finance, Planning and Economic Development to ensure that the Public Finance Management Act 2015, whose regulations are currently under development, applies to public procurement. This way, the PPDA recommendations will be taken seriously by the Entities and the Competent Authorities.

Figure 9: Trend of the Follow up of Recommendations and Status of Implementation



5.6 Suspensions of Providers

The Authority handled 164 suspension cases during the period under review. These cases were majorly due to submission of forged documents and for being debarred by International Organizations to which Uganda is a member. Forty five (45) providers were suspended and no merit was found in the suspension of twelve (12) providers. The Authority completed investigations for suspension of fifteen (15) providers and these will be concluded in the FY 2015/16. Investigations for sixty three (63) providers are ongoing. An injunction was issued against the Authority from proceeding to consider suspension of twenty nine (29) companies debarred by the World Bank. The list of suspension cases and their status is presented in **Annex 1**.

**CHAPTER 6:
LEVERAGING TECHNOLOGY
THROUGH E-PROCUREMENT
& OTHER ICT PLATFORMS TO
IMPROVE PROCUREMENT
OUTCOMES**

CHAPTER 6: LEVERAGING TECHNOLOGY THROUGH E-PROCUREMENT & OTHER ICT PLATFORMS TO IMPROVE PROCUREMENT OUTCOMES

6.0 Introduction

Technology is key to transforming the face of public procurement and public service organs in the country. At the heart of the technology transformation is the rollout of e-Procurement under the wider e- Government framework. This section presents the activities and outputs realized in line with the implementation of e-Government Procurement (e-GP).

6.1 Launch of Strategy for Implementation of Electronic Government Procurement in Uganda

The e-Government Procurement Strategy 2014-2019 was launched on the 10th December 2014 by the Minister for Finance, Planning and Economic Development represented by Hon. Matia Kasaija. The Minister emphasized Government commitment to support and fund the Electronic Government Procurement agenda noting that e-GP will help promote good governance in government procurements as well as expedite the procurement processing resulting in timely service delivery and job creation. The event was attended by Government Officials, Private sector and Development partners. Figure 10 is a cross section of the high level participants that attended the strategy launch.

The Strategy serves to achieve the following three objectives:

- a) Improved Governance through enhanced transparency and accountability;
- b) Effectiveness through management information and efficient processes; and
- c) Economic development through competitiveness and improved investment climate.

Figure 10: Official Launch of e-Government Procurement Strategy



(L-R) World Bank Country Director, 4th left Hon. Minister for Finance, Planning and Economic Development, 5th left is PPDA Board Chairman, and 2nd right is PPDA Executive Director.

6.2 Strengthening Readiness for e-Government Procurement (e-GP) in Uganda

The implementation of the activities supported by the DFID/World Bank under the Project “Strengthening Readiness for e-Government Procurement (e-GP) in Uganda” started with the selection of a firm (i.e. PricewaterhouseCoopers Limited - Uganda) to conduct Business Process Reengineering (BPR) and the following Project Design Objectives were achieved:

- a. Business Process Re-engineering Report prepared on the procurement processes and practices for the implementation of e-GP.
- b. Awareness and readiness for e-GP enhanced across selected procurement Entities and private sector nationwide.
- c. Standard catalogue developed for common procurement items of goods, works, and services with standards and templates.
- d. E-GP Guidelines developed.
- e. E-GP Bidding Documents developed for sourcing e-GP system.
- f. E-Tender Portal of PPDA enhanced and renamed the Government Procurement Portal.
- g. Communications Strategy Developed.

6.3 Integrated Tender Portal

The Authority signed a contract with the M/s Kisaka and Company Certified Public Accountants and New Wave Technologies Limited (joint venture) on Dec 12, 2014 to upgrade the PPDA Tender Portal to an Integrated Government of Uganda Tender Portal that enables supplier registration, as well as publication by Government agencies of the procurement plan, tender advertisements, and contract awards. The tender portal now renamed the Government Procurement Portal (GPP) will provide a single web portal for the bidders and PDEs integrating and interfacing with the existing databases of Register of Providers (ROP) and the PPMS. The GPP will also adequately capture data from different stages of the procurement process for measuring comprehensive set of indicators for compliance and performance monitoring.

The Government Procurement Portal (GPP) was officially launched by the PPDA Chairperson, Board of Directors on the 18th June, 2015. It was commissioned starting with 15 High Spend Entities. This was followed by the regional sensitization and training workshops for Accounting Officers and Heads of Procuring and Disposing Units. The regional workshops were held in Mbarara, Mbale and Kampala. In-house Training was also conducted for PPDA staff.

6.4 Way Forward for Implementation of e-Government Procurement

The Project Steering Committee provided policy guidance on key matters relating to e-GP. The following are the key policy pronouncements that will guide the eGP process moving forward:

- a. **Integration of e-GP with IFMS:** In line with Government policy to limit stand-alone e-Systems

in Government, the e-GP system should be integrated with IFMS since it got a clean bill from assessments done by both internal and external stakeholders. The e-GP system should be able to seamlessly integrate with IFMS even without physical proximity. It was further noted that the e-GP system is potentially much larger than the IFMS since it will have users from both the public and private sector and will require a dedicated data centre with robust hardware that is planned to be procured under RCIP. The Government has stated the requirement to acquire a solution that facilitates seamless integration between e-procurement processes, budgeting, purchasing, commitment control, accounting, reporting and oversight on a single integrated platform.

- b. Business Model:** The initial pilot system will be Government owned and managed. However, consideration shall be given to other models at the stage of roll out to all agencies since at that time it will be easier to make a business case to attract the private sector to partner with Government in developing and managing a solution.
- c. Revenue models for the operationalization of the e-GP system:** The business models be undertaken for the ownership of the e-GP system and following the pilot phase a provision shall be made to study the possibility of implementation of a Public Private Partnership arrangement. After the pilot phase revenue models for the operations of e-GP be studied based on actual statistics from the pilot with a view to deliberate on generation of Non Tax Revenue from e-GP.
- d. Procurement of the e-GP System:** The procurement be handled by NITA-U since they are also managing the RCIP. The procurement of the e-GP system to follow the Provisions of the PAD and Procurement Plan under the RCIP which states that the method to be used is International Competitive Bidding.
- e. Hosting of e-GP System:** Hosting of the e-GP system will be clarified after the RCIP project documentation complete, at which point a re-assessment shall be made of adequacy of the business, functional and technical requirements of the e-GP system
- f. Funding of e-GP System:** Government shall proceed with plans to fund e-GP under RCIP and reviews the Implementation plan, with timelines and resources.
- g. Completion and Follow up of the e-GP Start Up Activities by PPDA:** The ownership of start-up activities at PPDA such as the Government Procurement Portal shall require consistent follow up especially the roll-out plans to all PDE as a first step to adoption of e-GP.
- h. Local Content:** Local consultants will get an opportunity to bid when the tender is issued but in order to encourage local content the provision should be added in the requirements in the bidding documents for international bidders to partner with local providers for capacity building, technology transfer and maintenance.

**CHAPTER 7:
ENHANCING THE
PERFORMANCE OF PUBLIC
PROCUREMENT
BEYOND COMPLIANCE**

CHAPTER 7: ENHANCING THE PERFORMANCE OF PUBLIC PROCUREMENT BEYOND COMPLIANCE

7.0 Introduction

An over-reliance on compliance to drive adherence to the public procurement system has resulted over time, in high focus on compliance vis-a-vis performance. To obtain the right balance, the Authority aims at enhancing the performance of the public procurement system to go beyond compliance, without compromising its key standards. This section presents the activities that were implemented in a bid to enhance the performance of public procurement beyond compliance.

7.1 Recognition of Good Performers in Public Procurement

The Authority conducted an assessment to establish Entities with the best practices. This assessment was based on various parameters that include the Entity's performance in Audits, PPMS, compliance to the reporting standards.

During the period under review, it was established that National Water and Sewerage Corporation was the best Central Government Entity while Entebbe Municipal Council was found to be the best Local Government Entity. These Entities were recognized and awarded at the 10th Procurement Review Workshop held in February 2015.

The methodology used to select the best performing PDEs was based on the following:

- a) Compliance of the Entity to the reporting requirements i.e. submission of procurement plans, monthly/quarterly reports.
- b) Performance of the Entity in regard to procurement audits.
- c) Posting of bid opportunities, contracts awards and BEB notices on the Tender Portal.
- d) Populating the Procurement Performance Measurement System for those Entities where the system has been rolled out.
- e) Extent of implementation of recommendations of the Authority.
- f) Benchmarking the best performing Entities with reports from the Office of the Auditor General, showing an unqualified report.

The Authority has also embarked on the process of identifying new and creative ideas by government officials in Procuring and Disposing Entities and procurement practitioners in the private and public sector that promote efficiency in public procurement and disposal. These innovations should not contradict the Law but instead promote the achievement of the objectives of the PPDA Act. Innovations will be assessed for originality, applicability and sustainability and these will be geared to transforming the systems, processes, and performance of public procurement and disposal. Good practices that enhance performance will be publicised and will result in a system that is focused on performance delivery rather than just compliance.

7.2 Performance Oriented Capacity Building Approaches

The Authority through its capacity building initiatives implemented the following approaches as a means to enhance the performance of procurement personnel in all Entities:

- a) Procurement barazas to sensitize the general public on procurement related issues. The regional procurement barazas provide a platform to the general public and put the office bearers to task to account for the public procurement funds expended through their offices.
- b) Hands on support training to stakeholders in PDEs.
- c) Capacity building of High Spend Entities to address their unique capacity needs.
- d) Local and Central Government Procurement Cadre Forums to discuss and share best practices in public procurement amongst procurement cadres from the different PDEs.
- e) Induction of contracts committees of the different PDEs
- f) Demand driven trainings to address specific Entity procurement needs.
- g) Specialised trainings for SMEs, media, Civil Society organisations.

7.3 Issuing Timely and Searchable Indicative Common User Prices

The Authority in collaboration with the Makerere University School of Statistics and Planning, on a regular basis updates the list of common user items and their average prices. The Authority conducted a survey to update the list and average prices of common user items in northern region (Gulu), western region (Mbarara), eastern region (Mbale) and central region (Kampala). This will enable stakeholders to access the updated indicative market rates and prices to help them make the right decisions on value based pricing of goods, works, and services.

7.4 Update of the Audit Manual

With the support of the World Bank, a consultant, SPA Infosuv East Africa was contracted to strengthen the PPDA Procurement Audit function by reviewing the existing audit practices and identify areas to strengthen in the context of the strategic plan FY 2014/2015- 2018/2019. The Audit Manual was reviewed and updated to strengthen the Authority's procurement audit function. The manual is currently in use by the audit team of the Authority.

**CHAPTER 8:
ENHANCING THE
EFFECTIVENESS OF CAPACITY
BUILDING, RESEARCH AND
KNOWLEDGE MANAGEMENT**

CHAPTER 8: ENHANCING THE EFFECTIVENESS OF CAPACITY BUILDING, RESEARCH AND KNOWLEDGE MANAGEMENT

8.0 Introduction

The Authority, under Section 6 (e) of the PPDA Act, is mandated to conduct capacity building of Procuring and Disposing Entities. This is aimed at creating awareness and enhancing the capacity of different stakeholders on the public procurement and disposal system in Uganda. The assessment presents the activities that were implemented to enhance the effectiveness of capacity building, research and knowledge management in public procurement.

8.1 Training in Basic and Specialized Procurement Skills

8.1.1 Procurement Barazas

The Authority conducted 3 procurement barazas in Tororo, Jinja and Gulu districts during the period under review. The participants for these procurement Barazas included the area Members of Parliament, the Chief Administrative Officers of districts, the Town Clerks of Municipalities, Resident District Commissioners, Mayors of the Municipalities, District Councillors, Sub County Chiefs, technical staff from the three Districts and Municipalities, Civil Society Organizations (CSOs), Media, Providers and the general public.

The main objective of the procurement Barazas was to discuss the implementation of work plans in the respective Local and Central Governments and also to sensitize the different stakeholders, including the general public, on procurement related matters which affect service delivery.

8.1.2 Induction of Contracts Committee Members

The Authority conducted induction for 70 Contracts Committee Members in 18 Local Government Entities with funding from FINMAP. The main objective of induction was to equip the members of the Contracts Committee with knowledge on the new amendments to the PPDA Act 2003. The induction training was also meant to enhance the stakeholders with the skills to enable them enforce compliance and best practices in public procurement and disposal at their respective Entities and also share experiences and solutions on the challenges they face, so as to improve on the procurement and disposal performance in their respective PDEs.

8.1.3 Demand Driven Training

A total of 917 participants from various Entities were trained in various aspects of procurement and disposal management under the demand driven intervention.

8.1.4 Training of Small and Medium Enterprises (SMEs) & Providers

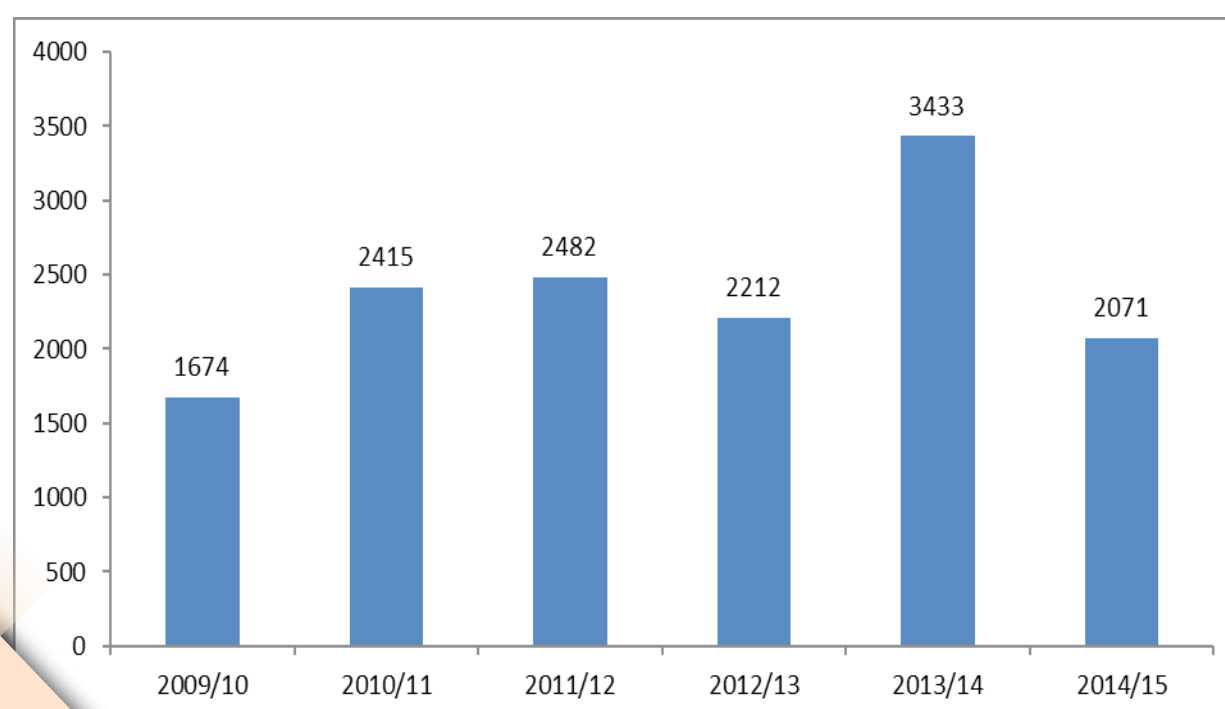
The Authority conducted training for 103 Small and Medium Enterprises & Providers with funding from FINMAP. The objective of the training was to sensitize providers and Small and Medium Enterprises (SMEs) on how to prepare responsive bids in line with the PPDA Act 2003 and the

attendant Regulations 2014. The training also discussed practical issues facing the providers in the bidding process and proposed ways to increase efficiency in the procurement and disposal process. Table 5 shows a summary of the trainings conducted and total number of Stakeholders trained in FY 2014/15 while Figure 11 presents the trend of training conducted by the Authority over the last 6 years. The dip in the number of stakeholders trained was a result of a drop in funding from FINMAP for capacity building activities.

Table 5: Total Number of Stakeholders Trained in FY 2014/15

No.	Activity	Category of Stakeholders	No
1	The 1 st Procurement Baraza held in Tororo	CAO, TC, MPs, RDC, DPC, Ministers, CSOs, Councillors, PDUs and the General Public	222
2	The 2 nd Procurement Baraza held in Gulu	CAO, TC, MPs, RDC, DPC, Ministers, CSOs, Councillors, PDUs and general Public	170
3	The 3 rd Procurement Baraza held in Gulu	CAO, TC, MPs, RDC, DPC, Ministers, CSOs, Councillors, PDUs and general Public	183
4	Hands on Support training in Mbarara	PDU, Planners, CCs and Engineer	50
5	Hands on support to 10 LG PDEs in Lira	PDU, Planners, CCs and Engineer	50
6	Training of PDUs and Contracts Committee Members of Health Sector PDEs	PDUs and Contracts Committee Members	69
7	Induction for Central Government Contracts Committees	Contracts Committees	72
8	Cadre Forum for procurement officers in CG PDEs	Procurement cadre	110
9	Cadre Forum for procurement officers in LG PDEs	PDU staff	125
10	Training of Small and Medium Enterprises & providers	Small and Medium Enterprises & providers	103
11	Demand driven training in different areas of the procurement process	Accounting Officers, Contracts Committees, PDUs and Users	917
	Total		2,071

Figure 11: Trend of Number of Participants Trained over the Last six years



8.2 Key Issues Raised during Capacity Building Activities

A summary of the key issues raised during the capacity building activities is presented in the Table 6.

Table 6: Key Issues raised during Capacity Building Activities

No	Action Point	Response During the Training
1.	There is no clear formula for assessing market price.	PPDA will issue guidelines on assessment of the market price.
2.	There is no SBD for revenue collection.	PPDA will provide the SBD for revenue collection.
3.	There is no SBD 2014 for Framework Contracts.	PPDA will provide the SBD for Framework contract
4.	PPDA should come up with the guidelines on implementation of preference and reservation scheme.	PPDA will issue guidelines on preference and reservation schemes.
5.	Amendments addressed a number of issues but the Local Government Regulations were not revised.	The Authority is in the process of amending the LG(PPDA) Regulations, 2006. However, the LGs are required to implement changes in the PPDA Act 2003 as amended.
6.	Audit tool need to be re-designed to include innovations made by PDEs/PDUs especially on cost cutting.	PPDA contracted a consultant to update the audit tool. The updated tool will be implemented in the financial year 2015/16.
7.	Force Account Mechanism has turned out to be very expensive than contracting out to providers.	PPDA will conduct a study on force account mechanism and give recommendations.
8.	Managing taxi parks & revenue collection is still a big challenge to PDEs.	PDUs are encouraged to come up with best practices on how to manage taxi parks and revenue collection and submit to PPDA for analysis and circulation.
9.	There is need to re-structure PDUs to match with current work load (the old structure provides inadequate staffing).	PPDA to liaise with Ministry of Finance and Local Government on how to address the structure and remuneration of PDU staff.
10.	Micro disposal method should be introduced in the PPDA law.	PPDA will consider Micro disposal in the next amendments.
11.	Why should PPDA suspend providers when international agencies like World Bank have already suspended them?	PPDA is mandated by law to suspend providers who have been suspended by international agencies. However, PPDA will give the same period of suspension after according them a fair hearing.
12.	It is difficult to access a chief Government valuer by PDEs.	PPDA will liaise with the Chief Government Valuer to solve this problem.
13.	Sharing audit reports with various stakeholders at Local Government level e.g, CSOs, Political leaders and RDCs.	PPDA will disseminate the audit finding to key stakeholders in time. All audit reports are uploaded onto the PPDA website.
14.	Lack of information on contracts to the CSOs and the public for contract monitoring purposes.	PDEs are advised to disseminate contracts documents to key stakeholders to ease monitoring of the project.
15.	Some PPDA's auditors are not competent enough to conduct audit especially the consultants.	Entities are advised to report such cases to the Executive Director PPDA at ed@ppda.go.ug .

**CHAPTER 9:
STRENGTHENING INTERNAL
PPDA CAPACITY TO DELIVER
IMPROVED PERFORMANCE
OF PUBLIC PROCUREMENT**

CHAPTER 9: STRENGTHENING INTERNAL PPDA CAPACITY TO DELIVER IMPROVED PERFORMANCE OF PUBLIC PROCUREMENT

9.0 Introduction

The Authority will strengthen its internal systems and structures to ensure the smooth running of its operations, and enable efficient and effective provision of services to its stakeholders. This way, the Authority will develop and run services that demonstrate value to Government and development partners so as to bring in more technical and financial support. The focus will also be on optimizing resource use and allocation. Through a performance management system, personnel will be motivated through reward, sanctions and other mechanisms to ensure delivery of the strategic plan. The section presents budget performance and the status of implementation of other activities aimed at strengthening internal capacity of the Authority to deliver improved performance of public procurement.

9.1 Financial Matters

9.1.1 GOU Budget Performance

The Authority was funded by the Government of Uganda to the tune of UGX 10,270,632,657 out of the approved budget of UGX 10,766,047,751. The Government of Uganda approved and released UGX 10,270,632,657 to fund the activities of the Authority, and UGX 8,596,797,910 was utilized by the end of the year. Table 7 gives the overview of the budget performance of the Authority for the FY 2014/15.

Table 7: Government of Uganda Budget Performance FY 2014/15

No.	Particulars	Approved Budget (UGX)	Released Funds (UGX)	Funds' Utilization	
				UGX	%
1	Recurrent Budget	3,212,306,066	3,212,303,066	3,135,433,392	97.61%
2	Development Budget	2,616,000,000	2,301,000,000	704,730,974	30.63%
3	Staff Costs*	4,937,741,685	4,757,329,591	4,756,633,544	99.99%
		10,766,047,751	10,270,632,657	8,596,797,910	83.70%
4	Non Tax revenues	145,000,000	467,097,477	467,097,477	100
	Total Budget	10,911,047,751	10,737,730,134	9,063,895,387	84.41%

*includes: Salaries, Gratuity, NSSF and Medical Insurance.

9.1.2 Non Tax Revenue

Non Tax Revenues (NTR) of UGX 467,097,477 (Gross) was collected as at end of FY 2014/2015 over and above the UGX 145,000,000 in the approved budget. This was mainly from the register of providers (ROP). The over performance is attributed to the positive response by the providers to participate in the procurement and disposal activities of Government.

9.1.3 Other Funding Sources

In addition to funds received from the Government of Uganda, the Authority was funded by Development Partners through FINMAP III (USD 520,000), the World Bank (USD500, 000) and GAPP (USD70, 000) towards procurement audits, capacity building programmes, Organizational Development, and e-GP.

The Deutsche Gesellschaft für Internationale Zusammenarbeit (G.I.Z) approved funding for the Authority of USD 184,135. The GIZ funding is mainly for promoting transparency and accountability in Uganda through collaborations between PPDA, IGG and OAG. The funding to the Authority was prioritized for capacity building for technical staff and benchmarking on best practices in procurement audits.

9.1.4 Procurement Planning and Management

The PPDA macro procurements are outsourced to a Third Party Procurement Agent to ensure compliance and timely completion of procurements and this was done in accordance with the procurement plan. A total of 78 procurements worth UGX 3.66Bn were handled by the Agent in the period and were captured in the Procurement Performance measurement System (PPMS) as required. This included procurements worth UGX 1.69Bn (approx. USD 483,000) that were financed by World Bank/IDA under the grant for strengthening E-Procurement in Uganda. Procurements amounting to UGX 427,499,198 were handled in house as Micro Procurements as shown in Table 8.

Table 8: Summary of Procurements handled in FY 2014/15

Method of procurement	Contract amount		No. of Procurements	
	UGX	%age	Number	%age
Micro	427,499,198	10%	345	82%
Restricted Bidding	1,342,686,480	33%	11	3%
Direct Procurement Method	128,269,875	3%	7	2%
Request for Quotations	494,801,205	12%	24	5%
WB Grant Procurements	1,692,065,655	41%	36	8%
Total	4,085,322,413	100%	423	100%

9.2 Human Resources

9.2.1 Organization Development exercise

An organization Development exercise was carried out to achieve improved performance through strategic and output orientation, improved human resource management and a revised functional organization structure that ensures efficiency and effectiveness in the activities of the Authority. The following activities were carried out:

- a) **Job Analysis/Evaluation:** Jobs were analyzed to determine the skills at organization level and unit level. This resulted into revised job descriptions and job specifications. Job evaluation was carried out to determine the relative worth of jobs and come up with an appropriate salary structure. A job evaluation committee comprising selected staff facilitated by a consultant was set up and carried out the exercise.
- b) **Review the Effectiveness of the Organization Structure:** After developing its five (5) year strategic plan, the Authority found it imperative to revise its organization structure for it to deliver effectively its mandate and strategic objectives. The structure was revised and this resulted into a new organogram for the Authority. Some departments were renamed involving transfer of services from other departments. Job descriptions were also revised and some other new jobs were created.
- c) **Assessing and Addressing Human Resource Staffing and Capability Gaps:** The current organization structure, staff and systems were reviewed and analyzed to check their adequacy to deliver against PPDA's mandate and new strategic objectives of the Authority.

9.2.2 Strengthen Performance Management System to Evaluate and Recognize Staff Performance

- a) **Put in place a reward and sanction mechanism:** Management has put in place a policy for employee of the year awards. Seven (7) best performing employees for the financial year 2013/2014 were awarded with certificates and tokens in recognition of their performance. The awards were given after a performance appraisal exercise for all staff for the financial year 2013/2014. The practice has enhanced staff performance.
- b) **Conduct annual staff performance appraisals and Board evaluations:** Performance management is a continuous process in the Authority where staff are assessed on agreed performance targets/standards. The objective is to improve performance. Annual performance appraisals for all staff for the financial year 2013/2014 were carried out. Staff who had exhibited satisfactory performance during their probationary periods were confirmed in service.
- c) **Implement motivation mechanisms to retain staff:** The Authority has put in place motivational strategies to attract, motivate and retain staff. These include long service awards, staff lunch, medical insurance, staff leave, attitude surveys, wellness programmes among others.

9.2.3 Recruitment of new staff

During the year, ten (10) staff were recruited into the Authority. These included: Senior Procurement Audit and Investigations Officer (2), Officer Procurement Audit and Investigations (3), Senior Research Officer (1), Procurement Officer (1), Officer Compliance Monitoring (1), Registry Officer and (1) Manager Information Technology (1).

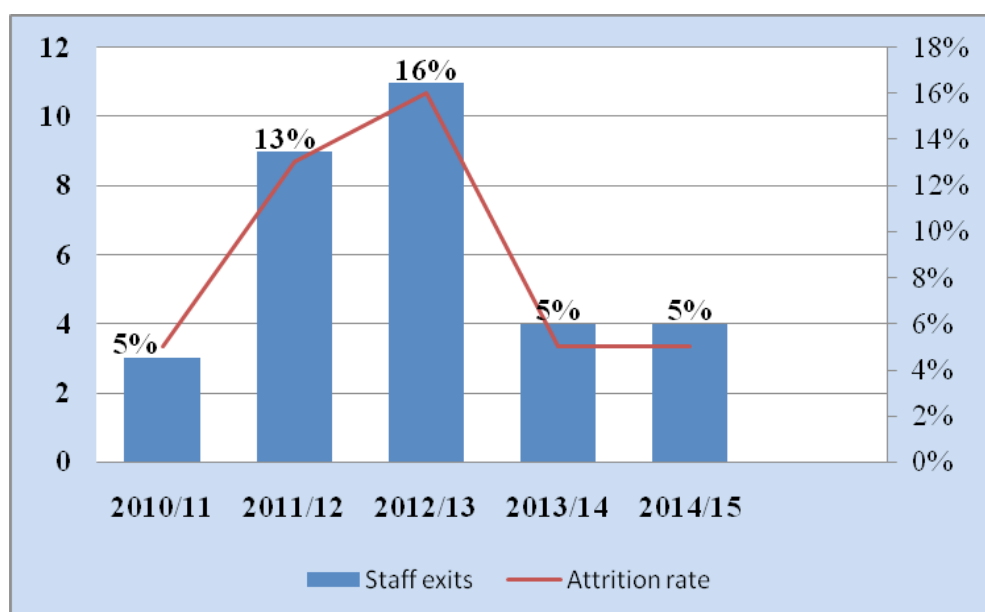
9.2.4 Capacity Building for the Authority

The Authority has a Human Resource Development policy which aims at equipping staff with knowledge, skills, and attitudes that enhance their performance in order to achieve the Authority's objectives. PPDA training programs are based on the assessed training needs, priorities and objectives of the Authority. During this year under review, 14 staff were trained from foreign institutions and thirty-nine (39) staff were locally trained in Microsoft Advanced Excel 2010 at APTECH Computer Education Centre under the GIZ funding.

9.3 Staffing

At the end of June 2015, the Authority had a staff complement of 86 staff out of the approved 103 positions, an increase of 13% over the number of staff in FY 2013/14. The staff attrition rate remained stagnant at 5%, similar to that of FY 2013/14. Figure 12 depicts the trend of attrition over the last five years.

Figure 12: Trend of Attrition Rate



9.4 Staff Retreat

The Authority held a staff retreat from 25th – 27th June 2015 to take stock of the achievements in the financial year 2014/2015 and make resolutions to improve effectiveness and efficiency for the coming year. The following proposals were agreed on to improve staff performance and relations:

- a. Improve and enforce staff performance appraisal.
- b. Strengthen Performance Management.
- c. Hold regular staff meetings.
- d. Explore the possibility of training staff locally e.g. at UMI
- e. Harmonize departmental activities to achieve efficiency and effectiveness.

9.5 Northern Regional Office

The official opening of the Gulu Regional Offices took place in May 2015. The Regional Office offers support to 31 Entities located in northern Uganda which is a deliberate strategy by the Authority to move its services closer to the stakeholders and serve them better in terms of providing the Authority's oversight functions to ensure efficient and accountable use of public resources for improved service delivery. The 31 PDEs include 23 districts, 3 Municipalities, 3 Regional Referral Hospitals and 2 Public Universities. The office is run by seven staff. Figure 13 is a group photo near the Gulu Regional Office graced by the Hon. Minister of State in charge of Northern Uganda.

Figure 13: Official Opening of Northern Regional Office



A group photo in front of the PPDA Gulu Regional Office with Hon. Minister of State for Northern Uganda, Hon. Rebecca Otengo, 4th from left.

9.6 Internal Audit and Risk Management

9.6.1 Internal Audit

During the year, the Internal audit continued to provide independent assurance on risk management, internal controls and governance processes to the Board through the Audit and Risk Committee.

Internal audit coverage was extended to core activities and specifically high risk processes. The internal audit completed audits of the following during the year:

- a) Financial Statements of FY 2014/15.
- b) Financial transactions and internal financial controls.
- c) Procurement, disposal and contract management processes.
- d) Human resource and payroll management process.
- e) Procurement Audits and Investigations processes.
- f) Risk management process.

Reports of the audits were presented to the Board Audit and Risk Committee at the quarterly meetings held in the year. Remedial actions were issued to Management for implementation. The overall audit conclusions provided reasonable assurance that a satisfactory system of internal controls was maintained during the year.

9.6.2 Risk Management

Risk management at the Authority is guided by the Risk Management Strategy which provides governance and policy direction so that everyone in the organization is accountable for the risk practices and execution. This approach has embedded risk management in every department of the Authority. The Authority had exposure to the following risks as a result of implementation of its mandate:

a) Strategic Risks:

- i. Failure to complete the OD exercise on time.
- ii. Failure to achieve strategic objectives due to delayed strategic plan implementation.
- iii. Loss of budget allocation for 2014/2015 of UGX 1.6bn due to delayed project implementation of PPDA/Uganda Road Fund (URF) office development.
- iv. Court cases instituted against the Authority by way of applications for Judicial Review to the High Court.

b) Operational Risks

- i. Lack of online access to the Resource Centre information.
- ii. Lapse in service and loss of valuable skill due to staff turnover.

c) People Risk:

- i. Poor performance and low morale of the Authority's staff due to uncertainty among staff following conclusion of the OD exercise.
- ii. Lack of work/life balance-A number of staff forfeited their leave days at the end of the Financial Year.
- iii. Demise of a senior member of management.

**CHAPTER 10:
LEVERAGING AND
ENHANCING PPDA'S
PARTNERSHIPS AND
COLLABORATIONS**

CHAPTER 10. LEVERAGING AND ENHANCING PPDA'S PARTNERSHIPS AND COLLABORATIONS

10 Introduction

Given the resource constraints of the Authority and recognising that achievement of some of the strategic objectives will require synergy with other agencies to achieve stronger results, it is therefore imperative that the Authority has a strong working relationship with the different categories of stakeholders in order to gain influence, demonstrate value, and partnership in public procurement related issues.

10.1 Collaborative Initiatives conducted in Partnerships

The Authority is member of a number of Committees established by various Entities and professionals who have an interest in public procurement. During this period, the Authority participated in the following committees:

- a) The Leadership Code (Amendment) Bill Committee chaired by Directorate for Ethics and Integrity.
- b) Anti- Corruption Division Court Users Committee chaired by Courts of Judicature.
- c) Inter Agency Forum Legal Task Force to review the Asset recovery legislation chaired by Directorate for Ethics and Integrity.
- d) Steering and Implementation Committee for the licensing round for acquisition of petroleum exploration rights in Uganda chaired by Ministry of Energy and Mineral Development.
- e) Contractor Registration and Classification Oversight Committee chaired by Ministry of Works and Transport.
- f) Committee to prepare and finalize the training manual and resource handbook on anti-corruption organized by Directorate for Ethics and Integrity.
- g) Public Expenditure Management Committee (PEMCOM) chaired by the Ministry of Finance, Planning and Economic Development.
- h) Externally Funded Projects: The Authority was part of the taskforce set up by the Rt. Hon. 2nd Deputy Prime Minister at the request of the Cabinet to review the financial performance of externally funded projects.
- i) Accountability Sector: As part of the Accountability Sector Working Group.
- j) National Monitoring and Evaluation Technical Working Group.
- k) National Planning Authority (NPA) Expanded Board: to discuss technical issues related to national planning in Uganda.

10.2 Productive Partnerships Established with MoUs in Existence

The Authority signed a memorandum of understanding with the following key stakeholders:

- a) **Uganda Technology and Management University (UTAMU):** This was mainly to engage final year ICT students of UTAMU to establish and develop ICT applications for PPDA so as to improve the procurement process for all public procurement and disposal.

- b) **Office of the Prime Minister (OPM):** to establish the terms and conditions for occupation and use of OPM premises in Gulu by PPDA for the adequate and sound management of the premises and to agree on the method of sharing costs of common services.
- c) **Transparency International-Uganda:** to enhance research and knowledge sharing in the area of transparency and accountability in public procurement and disposal of public assets.
- d) **Makerere University:** to conduct periodic survey to update the list and average prices of common user items.
- e) **German Technical Cooperation (GIZ):** for collaboration in enhancing accountability and transparency in public procurement.

10.3 Strengthening Uganda Anti-Corruption Regime (SUGAR)

The Authority held a consultative meetings with officials of SUGAR programme. SUGAR is a DFID's forthcoming £8 million programme which will be managed by an Anti-Corruption Facility, staffed by technical experts and aimed at supporting the effectiveness of all national institutions working on Anti-Corruption. SUGAR is a 5 year investment in anti-corruption, aiming to raise the risks for those engaged in corruption in Uganda. The meetings discussed possible areas in which the SUGAR programme could fund the activities of the Authority. The other government anti-corruption institutions that SUGAR will be funding are: the Directorate of Public Prosecutions; the Inspectorate of Government; Office of the Auditor General; and the Police Criminal Intelligence and Investigations Directorate among others.

10.4 Participation in the East African Procurement Forum in Nairobi

The 7th edition of the East African Procurement Forum (EAPF) was held in Nairobi – Kenya from 19th – 21st November 2014 at the Kenyatta International Convention Centre. The Forum was hosted by the Public Procurement Oversight Authority of Kenya on the theme: ***"Promoting Sustainable Socio-economic Development through Public Procurement."*** The three day event gave a platform to the over 300 participants to engage with peers in East Africa on matters regarding public procurement in the region. The Authority coordinated the participation of 49 Ugandan delegates at the Forum led by the PPDA Board Chairman.

The following six (6) key resolutions were made during the Forum:

- a. All partner states need to develop a procurement policy.
- b. All partner states need to develop preferential schemes for its citizens.
- c. There is a need for a regional professional body for procurement professionals.
- d. Partner states need to enhance the capacity building initiatives for persons involved in procurement.
- e. Partner states should hasten the implementation and the development of e-procurement.
- f. Regulatory oversight of procurement activities by the civil society organisations, media and the private sector should be facilitated to complement government mandate.

The 8th EAPF will be held in Tanzania and to be hosted by the Public Procurement Regulatory Authority of Tanzania.

10.5 Public Expenditure Management Committee (PEMCOM)

The Authority made a presentation on the highlights of the procurement audit report for FY 2013/14, to the PEMCOM at its 29th meeting held on 27th May 2015. A number of actions were agreed on as below:

- a) The Authority to develop and share with FINMAP a budget proposal to hire additional 15 staff . The additional staff are to be provisionally funded by FINMAP in FY 2015/16 for the Government to subsequently take over beginning FY2016/17 under the PPDA MTEF. The Authority prepared a budget of UGX 830 Million which was approved to implement this action.
- b) Tighten sanctions against errant officers through the Public Finance Management (PFM) Regulations given that the current PPDA Law does not provide for sanctions.
- c) Review definition of “Disciplinary Action” in the PFM law in order to ensure that sanctions are effective.
- d) Issue circular requiring Entities to prepare “Disposal Plans” as part of their annual work plans.

10.6 Benchmarking Tour of Germany: 16th-23rd May 2015

The GIZ through the Promotion of Accountability and Transparency Project sponsored a study tour of the Federal Republic of Germany by the cooperating accountability institutions comprising nine representatives from the Office of the Auditor General (OAG), the Inspectorate of Government (IG) and the PPDA.

The Promotion of Accountability and Transparency Project supports in particular the Office of the Auditor General in enhancing the effectiveness of public sector audits in Uganda as well as strengthening the interfaces between other accountability organizations like the Public Procurement and Disposal of Public Assets Authority (PPDA) and the Inspectorate of Government (IG) with the following objectives:

- a) To contribute to enhancement of accountability and transparency in government’s operations by improving institutional frameworks and building capacity of staff to effectively conduct their mandates and functions according to international standards.
- b) To strengthen the cooperation between OAG and the parliament and other relevant stakeholders, enhancing OAG’s compliance with International Auditing Standards (ISSAI’s), strengthening human resource management and development and streamlining training.
- c) To support joint trainings and workshops of OAG, PPDA and IG to strengthen interfaces and enhancing knowledge transfer between the accountability institutions.

Within the above framework, the GIZ project facilitated the visit to Germany with the purpose to reflect the cooperation of external audit, legislative oversight, public procurement and disposal audit, prevention and prosecution of corruption in Germany and to learn and compare approaches in promoting accountability and transparency. The insights from German visit showed how institutions cooperate to fight corruption despite different mandates and that it is necessary to have strong preventive measures in the system.

In the ensuing period, the cooperating institutions agreed after the study tour to come up with actions within the following areas reflecting their applicability to the Ugandan situation:

- a) The “Rules of Integrity” is a very important tool in promoting transparency and accountability in oversight and anti-corruption institutions. The three institutions namely IG, OAG and PPDA could explore setting up a team to customize the German Version to promote integrity within the institutions to lead by example.
- b) Where applicable the use of “Real Time Audit” and other preventative strategies could be gradually promoted. This approach has worked well in Germany.
- c) The OAG could consider selecting audit reports for tabling in parliament based on the relevance. This will avoid the parliamentary committees being overwhelmed with work and yet they could focus on important findings in the audit reports.
- d) Institutions should be supported to develop capacity to carryout risk analysis to identify programs, areas, activities and institutions vulnerable to corruption and job risk analysis to enable identification of risky jobs and design interventions to combat the vice.
- e) A mechanism should be put in place to establish a register/database for tracking corrupt persons investigated and prosecuted to enable proper risk management.
- f) The cooperating institutions with support from the GIZ could make further consultations on the applicability, cost effectiveness and benefit of using the web based confidential informant database system of receiving complaints and feedback.
- g) The three institutions should fast track and popularize implementation of simple interventions like periodic staff rotation, corruption awareness, establishing a corruption reporting officer and external ombudsman function. Hotlines could also be established in every institution to receive and register corruption related complaints.
- h) Each Entity could be encouraged to design corruption awareness campaign within its management.
- i) There is need to build capacity to combat competition abuse in public contracts through behaviors of cartels, mergers and dominance.

10.7 The National Partnership Dialogue

The National Partnership: Under the leadership of the Office of the Prime Minister, the Government approved a partnership policy in 2013 which stipulates the guiding principles and priorities of government engagement with Development Partners. The Authority participated in discussions at technical level to agree on priority areas that will guide the 2nd National Partnership Dialogue planned for July 2015 to be chaired by the Rt. Hon. Prime Minister. The Independent Parallel Bid Evaluation Mechanism was prioritised as one of the key areas to aid the implementation of key infrastructure projects in the country.

**CHAPTER 11:
CHALLENGES AND PRIORITIES
OF FY 2015/16**

CHAPTER 11: CHALLENGES AND PRIORITIES OF FY 2015/16

The chapter outlines the challenges the Authority faced in the course of implementing the planned activities. It also presents the priorities for FY 2015/16 as guided by the Strategic Plan, FY 2014/15 – 2018/19.

11.1 Challenges

- a) **Delay in piloting e-GP:** The implementation of e-procurement in at least 8 procuring Entities was considered a Trigger by the World Bank. Although the activities on strengthening readiness for e-government procurement were successfully implemented with financial and technical support from the World Bank/DFID, the pilot roll out of e-procurement could not begin in FY 2015/16 as planned due to a number of reasons including lack of funding. The pilot roll out of e-procurement is now envisaged to commence in FY 2017/18.
- b) **Late Conclusion of OD Exercise:** The PPDA Organization Development (OD) was an important activity whose implementation was meant to analyze the Authority's structures, systems, processes and functions to ensure that they are properly aligned and effective in implementing the 5 year strategic plan. The OD exercise was conducted late towards the end of 1st year of the strategic plan. The results of the OD would have enhanced the capacity of the Authority to achieve more results from the strategic plan.
- c) **Delay in Revision of the Audit Manual:** The other activity that was linked to the OD exercise was the audit tool which was developed towards the end of the 1st year of the strategic plan. Due to this delay, some of the indicators in the M & E framework could not be measured due to inadequate capacity, data and guidance.
- d) **Misalignment of Year 1 of the Strategic Plan and Budget Planning:** The approval of the strategic plan was not aligned to the government budget cycle for the year 2014/15. The required funding could therefore not be realized due to this misalignment.
- e) **Limitations of a manual based procurement system:** Technology inarguably increases efficiency in business processes. It has the added advantage of leveraging limited resources. The current procurement system is largely manual, is inefficient and subject to abuse and manipulations.
- f) **Capacity Gaps at PDEs:** The procurement profession in the country is still growing and there is need for more professionals. The few professionals available keep on moving from Entity to Entity or resign leaving a technical capacity gap in the PDEs. Contract Committee members whose terms have expired have been replaced with new members who are not well equipped with procurement knowledge.
- g) **Failure to meet Statutory Timeframes:** The Authority is supposed to feed its procurement audit reports/findings into the Auditor General's report by end of December every year, which

will now change to September in light of the new timelines being proposed by the PFM Bill. However, due to delayed approval of work plans and budgets by development partners there was delayed commencement of the procurement audit process.

- h) Low level of implementation of recommendations issued to the Entities:** The implementation status of recommendations of the Authority by Entities in FY 2014/15 declined from 77% in FY 2013/14 to 57% in FY 2014/15. A total of 590 recommendations were reviewed and of these, 254 (43%) were either partially implemented or not implemented. The failure to implement most of the recommendations is as a result of laxity on the part of the Accounting Officers and the Procurement and Disposal Units; and failure of the user departments in MDALGs to play their roles in public procurement. The failure by Entities to implement the issued recommendations has continuously frustrated the efforts of the Authority to improve performance of the Entities which also retards the performance of the entire public procurement system in Uganda.
- i) Limited audit coverage:** The current audit coverage stands at 33% which is 105 PDEs out of a total of 319 PDEs. The Authority faces limited financial resources which impact on both human and physical resources to cover all PDEs. This has been worsened by the limitation in the MTEF of the Authority which has been maintained at its current level of 10.7 billion and yet PDE numbers continue to grow.
- j) Capacity and Technical knowledge:** The Authority has continually noted inadequate capacity of local providers leading to preparing of non-responsive bids to enable bidders compete favorably. There is also a concern about the shoddy and substandard works by contractors due to lack of local capacity of companies and unethical conduct by some contractors.
- k) Unprofessionalism of some Procurement Officers:** The Authority has noted that there are some errant procurement officers who continue to flout procurement procedures and yet cannot be disciplined by PPDA as the Authority does not have the mandate to discipline them other than recommending for disciplinary action by the appointing Authority.
- l) Low Rating of Entities:** The Authority conducted 121 procurement and disposal audits for Entities on procurements undertaken in FY 2013/2014. The overall performance of the Entities indicated that over 40% of the Entities were rated as either unsatisfactory or highly unsatisfactory.
- m) Contracts Rated Satisfactory from Procurement Audits still very low:** Although the Authority recorded an improvement in the number of low risk and satisfactory contracts over the years, the results of satisfactory contracts are still a paltry 16% of the value of contracts which is still below the target of 50%.
- n) Long Average Procurement Lead Time:** Despite the notable improvement in performance of Entities, the average lead time is still way above the indicative time frames that were developed by the Authority. The variances are higher in the more competitive procurement processes. Other noted areas of concern remain the administrative timelines such as the time between submission of bids and start of evaluation, and time taken between completion of evaluation and submission to the Contracts Committee. Time taken at these stages remains unnecessarily long.

11.2 Priorities for FY 2015/16

In accordance with the objectives of PPDA, Accountability Sector priorities and in alignment with the national aspirations as guided by the NDP II, the priority focus of the Authority in FY 2015/16 will be:

(a) Strengthening Transparency and Accountability

- Development of the e-procurement system as part of the National E-Government Framework for the implementation of e-governance in various sectors of Government including procurement
- Undertaking investigations on cases of suspected fraudulent and unethical practices
- Following up on the implementation of PPDA recommendations
- Engaging non state actors in contract monitoring

(b) Increasing Competition to develop domestic industry

- Promoting and monitor the use of preference and reservation schemes
- Building capacity of providers
- Development of Local Content Strategy and its implementation
- Finalizing the development of guidelines on implementation of Preference and Reservation Schemes

(c) Enhancing the Efficiency of the Public Procurement Process

- Monitor progress of implementation of procurement plans by the High Spend Entities
- Monitor use of framework contracts
- Put in place a strategy in combating bottlenecks by closely tracking and monitoring lead times especially for high spend Entities

(d) Strengthening Contract Management and Performance

- Identify capacity gaps in contract monitoring and reporting through procurement and contract audits and recommend measures to address the gaps

(e) Leveraging Technology to improve procurement outcomes

- Procurement of e-procurement solution
- Acquire EDMS
- Acquire e-learning system
- Re-align the ICT strategy with the PPDA Strategic Plan

(f) Enhancing the performance of public procurement beyond compliance

- Conduct performance based audits and investigations

(g) Enhancing the effectiveness of capacity building, research and knowledge management

- Undertake targeted capacity assessments and sector specific skilling of PDEs
- Use of ICT for capacity building

(h) Strengthening internal capacity to deliver improved performance of public procurement

- Use of ICT to drive efficiency in operations

- Strengthen staff capacities to perform
- Development of the PPDA Home and opening up of two Regional Offices in Mbarara and Mbale
- Implement OD recommendations.

(i) Leveraging and enhancing Partnerships and Collaborations

- Implement frameworks for engaging key stakeholders in public and private sector at national and international levels
- lobby government and development partners to realize the needed resources to implement the strategic plan.

11.3 Conclusion

Overall, the Authority is satisfied with the Yr1 performance in light of the available resources. Most of the targets were being met and with an improvement in performance compared to the last year's (baseline year) performance. In particular, achievements were noted in areas of Procurement audits and investigations, increasing competition among bidders, enhancing the efficiency of the public procurement process and capacity building.

The implementation of the plan was premised on increasing financial support from the Government and Development Partners. It is doubly important that the Authority refines its planning, reaffirms its commitment to the current plan, and considers any adjustments needed in the outer years of the plan. It is not the intention of the Authority to use the Year 1 assessment to revise the current strategic plan. However, it is also important to recognize the potential effects of the exceptional opportunities for growth in certain strategic areas that were not fully recognized when the strategic plan was formulated.

CHAPTER 12: AUDITOR GENERAL'S REPORT



THE REPUBLIC OF UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
(PPDA) FOR THE YEAR ENDED 30TH JUNE 2015**

**OFFICE OF THE AUDITOR GENERAL
UGANDA**

TABLE OF CONTENTS	
LIST OF ACRONYMS	2
REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY (PPDA) FOR THE YEAR ENDED 30 TH JUNE 2015.....	3
1.0 INTRODUCTION	5
2.0 BACKGROUND INFORMATION.....	5
3.0 OBJECTIVES	5
4.0 AUDIT OBJECTIVES	6
5.0 AUDIT PROCEDURES PERFORMED	6
6.0 ENTITY FINANCING	7
7.0 CATEGORIZATION AND SUMMARY OF FINDINGS	7
7.1 Categorization of findings	7
7.2 Summary of Findings.....	8
8.0 DETAILED FINDINGS.....	8
8.1 Accounting Manual not updated	8
8.2 Shortfall of GoU releases	8
8.3 Lack of Fleet Management Policy.....	9
9.0 STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS.....	9

LIST OF ACRONYMS

Acronym	Meaning
RT	Right
HON	Honourable
PPDA	Public Procurement and Disposal of Public Assets Authority
ROP	Register of Providers
ISAs	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
FINMAP	Financial Management and Accountability Programme
MoFPED	Ministry of Finance, Planning and Economic Development
ICT	Information Communications Technology
MTEF	Medium Term Expenditure Framework
PPMS	Procurement Performance Measurement System
PDE	Procurement and Disposal Entity
NSSF	National Social Security Fund
BoU	Bank of Uganda
IFMS	Integrated Financial Management System
HRMS	Human Resource Management System
PFMA	Public Finance Management Act
TAIs	Treasury Accounting Instructions

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PUBLIC
PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY (PPDA) FOR THE
YEAR ENDED 30TH JUNE 2015**

THE RT. HON. SPEAKER OF PARLIAMENT

I have audited the financial statements of PPDA for the year ended 30th June, 2015 as set out on pages 6 to 40. These financial statements comprise of the Statement of financial position, the Statement of Financial Performance, Statement of Changes in Equity and Cash flow Statement together with other accompanying statements, notes and accounting policies.

Responsibility of the Directors

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Public Finance Management Act, 2015 and the modified Basis of accounting and the Financial Reporting Guide, 2008 for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on the audit. I conducted the audit in accordance with International Standards on Auditing. Those standards require that I comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the Auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the

directors, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

PART "A"

Opinion

In my opinion the financial statements of PPDA for the period ended 30th June, 2015, are prepared in all material respects, in accordance with Section 51 of the Public Finance Management Act, 2015 and the Financial Reporting Guide, 2008.

Report on other legal requirements

As required by the PPDA and the National Audit Act, I report to you, based on my audit, that:

- i. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
- ii. In my opinion, proper books of account have been kept by the Authority, so far as appears from my examination of those books; and
- iii. The statement of financial position and statement of financial performance are in agreement with the books of account.

John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

15th November, 2015

PART "B"

DETAILED REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY (PPDA) FOR THE YEAR ENDED 30th JUNE, 2015

This Section outlines the detailed audit findings, management responses, and my recommendations in respect thereof.

1.0 INTRODUCTION

Article 163(3) of the Constitution of the Republic of Uganda 1995 (as amended) requires me to audit and report on the public accounts of Uganda and all public offices including the courts, the central and the local government administrations, universities and public institutions of the like nature and any public corporation or other bodies or organizations established by an Act of Parliament. Accordingly, I carried out the audit of PPDA to enable me report to Parliament.

2.0 BACKGROUND INFORMATION

The PPDA Act 1 of 2003 was passed by Parliament in November 2002 and assented to by His Excellency the President in December 2002. The law was gazetted in January 2003 and brought into effect by the Minister of Finance, Planning and Economic Development on 21st February 2003. The Act set up the PPDA Authority as the principal regulatory body for public procurement and disposal.

The Authority's vision is "A world-class procurement and disposal system that is transparent, accountable and efficient"; and its mission is "To regulate and facilitate public procurement in Uganda by setting standards, building capacity and monitoring compliance and ultimately contribute to socio-economic development".

3.0 OBJECTIVES

The objectives of the Authority are:

- To ensure the application of fair, competitive, transparent, non-discriminatory and value for money public procurement and disposal standards and practices;
- To harmonize procurement and disposal policies, systems and practices of the central government, local governments and statutory bodies;

- To set standards for the public procurement and disposal systems in Uganda;
- To monitor compliance of procuring and disposing entities; and
- To build procurement and disposal capacity in Uganda.

4.0 AUDIT OBJECTIVES

The audit was carried out in accordance with International Standards on Auditing and accordingly included a review of the accounting records and agreed procedures as was considered necessary. In conducting my reviews, special attention was paid to establish:-

- Whether the financial statements have been prepared in accordance with consistently applied Accounting Policies and fairly presents the revenues and expenditures for the period and of the financial position as at the end of the period.
- Whether all Authority funds were utilized with due attention to economy and efficiency and only for the purposes for which the funds were provided.
- Whether goods and services financed have been procured in accordance with the Government of Uganda procurement regulations, and to evaluate and obtain a sufficient understanding of the internal control structure of the organization, assess control risk and identify reportable conditions, including material internal control weaknesses
- Whether the management was in compliance with the Government of Uganda financial regulations.
- Whether all necessary supporting documents, records and accounts have been kept in respect of all activities, and are in agreement with the financial statements presented.

5.0 AUDIT PROCEDURES PERFORMED

The following audit procedures were undertaken:-

- Revenue
Obtained schedules of all revenues collected and reconciled the amounts to the cashbooks and bank statements.
- Expenditure
The payments vouchers were examined for proper authorization, eligibility and budgetary provision, accountability and support documentation.

c. Internal Control System

Reviewed the internal control system and its operations to establish whether sound controls were applied throughout the period audited.

d. Procurement

Reviewed the procurement of goods and services by the Authority during the period under review and reconciled with the approved procurement plan.

e. Fixed Assets Management

Reviewed the use and management of the assets of the Authority during the period audited.

f. Authority's Financial Statements

Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessed the accounting principles used and significant estimates made by management; as well as evaluated the overall financial statement presentation.

6.0 ENTITY FINANCING

The Authority was financed with transfers from the Treasury of UGX.8,579,200,431 out of an approved budget of UGX.10,766,047,751. This implies that only 79.69% of the budget was funded.

7.0 CATEGORIZATION AND SUMMARY OF FINDINGS

7.1 Categorization of findings

The following system of profiling of the audit findings has been adopted to better prioritise the implementation of audit recommendations:

	Category	Description
1	High significance	Has a significant/material impact, has a high likelihood of reoccurrence, and in the opinion of the Auditor General, it requires urgent remedial action. It is a matter of high risk or high stakeholder interest.
2	Moderate significance	Has a moderate impact, has a likelihood of reoccurrence, and in the opinion of the Auditor General, it requires remedial action. It is a matter of medium risk or moderate stakeholder interest.
3	Low significance	Has a low impact, has a remote likelihood of

		reoccurrence, and in the opinion of the Auditor General, may not require much attention, though its remediation may add value to the entity. It is a matter of low risk or low stakeholder interest.
--	--	--

7.2 **Summary of Findings**

No	Finding	Significance
8.1	Accounting Manual not updated	High
8.2	Shortfall of GoU releases	Low
8.3	Lack of Fleet Management Policy	Low

8.0 **DETAILED FINDINGS**

8.1 **Accounting Manual not updated**

I observed that there was no updated documented financial management controls and procedures to support the current accounting processes and procedures because the Authority lacked an updated Finance and Accounting Manual as the existing one of 2004 required review. The introduction of the Output Budgeting Tool (OBT), IFMS, IPPS, Single Account System and PFMA, the manual has been seen to be inapplicable. The areas of budgeting, funds releases, EFT payments and accountability have changed over time.

Management explained that they engaged a consultant to update the Authority accounting manual and the consultant failed to deliver as expected. The Authority has planned to re-budget for the activity and ensure the Accounting Manual is updated accordingly.

I informed the Accounting Officer of the importance in updating its financial manual and advised that the manual is urgently reviewed.

8.2 **Shortfall of GoU releases**

The Authority had budgeted to receive transfers from Treasury amounting to UGX.10,766,047,751 but only UGX.8,579,200,431 was released, creating a shortfall of UGX.2,186,847,320. The shortfall affected the authority cash flows and limited implementation of planned activities such as procurement audits, legal reforms in

improving efficiency in public procurement and disposal, capacity building program and staff training.

I advised the Accounting Officer to liaise with stake holders to ensure approved funds are provided for the smooth running of the institution.

8.3 **Lack of Fleet Management Policy**

Best practice requires organizations to put in place a fleet management policy to guide on the usage, maintenance and replacement of its fleet. It was noted that the Authority did not have a fleet management policy which would have guided on management on use and replacement of old vehicles. As a result, the authority still maintains motor vehicles which have been in use for over ten (10) years and whose book values had been fully depreciated. See the table below; I sampled 5 old vehicles owned by the entity and noted these vehicles had actually exceeded the government age limit of 5 years and had gone beyond 250,000 kilometrage on the road.

Reg. No	Description	Date of Acquisition	Period in service
UAA630F	Double Cabin Pick-Up	Jan. 2003	12 yrs, 6 months
UAA410F	Toyota Hiace Mini Bus	Jan. 2003	12 yrs, 6 months
UAA431F	Subaru Forester	July 2004	11 Years
UAA432F	Subaru Forester	July 2004	11 Years
UAA766E	Nissan Primerra	July 2004	11 Years

The Accounting Officer explained that they have developed an asset management policy to guide on the management of fleet but this document was still in a draft form awaiting Board approval.

I advised the Accounting Officer to ensure that a fleet management policy is established.

9.0 **STATUS OF PRIOR YEAR AUDIT RECOMMENDATIONS**

The status of the prior year audit recommendations is summarized in the table below:-

	Issue raised	Status on Implementation	
01	Un-transferred balance to the UCF of UGX.80,415,051	The un-transferred balances (UGX 80,415,051) net of bank charges was transferred as follows;	Implemented

No.	date	MoFPED Receipt no	Amount (UGX)
1	10.07.2014	31829	6,488,500
2	12.08.2014	32494	37,380,000
3	22.06.2015	35181	37,348,500
Total			81,217,000

The bank account was closed in September 2014. Since then all NTR is collected through URA –e-Tax portal

02	Un-implemented sale of vehicles	During the FY2014-2015 the Authority acquired three new cars and also disposal off two vehicles no UAA 630E and UAA 967F. Two more vehicles will be dispose off this financial year after purchasing two more vehicles.	Partially Implemented
03	Understaffing and High staff turn over	During Financial Year 2014-2015 the Authority recruited Seven (7) new staff bringing staff filled position to 84 out of the approved structure of 102. The remaining vacant positions will be filled in FY2015-2016. The Recruitment process of Fifteen (15) is already under way.	Partially Implemented
04	Lack of capacity in Oil and Gas Sector	In FY2014-2015 the Authority with support from Ministry of Energy local trained fifteen (15) in Oil and gas. More four (4)staff will train this financial year	Implemented
05	Lack of PPMS verification reports	During the FY2014-2015 the Authority carried verifications in one hundred and twenty (120) entities covering a total of 2,500 contracts.	Implemented
06	Non – Compliance and delayed data capture into PPMS	There is significant improvement in data entry as indicated by the increment of contracts entered into the system from 20,080 in FY 2013/14 to 37,555 in FY2014/15. Furthermore, the Authority has developed Government Procurement Portal (GPP) that integrates PPMS with other existing procurement IT tools such as Register of Providers and Tender Portal it envisaged that this will increase compliance to data capture in the system.	Partially Implemented
07	Lack of common average price list for services	The current common average price has been expanded to cover some services such as garages, air tickets. Furthermore, the Authority has established a committee to cover other complex services such as consultancy services the committee is expected to give report this financial year.	Partially Implemented

GOVERNMENT OF THE REPUBLIC OF UGANDA



REPORTS AND FINANCIAL STATEMENTS FOR
PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC
ASSETS AUTHORITY (PPDA)

FOR THE TWELVE MONTHS ENDED 30th JUNE, 2015

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[Handwritten name]

Government of the Republic of Uganda
 Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015
 Table of contents

Serial no	Description of Reports and Financial Statements	Page
1	Statement of Responsibilities of the Accounting Officer (statement of performance)	2
2	Information about the entity	3
3	Commentary on the Financial Statements by the Head of Accounts	4
4	Report of the Auditor General	5
5	Statement of Financial Performance	6
6	Balance Sheet (Statement of Financial Position)	7
7	Statement of Cash Flows	8-9
8	Statement of Appropriation Account [by class of services voted]	10
9	Statement of Appropriation Account [by nature of expenditure]	11
10	Statement of Reconciliation between Financial Performance and Appropriation Account	12
11	Statement of Revenues collected	13
12	Statement of Arrears of Revenues	14
13	Statement of Contingent Liabilities	15
14	Statement of Non-quantifiable Contingent Liabilities	16
15	Statement of Outstanding Commitments	17
16	Statement of losses of public moneys and stores written off, and claims abandoned	18
17	Statement of losses of public moneys and stores reported	19
18	Statement of stores and other assets [physical assets]	20
19	Statement of disposal of physical assets during the period	21
20	Letters of Credit Schedule	22
21	Project Balances Schedule	23
22	Accounting Policies	24-29
23	Notes to the Financial Statements	30-40,

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015
Statement of Responsibilities of the Accounting Officer

The financial statements set out on pages 6 to 40 have been prepared in accordance with the provisions of the Public Finance Management Act, 2015 [the Act]. The financial statements have been prepared on the modified cash basis of accounting and comply with the generally accepted accounting practice for the public sector.

In accordance with the provisions of Section 51 of the Public Finance Management Act, 2015 [the Act], I am responsible for the control and personally accountable to Parliament for the regularity and propriety of the expenditure of money applied by an expenditure vote, or any provision funded wholly through the Consolidated Fund, and for all resources received, held or disposed of.

Under the provisions of Section 51 of the same Act, I am required to prepare, sign and submit financial statements to the Minister responsible for Finance, the Auditor General, and to the Accountant General within a period of one and half months from the end of the Twelve months. Accordingly, I am pleased to submit the required financial statements in compliance with the Act. I have provided and will continue to provide all the information and explanations as may be required in connection with these financial statements.

To the best of my knowledge and belief, these financial statements agree with the books of account, which have been properly kept.

I accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the Public Finance Management Act, 2015 [the Act]

Cornelia K. Sabiiti 
Accounting Officer

Public Procurement and Disposal of Public Assets Authority

..... 25-08-2015
Date

Information about the Reporting Entity

Full Address:

Public Procurement & Disposal of Public Assets Authority (PPDA)
Plot 37/39, Nakasero Road, 5th Floor
UEDCL Towers
P.O Box 3925 Kampala
Kampala

A description of the nature, operations and principal activities of PPDA

To advise Central Government, Local Governments & Statutory bodies on all public procurements and disposal systems in Uganda and advise desirable changes.

The Principle activities of the Authority are:

- i. Ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices
- ii. Harmonize the procurement and disposal policies systems and practices of the Central Government, Local Governments and Statutory bodies
- iii. Set standards for the procurement and disposal systems in Uganda
- iv. Monitor Compliance of procuring and disposing entities
- v. Build procurement and disposal capacity in Uganda

Entities main responsibilities

1. Monitor and report on the performance of the public procurement and disposal systems in Uganda and advice on the desirable changes
2. Set training standards, competences levels, certification requirements and professional development paths in consultation with competent authorities
3. Conduct periodic inspections of the record and proceedings of the procuring and disposing entities to ensure full and correct application of the PPDA Act.

Cornelia K. Sabiiti 
Accounting Officer

Public Procurement & Disposal of Public Assets Authority

Date: 25-08-2015

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015

Commentary on the Financial Statements by the Head of Accounts

Budget Performance

The budget performance for PPDA for the year ended June 30th, 2015 was as follows:

The performance for the year was within the budget for the FY2014/2015 according to this report. The Authority in the Financial Year 2014/2015 was funded by the Government of Uganda at UGX 8,579,200,431 out of the approved budget/MTEF of UGX. 10,766,047,751/=.

The Authority had fuel balances of UGX 98,438,073/= as at 30th June, 2015 and this has been treated as prepayments in the Financial Statements.

On the other hand Non Tax Revenues (NTR) of UGX 473,901,574/= were collected during the period and remitted to Uganda Consolidated Fund (UCF) as required. Most of the NTR collection was from registration fees on the Register of Providers (RoP).

During the year, one of the Authority's motor vehicle No. UAJ 660X – Ford Everest got involved in an accident and was proposed for write-off by the Chief Mechanical Engineer.

Funding Source other than Government of Uganda

In addition to funds received from Government of Uganda, the Authority was funded by Development Partners through FINMAP III (FY2014/2015) at USD\$ 236,925 out of the approved budget of USD\$ 535,389 which was used directly to fund: procurement audits and investigations, Legal reform in improving efficiency in public procurement & disposal, capacity building programmes and staff training.

Additional Funds were received from World Bank (USD\$290,291.56), out of approved grant of USD\$500,000 to support E- Government procurement start up activities the grant was initially for eight months from July 1,2014.

The Authority received support from the Deutsche Gesellschaft für Internationale Zusammenarbeit (G.I.Z) with approved funding of USD 184,135. The GIZ funding was for promoting transparency and accountability in Uganda through collaborations between PPDA, IGG and OAG.

In the same year, the Authority also received funding from USAID/GAPP of USD 75,000 for auditing twenty (20) PDEs of Northern Uganda Local Governments. The funding was used to directly contract consultants for procurement audits. As at 30th June 2015, 100% of this funding had been realized.

I take full responsibility for the integrity of these Financial Statements, the financial information they contain and their compliance with the Public Finance and Accountability Act 2015. The Trial Balance, Bank Reconciliation and the Bank Statements to 30th June, 2015 are attached.

Julius B. Mwesigye... *bmjms*
Head of Accounts
Date..... *25.08.2015*

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015

Statement of Financial Performance for the Twelve months ended 30th June, 2015
[Based on classification of expenditures by nature]

	Notes	Actual 30th June 2015 UGX	Actual 30th June 2014 UGX
Operating revenue			
Grants from foreign Governments	2	0	0
Grants from International Organizations	3	0	0
Transfers received from the Treasury	4	8,579,200,431	8,138,518,006
Transfers received from other Gov't units	5	0	0
Non-Tax Revenues	6	461,786,000	275,112,671
Miscellaneous Revenue	7	12,115,574	8,635,599
Total operating revenue		9,053,102,005	8,422,266,276
Operating expenses			
Employee costs	8	4,993,461,304	4,548,487,126
Goods and services consumed	9	2,964,245,728	3,078,609,767
Consumption of property, plant & equipments	10	704,730,974	288,320,245
Interest expense	11	0	0
Subsidies	12	0	0
Transfers to other Organizations	13	0	0
Social benefits	14	0	0
Other expenses	15	0	0
Foreign exchange losses (gains)	16	0	0
Total operating expenses		8,662,438,006	7,915,417,138
Excess of revenue over expenditure from operating activities		390,663,999	506,849,138
Finance costs	17	0	0
Transfers to Treasury	18	473,901,574	321,882,490
Losses of cash only (refer to Statement of reported losses)		0	0
Excess of expenditure over revenue for the period		-83,237,575	184,966,648

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25.06.2015

Cornelia K. Sabiiti
Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015

Statement of Financial Position as at 30th June 2015.

	Notes	30th June 15 UGX	30th June 14 UGX
ASSETS			
Non Produced Assets	19	0	0
Cash and Cash equivalents	20	3,291,000	3,618,600
Receivables	21	98,438,073	181,348,048
Inventories	22	0	0
Investments	23	0	0
Investment properties	24	0	
Total Assets		101,729,073	184,966,648
LIABILITIES			0
Borrowings (interest bearing liabilities)	25	0	0
Payables		0	0
Payables	26	0	0
Pension liabilities	27	0	0
Total liabilities		0	0
NET ASSETS		101,729,073	184,966,648
REPRESENTED BY:			
Net Financial Worth			

Statement of Changes in Equity (Net Worth) as at 30th June 2014

		30th June 2015 UGX	30th June 2014 UGX
Net worth Last Year (B/F)		184,966,648	1,048,400
FY2012/2013 Office Imprest Account expenses			-1,048,400
Add: Excess of expenditure over revenue for the Year (See Statmt of Financial Performance)		-83,237,575	184,966,648
Suspense		0	0
Closing Net Financial Worth		101,729,073	184,966,648

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25-08-2015

Cornelia K. Sabiti
Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015

Cash Flow Statement for the Twelve months ended 30th June 2014 [Direct Method]

	Notes	30th June 2015 UGX	30th June 2014 UGX
CASH FLOWS FROM OPERATING ACTIVITIES		9,053,102,005 8,519,789,431	8,422,266,276
Total receipts from Operating Revenues were (see below):			
PAYMENTS FOR OPERATING EXPENSES:			
Employee costs	8	4,993,461,304	4,548,487,126
Goods and services consumed	9	2,964,245,728	3,078,609,767
Interest expense		0	0
Transfers to Treasury	18	473,901,574	321,882,490
Increase in Receivable	21	(82,909,975)	181,348,048
Other expenses		0	0
Domestic arrears paid during the period	26	0	0
Pension Arrears paid during the Year		0	0
Losses of cash		0	0
Letters of Credit receivable		0	0
Total payments for operating activities		8,348,698,631	8,130,327,431
Net cash inflows/(outflows) from operating activities		704,403,374	291,938,845
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipments	10	(704,730,974)	(288,320,245)
Proceeds from sale of property, plant and equipments		0	0
Purchase of investments		0	0
Proceeds from sale of investments		0	0
Purchase of investment properties		0	0
Proceeds from sale of investment properties		0	0
Net cash inflows/(outflows) from investing activities		(704,730,974)	(288,320,245)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other domestic borrowings		0	0
Repayments of other domestic borrowings		0	0
Net cash flows from financing activities		0	0
Net increase (decrease) in cash and cash equivalents		(327,600)	3,618,600

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

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Cornelia K. Sabiiti
Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015

Cash Flow Statement for the Twelve months ended 30th June 2015 (continued)

	Notes	30th June 2015 UGX	30th June 2014 UGX
For cash flow purposes receipts from operating revenue comprise of:			
Operating Revenue			
Grants from foreign Governments	2	0	0
Grants from International Organizations	3	0	0
Transfers received from the Treasury	4	8,579,200,431	8,138,518,006
Transfers received from other Government units		0	0
Non-tax revenues	6	461,786,000	275,112,671
Miscellaneous receipts	7	12,115,574	8,635,599
Advances Recovered		0	0
Deposits Received		0	0
Less: Transfers to Treasury	18	(473,901,574)	(321,882,490)
Total receipts from operating activities		8,579,200,431	8,100,383,786

Reconciliation of movement of cash during the period

	Notes	30th June 2015 UGX	30 th June 2014 UGX
At the beginning of the year		3,618,600	1,048,400
Retirement of Petty Cash B/f			-1,048,400
Net increase (decrease) of cash from the <u>Cash flow Statement</u>		-327,600	3,618,600
At the end of the period		3,291,000	3,618,600

For purposes of the cash flow statement, cash and cash equivalents comprise

		30th June 2015 UGX	30 th June 2014 UGX
Cash and bank balances	20	3,291,000	3,618,600
Less bank overdrafts	25	0	0
Net cash and bank balances		3,291,000	3,618,600

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements. The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25-08-2015

Cornelia K. Sabiiti 
Accounting Officer

Government of the Republic of Uganda
 Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015
 Statement of Appropriation Account [Based on services voted by Parliament]

	Initial Budget 30th June 2015 UGX	Revised Budget 30th June 2015 UGX	Actual 30th June 2015 UGX	Variance 30th June 2015 UGX
RECEIPTS				
Grants from foreign Governments	0	0	0	0
Grants from International Organizations	0	0	0	0
Transfers received from the Treasury	10,766,047,751	10,766,047,751	8,579,200,431	2,186,847,320
Transfers received from other Government units	0	0	0	0
Non-Tax Revenues & Misc income	145,000,000	145,000,000	473,901,574	(328,901,574)
	0	0	0	0
Total receipts	10,911,047,751	10,911,047,751	9,053,102,005	1,857,945,746
EXPENDITURE- by services as per appropriation				
Employee costs	5,183,629,185	5,183,629,185	4,993,461,304	190,167,881
Goods and Services	2,966,418,566	2,966,418,566	2,964,245,728	2,172,838
Property, Plant and Equipment	2,616,000,000	2,616,000,000	704,730,974	1,911,269,026
Social Benefits	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
Total Expenditure	10,766,047,751	10,766,047,751	8,662,438,006	2,103,609,745
Net Receipts / Payments			390,663,999	

The accounting policies and notes set out on pages 24 to 41 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25-08-2015

Cornelia K. Sabiiti
 Accounting Officer

Government of the Republic of Uganda
 Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015
 Statement of Appropriation Account [Based on nature of expenditure for services voted]

	Initial Budget 30 th June 2015 UGX	Revised Budget 30 th June 2015 UGX	Actual 30th June 2015 UGX	Variance 30th June 2015 UGX
RECEIPTS				
Grants from foreign Governments				
Grants from International Organizations				
Transfers received from the Treasury	10,766,047,751	10,766,047,751	8,579,200,431	2,186,847,320
Transfers from other Government units	0	0	0	0
Non-Tax Revenues	145,000,000	145,000,000	473,901,574	-328,901,574
Miscellaneous	0	0	0	
Total receipts	10,911,047,751	10,911,047,751	9,053,102,005	1,857,945,746
EXPENDITURE-by nature of expenditure				
Employee costs	5,183,629,185	5,183,629,185	4,993,461,304	190,167,881
Goods and services consumed	2,966,418,566	2,966,418,566	2,964,245,728	2,172,838
Consumption of property, plant & equipments (fixed assets)	2,616,000,000	2,616,000,000	704,730,974	1,911,269,026
Interest expense	0	0	0	0
Subsidies	0	0	0	0
Transfers to other Government Organizations	0	0	0	0
Social benefits	0	0	0	0
Other operating expenses	0	0	0	0
Domestic arrears paid	0	0	0	0
Total operating expenses	10,766,047,751	10,766,047,751	8,662,438,006	2,103,609,745
Finance costs			0	0
Total Expenditure	10,766,047,751	10,766,047,751	8,662,438,006	2,103,609,745
Net Receipts / Payments	0	0	390,663,999	

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on.....2015

Cornelia K. Sabiiti
 Accounting Officer

Government of the Republic of Uganda
 Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015

Statement of reconciliation between total expenditure per Statement of Appropriation Account to total expenditure in Statement of Financial Performance

	Actual 30th June 2015 UGX	Actual 30th June 2014 UGX
Total expenditure per Appropriation Account	8,662,438,006	7,915,417,138
Add:		
Letters of credit receivable prior year but delivered during the year		
Transfer to Treasury (note 18)		
Foreign exchange losses (gains)		
Less:		
Letters of credit receivable at year-end		
Domestic Arrears paid		
Total Expenditure per Statement of Financial Performance	8,662,438,006	7,915,417,138

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25-08-2015

Cornelia K. Sabiiti
 Accounting Officer



Government of the Republic of Uganda
 Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015

Statement of Revenues collected during the Twelve months ended 30th June 2015
 [Based on source of revenue] (Memorandum Statement)

Actual 30 th June 2014 UGX		Notes	Actual 30th June 2015 UGX	Budget 30 th June 2015 UGX	Variance 30th June 2015 UGX
	RECEIPTS				
	Non-tax revenues				
	Investment income				
	Dividends				
	Rent				
	Other property income				
	Income from disposal of Assets			0	
275,112,671	Administrative fees & licenses		461,786,000	143,000,000	(318,786,000)
0	Sales of publications		0	0	0
8,635,599	Miscellaneous revenue		12,115,574	2,000,000	(10,115,574)
283,748,270	Total Non-Tax Revenue		473,901,574	145,000,000	(328,901,574)

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25-08-2015

Cornelia K. Sabiiti *CK Sabiiti*
 Accounting Officer

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015**

Statement of Arrears of Revenues for the Twelve months ended 30th June 2015
[Based on source of revenue] (Memorandum Statement)

Budgeted Revenue 2014/2015 UGX	RECEIPTS	Arrears of Revenue 30th June 2014 UGX	Total Revenue billed during the period UGX	Actual Amounts collected during the period UGX	Amount remitted to the Consolidated Fund during the period UGX	Due to Consolidated Fund UGX.	Cumulative Arrears of Revenue at 30th June 2015 UGX
	Non-tax revenues						
	Investment income						
	Dividends						
	Rent						
	Other property income						
	Income from disposal of Assets						
145,000,000	Administrative fees & licenses	0	461,786,000	461,786,000	461,786,000	0	0
0	Fines and penalties						
0	Miscellaneous revenue	0	12,115,514	12,115,514	12,115,514	0	0
145,000,000	Total Non-Tax Revenue		473,390,574	473,390,574	473,390,574	0	0

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015

Statement of Contingent Liabilities as at 30th June 2015 (Memorandum Statement)

	Schedule	30th June 2015 UGX	30th June 2014 UGX
DOMESTIC			
Legal proceedings		106,750,000	
Guarantees and indemnities			
Guarantees of bank overdrafts			
Other contingent liabilities			
TOTAL DOMESTIC CONTINGENCIES		106,750,000	
FOREIGN			
Legal proceedings			
Guarantees and indemnities			
Guarantees of bank overdrafts			
Other contingent liabilities			
TOTAL FOREIGN CONTINGENCIES			
TOTAL CONTINGENT LIABILITIES		106,750,000	

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

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Cornelia K. Sabiiti
Accounting Officer

Government of the Republic of Uganda
 Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015
 Statement of Outstanding Commitments as at 30th June 2015.

	Outstanding commitments at beginning of year 1 July 2014	Adjustments to the previous year's commitments	Prior years commitments paid during the year	New outstanding commitments incurred during the Twelve months	Cumulative outstanding commitments 30th June 2015 UGX
Commitments by nature of expenditure: Cumulative					
OPERATING COMMITMENTS (PAYABLES)					
Employee costs					
Goods and services consumed	0	0	0	0	0
Interest expense	0	0	0	0	0
Subsidies	0	0	0	0	0
Grants payable	0	0	0	0	0
Social benefits	0	0	0	0	0
Other operating expenses	0	0	0	0	0
Finance cost		0	0	0	0
Total operating commitments	0	0	0	0	0
CAPITAL COMMITMENTS (PAYABLES)					
Property	0	0	0	0	0
Plant	0	0	0	0	0
Equipments	0	0	0	0	0
Total capital commitments	0	0	0	0	0
TOTAL PAYABLES	0	0	0	0	0
ADD:					
LONG TERM COMMITMENTS CARRIED FORWARD					
Commitments for Extraordinary items	0	0	0	0	0
TOTAL COMMITMENTS	0	0	0	0	0

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25-08-2015

Cornelia K. Sabiiti
 Accounting Officer

Government of the Republic of Uganda
 Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015
 Statement of losses of public moneys, stores and other assets written off, and claims abandoned
 during the Twelve months ended 30th June 2015.

Reference number of reported loss/write off/claim abandoned.		Opening Balance as at 1 July 2014 UGX.	Losses during the year	Losses written-off in the YR ended 30 th June 2015 UGX	Cumulative Losses written-off as at 30 th June 2015
	Losses of public moneys (cash and cash equivalents)	0	0	0	0
	Total losses of cash written off	0	0	0	0
	Losses of stores				
	Total losses of stores written off	0	0	0	0
	M/Vehicle	0	0	0	0
	Property				
	Plant				
	Equipments				
	Total losses of other assets written off				
	Claims abandoned				
	Total value of claims abandoned				
	Total losses of public funds, stores and claims abandoned				

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on2015

Cornelia K. Sabiiti
 Accounting Officer

Government of the Republic of Uganda
 Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015
 Statement of reported losses of public moneys, stores and other assets whether or not written off
 during the Twelve months ended 30th June 2015

Reference number of reported loss/write off/claim abandoned.		Opening Balance as at 1 July 2014 UGX.	Losses for the YR ended 30th June 2015 UGX	Cumulative Losses as at 30th June 2015 UGX
	Losses of public moneys reported (cash and cash equivalents)	0	0	0
	Total losses of cash	0	0	0
	Losses of stores reported.			
	Total losses of stores reported	0	0	0
	Losses of other assets			
	M/Vehicle UAJ 660X	48,930,313	36,697,735	36,697,735
	Property			
	Plant			
	Equipments			
	Total losses of other assets reported			
	Total losses of public funds, stores and other assets reported	48,930,313	36,697,735	36,697,735

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25-08 2015

Cornelia K. Sabiti *CS*
 Accounting Officer

Government of the Republic of Uganda

Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015

Statement of stores and other assets (physical assets) acquired during the Twelve months ended 30th June 2015

Asset register number for current period acquisition		30th June 2015 Cost in UGX	30th June 2014 Cost in UGX
	By individual assets		
	Transport Equipment	486,000,001	191,738,330
	Machinery and Equipment	174,231,345	82,865,571
	Furniture & Fittings	44,499,628	13,716,344
	TOTAL COST OF ASSETS ACQUIRED	704,730,974	288,320,245
	Analyzed as follows:		
	Land		
	Non Residential buildings		
	Residential buildings		
	Roads and bridges		
	Transport equipment-Motor vehicles etc	486,000,001	191,738,330
	Machinery and equipment	174,231,345	82,865,571
	Furniture and fittings	44,499,628	13,716,344
		0	0
	Total value of physical assets acquired	704,730,974	288,320,245

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25.08.2015

Cornelia K. Sabiiti
Accounting Officer

Government of the Republic of Uganda

Public Procurement and Disposal of Public Assets Authority (PPDA)
Financial Statements for the Twelve months ended 30th June 2015

Statement of disposal of physical assets during the Twelve months ended 30th June 2015

Year of acquisition	Asset register number		Receipt number	Original Cost in UGX	Proceeds on disposal UGX
		By individual assets			
		Land	0	0	
		Non Residential buildings	0	0	
		Residential buildings	0	0	
		Roads and bridges	0	0	
		Transport equipment-Motor vehicles etc	0	0	
		Machinery and equipment		46,894,837	6,463,442
		Furniture and fittings		950,910	463,513
		Write offs – M/Vehicle UAJ 660X		115,982,966	0
		Disposal by Donation		32,000,000	0
		TOTAL PROCEEDS FROM DISPOSALS			6,926,955
		Analyzed as follows:			
		Land			
		Non Residential buildings			
		Residential buildings			
		Roads and bridges			
		Transport equipment-Motor vehicles etc			
		Machinery and equipment		46,894,837	6,463,442
		Furniture and fittings		950,910	463,513
		M/vehicle UAJ 660X		115,982,966	0
		Disposal by Donation		32,000,000	0
		Total value of physical asset disposed off		195,828,713	6,926,955

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Cornelia K. Sabiti 
Accounting Officer

Government of the Republic of Uganda

Public Procurement and Disposal of Public Assets Authority (PPDA)
 Financial Statements for the Twelve months ended 30th June 2015

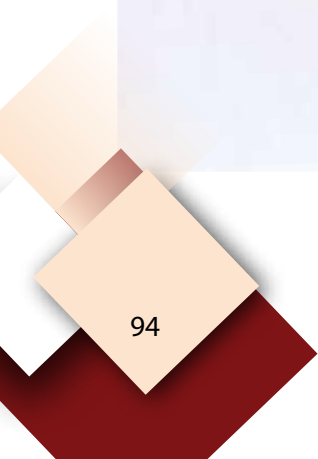
Schedule of Project balances as at 30th June 2015

Project Name	End Date	Funding Agency	Balance as at 1st July 2014 (UGX)	Disbursements for the Period (UGX)	Payments for the Period (UGX)	Balance as at 30th June 2015 (UGX)
ROP - Stanbic Bank (U) Ltd	30.06.2015	ROP	6,488,500	48,537,100	55,025,600	0
Bank Of Uganda EGP(USD)	30.06.2015	EGP	0	914,427,123	838,682,257	75,744,866

The accounting policies and notes set out on pages 24 to 40 form an integral part of these financial statements.

The financial statements on pages 6 to 23 were approved by the Accounting Officer on 25-08-2015

Cornelia K. Sabiiti 
 Accounting Officer



Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June, 2015

Accounting policies (continued)

1. General Information

Public Procurement & Disposal of Public Assets Authority (PPDA) is an accounting entity of the Government of the Republic of Uganda and is domiciled in Uganda.

The principal address of the entity is:

Plot 37/39, Nakasero road, 5th Floor UEDCL Towers

P.O. Box 3925 Kampala

2. Accounting policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Uganda in preparing and presenting the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Public Finance and Accountability Act, 2015 [the Act] and comply with Generally Accepted Accounting Principles taking into consideration the Government of Uganda legal and regulatory framework regarding public finances.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The cash basis of accounting as modified with regard to recognition of pension liabilities, domestic arrears, revenue from Uganda Revenue Authority, letters of credit and prepayments has been consistently used.

Under cash basis of accounting, revenue is recognized generally in the period in which it is received and not when earned, while expenditure is recognized in the period in which it is incurred. Similarly, purchases of assets including immovable property, plant and equipments are expensed fully in the year they are paid for.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Accounting policies (continued)

(b) Functional currency and translation of foreign currencies

(i) Presentation currency

The reporting & presentation currency is the Uganda Shilling (UGX), which is the legal tender of the Republic of Uganda. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

(ii) Translation of transactions in foreign currency

Foreign currency transactions are translated into Uganda shillings (UGX) using the exchange rates prevailing at the dates of the transactions.. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance.

(c) Reporting Period

The reporting period for these financial statements is the Twelve months of the Government, which runs from 1st July 2014 to the 30th June 2015.

The Budget forecast is the original forecast as amended by subsequent supplementary budgets for the year as presented appropriated by Parliament.

(d) Revenue

Revenue represents cash received by the entity during the year and comprises Transfers from the Consolidated Fund, Grants received and Non-Tax Revenue.

Subject to Article 152 of the Constitution of the Republic of Uganda, tax is levied with the authority of Parliament.

Many services and benefits are provided by the accounting entity to the public but these do not necessarily give rise to revenue to the entity. Equivalently, payment of tax and other dues do not necessarily result into an entitlement to the taxpayer to receive equivalent value of services or benefits because there is no explicit relationship between payments of tax and other dues, and receipt of goods and services from the Government. Revenue is recognized as follows:

- Accounting policies (continued)

(i) **Transfers from the Consolidated Fund**

Transfers from the Consolidated Fund to the entity are recognized when disbursement is made. Transfers are made periodically to facilitate the operations of the entity in accordance with the appropriated budget and the cash limits that have been established for Government spending for the period.

(ii) **Grants**

Grants are recognized when received. Similarly, grants/transfers to other entities of Government are recognized when disbursement is made.

(iii) **Non-Tax Revenue**

Non-Tax Revenue is proceeds from sales of designated services by the entity. Sales of services are recognized in the period in which the payment for the service is received and not necessarily when the service is rendered.

Non-Tax Revenue, whether directly collected by the entity or collected by another entity on its behalf is recognized when received.

(e) **Expenses**

In general, expenditure is recognised when incurred. Expenses relating to pension liabilities, domestic arrears and interest expense on treasury bills and bonds are accrued for in the financial statements

(f) **Property, Plant and Equipments (physical assets or fixed assets)**

Property, plant and equipment principally comprises buildings, plant, vehicles, equipments, highways, specialist military equipments and any other infrastructure assets **but does not include** Land, regenerative natural resources such as forests and mineral resources.

Under Government's cash basis of accounting, purchases of property, plant and equipments are expensed fully in the year of purchase. However, a memorandum record is maintained in the Fixed Asset Registers at historical cost of non-current assets of Government.

Unrealized gains or losses arising from changes in the values of property, plant and equipments are not recognized in the financial statements. Proceeds from disposal of property, plant and equipment are recognized as non-tax revenue in the period in which it is received.

Accounting policies (continued)

(g) Receivables

(i) Advances and other receivables

Receivables are carried at original historical cost. Bad debts when identified are written –off as per procedure outlined in the Financial regulations 2003. These are reflected in the Statement of Financial Performance.

(ii) Letters of credit

Procurement of goods and services through letters of credit which are cash covered are recognised in the statement of appropriation when the letter of credit is opened. Outstanding letters of credit at period-end are treated as deposits receivable and expensed in the following period when the goods and services are delivered.

(h) Inventories

Consumable supplies are expensed in the period in which they are paid for.

(i) Projects expenditure

Government projects are a series of undertakings by an accounting entity with specific objectives and a defined time frame and could be either:

- (i) Fully funded by a Government
- (ii) Jointly funded by Government and a development partner
- (iii) Fully funded by a development partner through either budget support or project support
- (iv) Fully funded by development partner through provision of physical items rather than funds

Projects funded by Government and development partner(s) through either budget support or project support and disbursed through the Treasury are accounted for as inflows and fully expensed in the year under review.

In the short to medium term as we proceed to develop guidelines for project accounting and reporting we intend to capture the bank balances in the statement of financial position and thereafter the net movement.

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June, 2015

Accounting policies (continued)

(j) Investments

All purchases and sales of investments are recognized at the date when payments are effected or when proceeds are received. All investments in the balance sheet are carried at historical cost. For investments quoted in foreign currency, the historical cost is translated at the closing rate.

(k) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. In the balance sheet bank overdrafts are included in borrowings.

Unspent cash balances

In accordance with the requirement of the Public Finance and Accountability Act 2015, unspent cash balances at the end of the financial year are due to the Consolidated Fund.

Transfers of unspent cash balances for the period under review to the Consolidated Fund are treated in the statement of financial performance as transfers to Treasury

(l) Borrowings

Borrowings are initially recorded in the Statement of Financial Position [the balance sheet] at cost net of any transaction costs paid.

Interest expense or income on borrowings is recognized in the Statement of Financial Performance only when paid or received.

(m) Employee benefits

Employee benefits include salaries, allowances, pensions and other related-employment costs. Employee benefits are recognized when incurred. No provision is made for accrued leave or reimbursable duty allowances.

(n) Contingencies

Contingent liabilities are recorded in the Statement of Contingencies Liabilities when the contingency becomes evident. Contingent assets are neither recognised nor disclosed.

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June, 2015

Accounting policies (continued)

(o) **Commitments**

Commitments include operating and capital commitments arising from non-cancelable contractual or statutory obligations. Interest commitments on loans and commitments relating to employment contracts are not included in the Statement of Outstanding Commitments. Outstanding commitments are included in the balance sheet as payables and in the Statement of Outstanding Commitments.

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Notes to the financial statements

Note 1: Exchange rates

All monetary amounts in the financial statements are expressed in Uganda Shillings, the legal tender. The Uganda Shilling closing rates (the Bank of Uganda middle rate) for major currencies were:

	30th June 2015 UGX	30th June 2014 UGX
United States Dollar		
Japanese Yen		
British Pound		
Euro		

Note 2: Grants from foreign Governments

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Donor funds- current			0
Donor funds- capital			
TOTAL GRANTS- FOREIGN GOVERNMENTS			0

Note 3: Grants from International Organizations

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Donor funds- current			0
Donor funds- capital			0
TOTAL GRANTS- FOREIGN GOVERNMENTS			0

Note 4: Transfers received from the Treasury:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Transfers from the treasury- current		7,874,469,457	8,033,518,006
Transfers from the treasury- capital		704,730,974	105,000,000
Transfer from treasury- ministries and agencies		0	0
TOTAL TRANSFERS FOR THE TWELVE MONTHS		8,579,200,431	8,138,518,006

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Note 5: Transfers received from other Government units

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Transfers from other Gov't units-current			
Transfers from other Gov't units- capital			
TOTAL TRANSFERS FOR THE YEAR			

Note 6: Non-Tax Revenues

Non-tax revenues collected were as follows:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Investment income		0	0
Dividends		0	0
Rent		0	0
Other property income		0	
Registration of Business		0	
Income from disposal of Assets		0	
Administrative fees & licenses		461,786,000	275,112,671
Fines and penalties		0	0
Total Non-Tax Revenue		461,786,000	275,112,671

Note 7: Miscellaneous Revenue

This is shown separately for the purposes of the Statement of Financial Performance

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Windfall gains		0	0
Reimbursements by other bodies		0	0
Income Registration of Business		0	0
Miscellaneous receipts		12,115,574	8,635,599
Disposal of Assets		0	0
Total Miscellaneous Revenue		12,115,574	8,635,599

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Note 8: Employee costs

Employee costs principally comprise:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Wages and salaries		3,724,751,465	3,309,509,201
Social contributions		420,785,150	369,792,280
Other employment costs		847,924,689	869,185,645
Total employee costs.		4,993,461,304	4,548,487,126

Note 9: Goods and services

Expenditure on goods and services during the half year principally comprise the following:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
General expenses		820,149,216	1,014,655,148
Communications		208,201,504	173,685,706
Utility and property expenses		590,810,957	663,302,024
Supplies and services		41,598,398	35,357,936
Professional services		300,262,878	523,854,206
Insurances and licenses		143,388,528	83,969,281
Travel and transport		702,521,242	471,297,530
Maintenance		157,313,005	112,487,936
Total cost of goods and services		2,964,245,728	3,078,609,767

Note 10: Consumption of property, plant and equipments (fixed assets or physical assets)

As explained in accounting policy (f), property, plant and equipments (physical assets) are expensed in the year of purchase i.e. they are depreciated at 100% in the year of purchase. Any gains and losses on fair values of these assets are not recognized in the financial statements.

The value of property, plant and equipments purchased and expensed during this period comprise:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Land		0	
Non Residential buildings		0	
Roads and bridges		0	
Transport equipment-Motor vehicles etc		486,000,001	191,738,330
Machinery and equipment		174,231,345	82,865,571
Furniture and fittings		44,499,628	13,716,344
Total value of property, plant and equipments expensed		704,730,974	288,320,245

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Note 11: Interest expense

Interest expenses to other Government units comprise:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
To the Treasury		0	0
To other Government units		0	0
Total interest expense		0	0

Note 12: Subsidies

Subsidies paid during the year are summarized as below:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
To public corporations		0	0
To private enterprises		0	0
To private individuals		0	0
Total subsidies for the year		0	0

Note 13: Transfers to other organizations

Transfers to other Organizations made during the period were as follows:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
To Treasury – Non Tax Revenue		0	
To Treasury – Gross Tax		0	
To Consolidated		0	
To Treasury- Other Revenue		0	
To resident non-Governmental units		0	
Total grants for the period		0	

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Note 14: Social benefits

Social benefits paid out to third parties other than employees comprise:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Pensions		0	0
Social security benefits		0	0
Social assistance benefits		0	0
Employer Social benefits		0	0
Total social benefits		0	0

Note 15: Other operating expenses

These comprise:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Property expenses other than interest		0	
Miscellaneous other expenses- current		0	
Miscellaneous other expenses- capital		0	
Total other operating expenses		0	

Note 16: Foreign Exchange Losses and Gains

This note takes care of both realized and unrealized foreign exchange losses and gains. During the period, Foreign exchange losses and gains were as follows:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Foreign Exchange Gains		0	
Foreign Exchange Losses		0	
Net Gain/ Loss		0	

Note 17: Finance costs

Finance cost includes interests paid during the period in respect of external debts, commitment fees, and other domestic borrowings net of interest income received during the period. These charges arise only from financing arrangements for the budget rather than temporary arrangements to meet cash flow requirements. Consistent with the cash basis of accounting, finance costs/ (income) are only recognized when paid / (received).

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Interests on external debts (external borrowings)		0	
Interests on other domestic borrowings		0	
		0	

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Total finance cost		0	
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Note 18: Transfers to the Treasury

These comprise transfers back to the Consolidated Fund of unspent balances from the respective expenditure accounts; transfers of Non tax revenue collected, unutilized gross tax funds, unspent salaries, among others

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Non Tax revenue		473,901,574	283,748,270
Gross tax balances		0	36,587,390
Transfer To Treasury –URA Withholding Tax		0	1,546,830
Unspent Salary balances		0	0
Expenditure account (IGA) Balances		0	0
Total for the year.		473,901,574	321,882,490

Note 19: Non Produced Assets

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Land		0	0
Cultivated Assets		0	0
Other Naturally occurring Assets		0	0
Total Non Produced Assets		0	0

Note 20: Cash and Cash equivalents.

Balances held comprise:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
DOMESTIC			
Revenue accounts		0	0
Expenditure accounts		0	0
Expenditure accounts –others		0	0
Project Accounts		0	0
Collection Accounts		0	0
Cash in Transit		0	0
Cash at Hand- Imprest accounts		3,291,000	3,618,600
Others		0	0
Total cash and bank balance		3,291,000	3,618,600

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Total cash and bank balances as above comprise:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Balances in local currency		0	0
Balances in foreign currencies		0	0
Total cash & bank balances		0	0

Note 21: Receivables

Comprise the following domestic and foreign receivables at the end of the period net of any provision for receivables doubtful of recovery.

	Schedule	30th June 2015 UGX	30th June 2014 UGX
DOMESTIC			
Loans (short-term) -others			
Clearing grants/transfers to other Government units			
Advances Withholding tax			
Outstanding letters of credit			
Other accounts receivable		98,438,073	181,348,048
Total domestic receivables		98,438,073	181,348,048
FOREIGN			
Loans (short-term) -others			
Clearing grants/transfers to other Government units			
Advances			
Other accounts receivable			
Total foreign receivables			
Total receivables		98,438,073	181,348,048

Note 22: Inventories

Comprise inventories purchased which have not been expensed.

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Operating inventories			
Other inventories-			
Total inventories			

Note 23: Investments

Investments held at the period end comprised:

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

	Schedule	30th June 2015 UGX	30th June 2014 UGX
DOMESTIC			
Securities other than equity (short-term)			
Securities other than shares (long-term)			
Shares and other equity			
Sub-total for domestic			
FOREIGN			
Securities other than shares-foreign			
Shares and other equity- foreign			
Sub-total for foreign			
Total investments			

These are analyzed further as follows:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Investments held-for-trading			
Investments-available-for-sale			
Investments-held-to-maturity			
Total investments			

Note 24: Investment properties

Investment properties comprise properties, which are held for long term rental income and are not occupied or used by the Government or any other Government entity.

	Schedule	30th June 2015 UGX	30th June 2014 UGX
At the beginning of the year			
Additions/acquisitions made during the year			
Disposals made during the year			
Total cost of investment properties			

Investment properties are carried at historical cost using the cash basis of accounting. Fair value gains or losses are not recognized in the financial statements.

Note 25: Borrowings

These comprise short borrowings to finance operating activities, and principally include bank overdrafts, bank loans and any other financial arrangements, which have not been redeemed by the year-end. Loans are raised internally and externally.

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Loans raised internally are grouped as domestic loans; external loans are foreign loans and alternatively referred to as external debts of the Republic of Uganda. At the year-end outstanding loans were as follows:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
DOMESTIC			
Loans from commercial banks			
Interest payable on bank loans/borrowings			
Other / Overdraft			
Total domestic borrowings			
FOREIGN			
Loans from multi laterals			
Loans from foreign Governments			
Loans from commercial banks			
Interest payable on bank loans/borrowings			
Other			
Total foreign borrowings			
Total borrowings			

Foreign borrowings (External debts)

Include borrowings from foreign Governments, from international financial institutions, and from any other foreign private financial institutions.

The effective weighted average interest rates for foreign borrowings at the balance sheet date were as follows:

	30th June 2015 Interest rate %	30th June 2014 Interest rate %
From International Organizations-multilateral		
From foreign Governments-bilateral		
From foreign commercial banks		

Maturity dates for borrowings from multilateral organizations are summarized as shown below:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Maturing between 1-5 years after the year end			
Maturing between 5-10 year after the year end			
Maturing after 10 years after the year end			

Maturity dates for borrowings from foreign Governments are summarized as shown below:

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Maturing between 1-5 years after the year end			
Maturing between 5-10 year after the year end			
Maturing after 10 years after the year end			

Maturity dates for borrowings from foreign commercial banks are summarized as shown below:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Maturing between 1-5 years after the year end			
Maturing between 5-10 year after the year end			
Maturing after 10 years after the year end			
Total value of borrowings from private financial institutions.			

Note 26: Payables

These are principally accounts payables, domestic and otherwise, outstanding at the period -end and comprise:

	Schedule	30th June 2015 UGX	30th June 2014 UGX
PAYABLES			
Trade Creditors		0	0
Sundry Creditors		0	0
Committed Creditors		0	0
Accountable advances		0	0
Withholding tax payable		0	0
Deposits received		0	0
Advances from other Government units		0	0
Miscellaneous accounts payables		0	0
Total payables		0	0

Government of the Republic of Uganda

PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
Financial Statements for the Twelve months ended 30th June 2015.

Notes to the financial statements (continued)

Note 27: Pension liabilities

Pension liabilities have been accrued in the financial statements because it is the policy of Government to pay pensions to all former employees of the Government who qualified for pension under the provisions of the Pensions Act, Cap 281. In accordance with the provisions of the Pensions Act.

	Schedule	30th June 2015 UGX	30th June 2014 UGX
Former employees in Public Service			
Former employees in Military Service			
Former employees of the Education Service			
Gratuity Arrears			
Total			

ANNEX 1: PROVIDERS SUSPENDED DURING THE FINANCIAL YEAR

No	Provider	Duration of suspension	Reasons for the recommendation of suspension	Date of issue of decision	Date of expiry
1.	M/s RNR Construction Company Limited	Five (5) Years	Submission of forged income tax clearance certificate, forged completion certificates and a forged bid security.	3/9/2014	3/9/2019
2.	M/s Apple Construction Company Limited	Five (5) Years	Submission of a forged income tax clearance certificate, VAT Certificate, forged trading license, and completion certificates.	3/9/2014	3/9/2019
3.	M/s Mid North Contractors Limited	Five (5) Years	Submission of forged completion certificates.	3/9/2014	3/9/2019
4.	M/s Malt (U) Limited	Three (3) Years	Submission of forged completion certificates.	3/9/2014	3/9/2017
5.	M/s Unique Civil Engineering Services Limited	Three (3) Years	Submission of a forged income tax clearance certificate and bid guarantee.	3/9/2014	3/9/2017
6.	M/s Zebra Graphics Limited	Three (3) Years	Submission of forged completion	3/9/2014	3/9/2017

No	Provider	Duration of suspension	Reasons for the recommendation of suspension	Date of issue of decision	Date of expiry
			certificates.		
7.	M/s Media Float Enterprises Limited	Three (3)Years	Submission of forged completion certificates.	3/9/2014	3/9/2017
8.	M/s Kamua Engineering International Jansen	Three (3) Years	Submission of forged completion certificates.	3/9/2014	3/9/2017
9.	M/s Leisure Masters Limited	Three (3) Years	Submission of forged completion certificates.	3/9/2014	3/9/2017
10.	M/s Robsen Investments Limited	Three (3) Years	Submission of forged completion certificates.	3/9/2014	3/9/2017
11.	M/s Mc Del-AM (1994) (U) Limited	Three (3) Years	Submission of forged completion certificates.	3/9/2014	3/9/2017
12.	M/s Akaaba Enterprises Limited	Three (3) Years	Submission of forged completion certificates.	3/9/2014	3/9/2017
13.	M/s Clido Company Limited	Three (3) Years	Submission of a forged income tax clearance and bid security.	3/9/2014	3/9/2017

No	Provider	Duration of suspension	Reasons for the recommendation of suspension	Date of issue of decision	Date of expiry
14.	M/s Smart- Contra Limited (Formerly trading as M/s Engiscope Limited)	Three (3) Years	Submission of aforged completion certificates.	3/9/2014	3/9/2017
15.	M/s M.M Construction Limited	Three (3) Years	Submission of forged income tax clearance certificate	3/9/2014	3/9/2017
16.	M/s Computech Uganda Limited	Three (3) years	Submission of forged books of account	3/9/2014	3/9/2017
17.	M/s Samka Construction Company Limited	Two (2) Years	Submission of a forged income tax clearance certificate	3/9/2014	3/9/2016
18.	M/s Data Engineering Company Limited	Two (2) Years	Submission of a forged income tax clearance certificate.	3/9/2014	3/9/2016
19.	M/s Akia Construction Company Limited	Two (2) Years	Submission of a forged completion certificate.	3/9/2014	3/9/2016
20.	M/s BCR General Limited	Two (2) Years	Submission of a forged income tax clearance	3/9/2014	3/9/2016

No	Provider	Duration of suspension	Reasons for the recommendation of suspension	Date of issue of decision	Date of expiry
			certificate.		
21.	M/s Wako Construction Company Limited	Two (2) Years	Submission of a forged income tax clearance certificate.	3/9/2014	3/9/2016
22.	M/s Michele and Joshua Enterprises Limited	Two (2) Years	Submission of a forged income tax clearance certificate.	3/9/2014	3/9/2016
23.	M/s Resty Limited	Two (2) Years	Submission of a forged income tax clearance certificate.	3/9/2014	3/9/2016
24.	M/s Molly Rukuya & Company Limited	Two (2) Years	Submission of a forged income tax clearance certificate.	3/9/2014	3/9/2016
25.	M/s Kened Investments Limited	Two (2) Years	Submission of a forged income tax clearance certificate.	3/9/2014	3/9/2016
26.	M/s Karsam Investments Limited	Two (2) Years	Submission of a forged trading license.	3/9/2014	3/9/2016

No	Provider	Duration of suspension	Reasons for the recommendation of suspension	Date of issue of decision	Date of expiry
27.	M/s Energo (Uganda) Company Limited	One (1) year	Suspended/ debarred by World Bank	3/9/2014	2/7/2015
28.	M/s B.V.S Construction Limited	Two (2) years	Suspended/ debarred by World Bank	3/9/2014	14/11/2016
29.	Mr. Jayaram Reddy (Director of M/s B.V.S Construction Ltd)	Two (2) years	Suspended/ debarred by World Bank	3/9/2014	14/11/2016
30.	M/s Nexus Uganda Limited	One (1) year	Suspended/ debarred by World Bank	3/9/2014	6/2/2015
31.	Mr. Rogers Segawa(Director of M/s Nexus Uganda Limited)	One (1) year	Suspended/ debarred by World Bank	3/9/2014	6/2/2015
32.	M/s Akamba Uganda Limited	One year	Submission of a forged Manufacturers Authorization	16/1/2015	15/1/2016
33.	M/s Triangle Engineering & Construction Co. Ltd	Two years	Submission of a forged Income Tax Clearance	16/1/2015	15/1/2017
34.	M/s Becap	Two years	Conflict of Interest	16/1/2015	15/1/2017

No	Provider	Duration of suspension	Reasons for the recommendation of suspension	Date of issue of decision	Date of expiry
	Company Ltd				
35.	M/s Detra Uganda Limited	Three Years	Submission of a forged Income Tax Clearance Certificate	16/1/2015	15/1/2018
36.	M/s KJT Enterprises Inc.	Three Years	Submission of a forged Bank Draft	16/1/2015	15/1/2018
37.	M/s Berge Consult Ltd	Three Years	Submission of a forged completion certificate	16/1/2015	15/1/2018
38.	M/s Wiz Technology	Three Years	Submission of a forged VAT Registration Certificate	16/1/2015	15/1/2018
39.	M/s Jalson Foundation Limited	Three Years	Submission of a forged bid security	16/1/2015	15/1/2018
40.	M/s Top Services Ltd	Four Years	Submission of a forged Income Tax Clearance and completion certificates	16/1/2015	15/1/2019
41.	M/s Anyim Investments Limited	Four Years	Submission of a forged Power of Attorney and bank tatement	16/1/2015	15/1/2019
42.	Maridadi Technical Agencies	Two years	Forged Income Tax Clearance Certificate	23/4/2015	22/4/2017
43.	Kross Holdings (U) Ltd	Two years	Forged Guarantee Bank from Centenary Bank	29/4/2015	28/4/2017

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