



PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY

**ANNUAL
PERFORMANCE REPORT**

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LIST OF ACRONYMS

ASSIP	Accountability Sector Strategic Investment Plan
BEB	Best Evaluated Bidder
BUBU	Buy Uganda Build Uganda
CC	Contracts Committee
CG	Central Government
CSO	Civil Society Organisation
DLG	District Local Government
EAPF	East African Procurement Forum
EC	Evaluation Committee
EDMS	Electronic Document Management System
e-GP	Electronic Government Procurement
e-learning	Electronic Learning
FINMAP	Financial Management and Accountability Programme
FY	Financial Year
GAPP	Governance, Accountability, Participation, Performance Programme
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoU	Government of Uganda
GPP	Government Procurement Portal
HSE	High Spend Entity
ICT	Information and Communications Technology
IGG	Inspector General of Government
IMF	International Monetary Fund
KCCA	Kampala Capital City Authority
LG	Local Government
MC	Municipal Council
MOFPED	Ministry of Finance, Planning and Economic Development

MoLG	Ministry of Local Government
MoU	Memorandum of Understanding
MoWT	Ministry of Works and Transport
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NITA-U	National Information Technology Authority – Uganda
NMS	National Medical Stores
NPA	National Planning Authority
OAG	Office of the Auditor General
PAD	Project Agreement Document
PDEs	Procuring and Disposing Entities
PDU	Procurement and Disposal Unit
PPDA	Public Procurement and Disposal of Public Assets Authority
PPDA Act	Public Procurement and Disposal of Public Assets Act No. 1/2003
PPDA Regulations	Public Procurement and Disposal of Public Assets Regulations
RCIP	Regional Communications Infrastructure Program
RFP	Request for Proposals
RFQ	Request for Quotation
RoP	Register of Providers
SBDs	Standard Bidding Documents
SG	Solicitor General
SMEs	Small and Medium Enterprises
SUGAR	Strengthening Uganda’s Anti-Corruption Response Programme
TIU	Transparency International Uganda
UGX	Uganda Shillings
UNRA	Uganda National Roads Authority
URF	Uganda Road Fund
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 14th Annual Report of the Authority for the Financial Year (FY) 2016/17. This was the third 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.

The Authority has continued to implement the activities that lead to the acquisition of electronic-Government Procurement (e-GP) to provide a platform for: increased transparency in procurement procedures and practices; improved efficiency in procurement by minimizing the procurement cycle time, maximizing value for money, and fostering accountability; improved confidentiality, integrity and authenticity of transactions between the Procuring and Disposing Entities and the suppliers. In a bid to increase competition and contribute to domestic industry development, the Authority issued a Guideline on reservation schemes to promote local content in public procurement. The Authority is also in advanced stages of amending the PPDA law to address inefficiencies in the procurement system and promote value for money. The Authority also opened a regional office in western Uganda to bring its oversight role nearer to the Entities. The Authority also continued with the implementation of the organisational diagnostics recommendations in order to achieve improved performance through strategic and output orientation, improved human resources management as well as a functional organizational structure that ensures efficiency and effectiveness in the operations of the Authority.

In the FY 2017/18, the Authority will focus on strengthening contract management and performance through enforcing contract monitoring in Entities, systematically addressing the capacity gaps in contract management, fast tracking the implementation of e-Government procurement to improve transparency, efficiency and lower transactions costs. The Authority will continue to monitor the execution of contracts, enhance competition and promote the development of the domestic industry through monitoring the implementation of the local content strategy. The Authority will also host the 10th East African Procurement Forum in Kampala. In a bid to promote self-sustainability, the Authority will pursue the path for the construction of a joint office block with the Uganda Road Fund.

I would like to express my appreciation to the Government, Development Partners and other stakeholders for their support in improving efficiency and effectiveness in Public Procurement.

Prof. Simeon Wanyama

CHAIRMAN - BOARD OF DIRECTORS

EXECUTIVE SUMMARY



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 over a 5-year planning horizon ending in FY 2018/19.

The Annual Report for Financial Year 2016/17 highlights the key achievements of the Authority, the challenges faced during the implementation of activities and the main activities planned for the Financial Year 2017/18 based on the current 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, 2003 namely to:

- a) Ensure the application of fair, competitive, transparent, non-discriminatory and value for money public procurement and disposal standards and practices.
- b) Advise Government, Local Governments and other Procuring and Disposing Entities on the procurement and disposal policies, systems and practices and where necessary, on their harmonization.
- c) Set standards for the public procurement and disposal systems in Uganda.
- d) Monitor compliance of Procuring and Disposing Entities.
- e) Build procurement and disposal capacity in Uganda.

Key Highlights of the Achievements in FY 2016/17

a) Strengthening Transparency and Accountability in Public Procurement

Procurement Audits: The Authority completed 116 (97%) out of the planned 120 audits in the FY 2016/17. The 116 Entities were covering a representative sample of procurement transactions carried out during the Financial Year 2015/16. The audit findings revealed that overall the compliance level of the Entities for the procurement system was satisfactory with a score of 70%; the overall compliance level for the procurement process was satisfactory with a score of 76.9 %, and a disposal compliance rating of 66%. The audit findings also revealed that in 73.4% of the sampled procurements, Entities failed to deliver within the planned timelines, 43.87% of the contracts signed were not completed within the contractual period, 51.42% of the signed contracts were not paid in time.

Investigations: The Authority completed 73 investigations worth UGX 970 Billion. The major grounds for investigations related to segregation of bidders, abuse of office, disregard of procurement procedures, and irregularities during the evaluation of bids like changing specifications during the bidding process, misleading and restrictive specification of requirements, and conflict of interest. The Authority made recommendations to the Accounting Officers which included disciplinary action against the evaluation committees, re-evaluation of bids.

Applications for Administrative Reviews: The Authority handled 57 applications for administrative review. Out of these, 18 were upheld, 37 were rejected, one (1) withdrawn and one (1) not handled because the bidder filed in the tribunal within the PPDA statutory period. The upheld administrative reviews related to the non-adherence to the evaluation criteria in the bidding documents issued, bidders' dissatisfaction with the evaluation process, and customization of bidding documents without authorization from the Authority.

PPDA Appeals Tribunal: The Authority handled 19 matters in the appeals tribunal. Thirteen matters (68%) were decided in favour of the Authority while the Tribunal set aside the decisions of the Authority in 5 (26%) matters and one application was withdrawn. The applications related to decisions of the Authority in respect to application for administrative reviews, suspensions and constant breach of the PPDA Act by Entities. The Authority was awarded costs of UGX 12 Million while costs of 3 million were awarded against the Authority.

Court Cases: In FY 2016/17, five (5) new cases in addition to four (4) ongoing cases were handled by the Authority in various courts of judicature.

a) Increasing Competition and Hence Contributing to Domestic Industry Development

Roll out of the Government Procurement Portal (GPP): In the FY 2016/17, GPP was rolled out to 70 PDEs bringing the total number of Entities on the system to 167 representing a coverage of 43%. The Authority was able to assess performance of 138 PDEs which entered data on the Portal. The total number of contracts entered into the portal and analysed in the FY 2016/17 was 20,937 compared to 18,607 contracts in the FY 2015/16. There was however a slight drop in the total value of procurements in the system from UGX 2.7 Tn in FY 2015/16 to UGX 2.6 Tn in FY 2016/17.

Bidder Participation in the Procurement Process: The average number of bids received regardless of the method of procurement was approximately 2 bids. This low level of competition is more pronounced in the Local Government Entities and is attributed to the delayed payment of providers, inaccessibility of some Entities and the high levels of perceived corruption in public procurement by bidders at 71.8%. The proportion of submitted bids that reach financial evaluation (responsive bids) was 74 %. The Authority will undertake training of providers in order to improve the bidder responsiveness.

Contracts by Value Subjected to Open Competition: In the FY 2016/17, 71.8% of the total value of contracts went through open bidding. This was a significant improvement in the value of procurements that went through open competition from 45.5% in the FY 2015/16. This significant improvement in performance was on account of several high value infrastructure projects that went through open bidding procedures. (p.11)

Proportion of Contracts by Value Awarded to Local Providers: The proportion of contracts awarded to local providers was 99%. This is because the overwhelming number of procurements is small in value and done by local providers. However in terms of value, the performance dropped from 58% in FY 2015/16 to 53% in the FY2016/17 which was because the foreign firms continued to dominate the large infrastructure projects in the works, energy, education and health sectors.

Promoting Local Content in Public Procurement: The Authority issued a new guideline on reservation schemes to promote local content in public procurement on 10th March 2017. The main objective of the Guideline is to provide for mechanisms of increasing the input of local labor, goods and services in the procurement of public sector projects, goods and services within the country. The Authority is working with a number of stakeholders like the Uganda Manufacturers Association, Ministry of Trade Industry and Cooperatives and the Uganda National Bureau of Standards to promote this initiative.

b) Enhancing the Efficiency of the Public Procurement Process

Average time taken to complete the Procurement Cycle: Performance under this indicator declined for both open domestic and open international bidding from 144 and 159 days respectively in FY 2015/16 to 164 and 278 days in the FY 2016/17. This is still above the indicative lead time frame for open domestic bidding and open international bidding which is 100 and 110 working days respectively. This gives a variance of 64 days and 168 days respectively. The Authority observed that there are a lot of administrative delays in the procurement process at the various approval gates. Delays have also persisted at the evaluation stage especially for high value procurements. Some Entities begin the procurement process before release of funds and stall the procurement process at contract signature stage to await the release of funds from the consolidated fund.

Procurement Plan Implementation: There was a drop in the performance of this indicator from 53% in the FY 2015/16 to 43.7% in the FY 2016/17. The poor performance under this indicator is as a result of administrative inefficiencies in the procurement process that cause delays culminating in failure to implement the procurement plans. Failure by Entities to implement procurement plans results in delayed or even lack of service delivery, it is therefore important that delays in the procurement process are curbed. The poor performance under this indicator is as a result of administrative inefficiencies in the procurement process that cause delays culminating in failure to implement the procurement plans, over ambitious planning, failure to raise projected local revenue in local Governments and under releases from the consolidated fund.

Submission of Procurement Plans and Reports: There was a marked improvement in submission of procurement plans from 80% in the FY2015/16 to 87% in the FY2016/17. With regards to the requirement to submit procurement

reports, there was a slight improvement from 76% in the FY2015/16 to 77% in the FY 2016/17. The improvement is attributed to the increased rollout of the government procurement portal which has made the submission of procurement plans and reports easier.

Register of Providers: The register of providers served 1,899 new providers while 3,351 existing providers renewed their subscription. A total of UGX 507 million was generated from the Register of Providers. There is greater potential in the register of providers but this is threatened by some Entities which do not use the register of providers as part of their evaluation criteria which reduces the relevance of a providers' presence on the register of providers.

c) Strengthening Contract Management and Performance

Procurements implemented according to Market Price. There was a notable improvement in performance under this indicator. In terms of numbers, the percentage of procurements that were implemented according to market price improved from 65% in the FY2015/16 to 82% in the FY2016/17. In terms of value, the percentage of procurements implemented in accordance with the market improved from 63% in the FY2015/16 to 76% in the FY2016/17. The improvement in performance can be attributed to the enforcement by the Authority of the requirement for Accounting Officers to conduct market assessments before commencement of the procurement process and before signing of contracts. However some Entities still face challenges in conducting market research and as a result depend on the PPDA list of common user items which is not comprehensive enough to cover all the specific procurement needs of an Entity and takes long to be updated.

Contracts Completed within Contractual Time: There was improvement in the proportion of contracts by value completed within contractual time from 47.3% in the FY 2015/16 to 66% in FY 2016/17. The performance shows that there is need to pay close attention to contract management. Entities should continue to pay close attention to the process following the award of contracts with safeguards aimed at ensuring that contracts are implemented as per the contractual terms. The Authority will continue through its capacity building function and regulatory tools to ensure contract management is strengthened in Entities.

Implementation of PPDA Recommendations: The Authority conducted follow up activities in 108 Entities. A total of 1,542 recommendations were reviewed and of these 1,072 recommendations (70%) were found to have been implemented and 470 recommendations (30%) were either partially implemented or not implemented. This was a decline from the 2015/16 performance where 72% of the recommendations were implemented. There is an increase in unimplemented recommendations mainly related to poor estimation of procurement requirements, conducting market assessments and failure to use framework contracts; and an increase in unimplemented recommendations relating to contract management mainly the appointment of contract managers and the preparation of contract implementation plans.

Suspension of Providers: During the period, the Authority handled 142 recommendations for suspension, out of these 60 firms were suspended, 24 were exonerated and 58 were pending consideration. The major grounds for recommendations for suspensions are sub-standard works, breach of contractual terms, misrepresentation of project related information and forgery of documents (i.e. completion certificates, income tax clearance, Bid guarantee, Bid security, Powers of Attorney and RoP certificates). Therefore Entities should undertake verification of documents to reduce on the incidence of forged documents in public procurement.

d) Leveraging Technology to Improve Procurement Outcomes

Enhancing PPDA's Technology Infrastructure: The Authority developed the ICT Strategy for the period FY2016/17 to FY2018/19 which was aligned to the PDA current strategic plan and the recommended interventions include; implementation of green computing implementation of an intranet to ease sharing of its corporate documents and information and implementation of a wide area network to ease sharing of information between PPDA head office and branch offices among others. The Authority also procured new storage infrastructure and servers to handle the increased number of staff and electronic systems used by the Authority. The Authority procured an Electronic Document Management System (EDMS) for the management of all document related tasks and workflows in the Authority.

Progress of E-Procurement under RCIP: The procurement of the e-GP system has been ongoing since June 2016 and the e-GP evaluation report was finally approved by World Bank. The e-GP Project Manager was contracted and started work in May 2017. The recruitment process for other project staff was ongoing and the e-procurement system is expected to be piloted in 10 Entities beginning July 2018.

e) Enhancing the Performance of Public Procurement beyond Compliance

Issuance of Advice to Entities: During the period under review, the Authority issued out 184 letters providing legal guidance/advice. Out of these, 128 (70%) were from Central Government, 46 (25%) were from Local Government Entities and 10 (5%) from private companies. The main areas where advice was sought include pre-qualification and bidding process; evaluation of bids; contracts and contract management, disposal of public assets; accountability in public procurement & disposal process; providers in public procurement & disposal contracts; records management in public procurement and disposal; public procurement audit and compliance. The guidance provided will be standardised into frequently asked questions and posted onto the website.

Accreditations: The Authority handled Eighteen (18) applications for accreditation during the period under consideration. Six (6) applications were granted, three (3) were rejected and nine (9) were still under consideration. The applications mainly came from State Enterprises which are profit oriented that find the application of the PPDA Act in its entirety deterrent to their business operations.

Rating of Entities: The best performing Central Government Entity was National Social Security Fund with an overall score of **90.34%** which performance is highly satisfactory. The worst performing Central Government Entity was Mbarara Regional Referral Hospital with an overall score of **26.9 %** which performance is highly unsatisfactory. The best performing Local Government Entity was Mbale Municipal Council with an overall score of **88%** which performance is satisfactory. The worst performing Entity was Buvuma District Local Government with an overall rating of **28.86%** which performance is highly unsatisfactory.

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

Training: The Authority in collaboration with GIZ developed the new capacity building strategy which is part of the Authority's effort to re-engineer its capacity building activities around the achievement of the overall PPDA strategic objectives addressing capacity gaps in public procurement as defined by the PPDA's Strategic Plan 2014/15-2018/19. The purpose of this document is to provide PPDA with capacity building strategic direction / key interventions during the period from 2016 to 2019. The Authority conducted trainings for 1,584 participants. The major capacity building activities included induction of contracts committee members for Central Government Entities, training of the CSOs, government officials and demand driven trainings.

Roll out Procurement e-learning system:

The Authority developed an e-learning system aimed at harnessing technology in its capacity building programs by using a self-paced and learner centred approach where interested learners can study any of the developed modules at their own convenience and pace. By the end of FY 2016/17, the number of participants in the e-learning systems on different modules was 123.

Research on Force on Account: The Authority conducted a study on the use of force on account method in Local Government Entities which revealed failure by Entities to conduct a comparative cost analysis to find out which is cheaper between outright procurement and using the force on account mechanism. .

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

Financial Budget Performance: During the FY 2016/17 the budget of the Authority was funded by the Government of Uganda to the tune of UGX 11.95 Billion out of the approved budget of UGX 14.2 Billion (84.2%) and UGX 11.5 Billion (96%) was utilized by the end of the Financial Year. The proportion of budget spent was 81%. The underutilization was on the development budget which was due to the low absorption of funds by the PPDA/URF Office Project.

Recruitment: The Authority recruited 20 staff during the period under review and as a result, the staffing level grew from 80 staff to 101 staff including the Integrated Capacity building expert supported by GIZ. .

h) Leveraging and Enhancing PPDA's Partnerships and Collaborations

Leveraging Partnerships: The Authority maintained the existing strategic relationships with various stakeholders including the Ministry of Finance, Planning and Economic Development, Transparency International Uganda, Ministry of East African Community, Affairs, National Planning Authority, Uganda National Bureau of Standards, Ministry of Trade, Industry and Cooperatives, Inter Agency Forum (IAF) and the Accountability Sector Working Group. The Authority also continued to work with Development Partners such as the World Bank, DFID through the SUGAR Programme, GAPP, and the GIZ. Through these partnerships, the Authority will be able to raise additional support to contribute to the achievement of the objectives of the Authority.

Participation in the 9th East African Procurement Forum: The 9th Edition of the East African Procurement Forum (EA PF) was held in Kigali – Rwanda from 2nd - 4th November 2016. The Forum was hosted by the Rwanda Public Procurement Authority (RPPA) on the theme: “Promoting Procurement Practices that Deliver Better Results.” The EAPF is an annual event that is hosted on a rotational basis by the public procurement regulatory authorities of the East African Community countries. The Forum aims at bringing together the public and private sector actors from the East Africa partner states to share best practices as well as challenges in public procurement. The Forum resolved that the Public Procurement and Disposal of Public Assets Authority (PPDA) - Uganda to host the 10th Edition of the EAPF in Kampala - Uganda.

In summary, Overall 75¹% of the outcomes have been achieved compared with 69% in FY 2015/16. This was a satisfactory performance. Table 1 presents the performance against planned targets of selected output indicators and outcomes for the Financial Year 2016/17.

Table 1: Summary Table of Review of Work Plan for FY 2016/17

Strategic Objectives / PPDA Indicators (outcome and Output)		2013/14 (baseline)	2014/15	2015/16	2016/17		Results rating
					Target	Actual	
1.To Strengthen Transparency and Accountability in Procurement							
Percentage of bidders who assess the procurement process as transparent		30% (2009)	28%	28%	50%	28% ¹	
Procurement Audits	In-house	107	121	114 (81%)	120	116 (97%)	
Investigations	Completed	41	79	98% (N=59)	60	73 (122%)	
Administrative Reviews	Rejected	15	28	29	N/A	18	N/A
	Upheld	13	12	9	N/A	37	N/A
PPDA Appeals Tribunal	% Cases upheld by Tribunal	N/A	N/A	53% (n=24)	100%	68% (n=19)	
2.To increase competition and hence contribute to domestic industry development							
Number of responsive bids measured at financial evaluation stage		1	2	1.7	3	1.48	
% by value of contracts awarded to local contractors		40%	68%	58%	55%	53%	

1 This excludes the indicators on e-procurement that have been lagged until the system is in place.

Strategic Objectives / PPDA Indicators (outcome and Output)		2013/14 (baseline)	2014/15	2015/16	2016/17		Results rating
					Target	Actual	
Average number of bids received	# of bids	3	3	2.1	5	2 (40%)	
% of contracts subjected to open competition	By Number	88	80	5.5%	20%	4.4%	
	By value	88%	50%	45.5 %	80%	71.8%	
No. of domestic producers awarded tenders on the basis of preference schemes	No of providers	0	N/A	1 (5%)	30		N/A
Proportion of OIB where preference schemes are applied	%	N/A	N/A	N/A	75%		N/A
No. of reservation schemes	N/A	N/A	3	1	5	5 (100%)	
3.To Enhance the Efficiency of the Public Procurement Process							
Procurement plan implementation rate		94%	93%	43.6%	97%	43%²	
Procurement lead time (OIB)		218	181	144	110	278³	
Procurement lead time (ODB)		157	151	159	100	164	
Abridged Adverts	% of adverts abridged	N/A	N/A	27% (n=851)	50%	60%	
No. of Entities compliant with submission of reports	LG (quarterly)	43%	73%	420 (79%)	80%	77%	
	CG (monthly)	31%	73%	1384 (73%)	80%	77%	
No. of Entities compliant with submission of plans	# LG	63%	75%	104 (83%)	85%	87%	
	# CG	62%	78%	131 (81%)	85%	87%	
Registrations of Providers	# New	1,006	1,415	1,559 (108%)	2,000	1,899 (95%)	
	# Renewals	1,231	1,296	2,654 (184%)	3,000	3,351 (112%)	
4. To Strengthen Contract Management and Performance.							
% of contracts rated satisfactory		30%	23.4%	90%	90%	95%	
Procurements completed according to market price	Value		48.6%	63.1%	95%	79%	
Contracts completed within contractual time	% of contracts		79%	50%	95%	66%	
Suspensions of Providers	Number of providers suspended	40	45	24 (n=103)	N/A	60 (n=142)	N/A
Follow up on PPDA recommendations	# of Entities followed up	92	77	109 (91%)	120	108 (90%)	
	% implemented	77%	57%	72% (n=1231)	88%	70%	

Strategic Objectives / PPDA Indicators (outcome and Output)		2013/14 (baseline)	2014/15	2015/16	2016/17		Results rating
					Target	Actual	
5.To Leverage technology through e-procurement & other ICT platforms to improve procurement outcomes							
Procurement lead time for PDEs using EGP							
Satisfaction levels of Entities using EGP							
Average number of bids received under E-procurement	#	N/A	N/A	N/A	5	EGP behind schedule	N/A
Satisfaction levels for e-procurement stakeholders	%	N/A	N/A	N/A	80%	EGP behind schedule	N/A
Procurement Integrity rating for agencies with e-Procurement	%	N/A	N/A	N/A	60%	EGP behind schedule	N/A
% increase in tenders and award notices published in e-Procurement Portal	%	N/A	N/A	N/A	10%	EGP behind schedule	N/A
Government Procurement Portal	IFB (#)			13,676	15,000	109.7%	
	BEB Notices (#)			118,362	200,000	169%	
	Contract Notices (#)			18,607	20,000	107.5%	
6.To enhance the performance of public procurement beyond compliance							
% of Entities rated satisfactory from audits		4%	3%	79.8% (n=114)	100	77% (n=116)	
Accreditations	Rejected	16	3	3 (n=5)	N/A	3	N/A
	Upheld		2	2 (n=5)	N/A	6	N/A
No of Entities issued with formal guidance	#	N/A	N/A	167 (84%)	200	148 (74%)	
Deviation from use of SBDs	#			8	N/A	18	N/A
7.To enhance the effectiveness of capacity building, research and knowledge management							
No of personnel trained in basic and specialized procurement skills		2,888	2,701	1,531 (55%)	2,000	1,584 (79%)	
No of research studies that PPDA has contributed to		1	2	1	3	2 (66%)	
No of stakeholders enrolled for e-learning	#	0	0	0	3,000	123 ⁴	
No of research studies conducted by PPDA	# of studies conducted	1	2	1	2	1 (50%)	
8.To Strengthen internal PPDA capacity to deliver improved performance of public procurement							
% achievement of set strategic goals against plan		82%		69%	85%	58%	

Strategic Objectives / PPDA Indicators (outcome and Output)		2013/14 (baseline)	2014/15	2015/16	2016/17		Results rating
					Target	Actual	
% level of motivation as shown through internal stakeholder satisfaction survey		65%	70%	54	80%	82%	
Budget Performance	Recurrent Budget	3.5B	3.2B	3.3B	3.1B	97%	
	Development Budget	0.4B	2.6B	2.3B	2.3B	83%	
	Staff Costs	4.9B	4.9B	5.1B	8.7B	98.8%	
Priority areas funded (%)	Available funding/ required funding	75	78	80	90%	57% ⁵	
Increase in funding to the Authority	% increase in GoU Funding	N/A	0%	22.08%	15%	-5% ⁶	
	% increase in Donor Funding	N/A	113%	0	15%	0	
Average staff appraisal rating	%	75%	72	75%	75%	79%	
% audit reports issued to OAG in a timely manner	%	30%			60%	41.6%	
Staff turn over	%	5	5	15%	5%	1.6%	
No of staff sanctioned due to poor performance	No	1	2	0	0	0	
Number of confirmed corruption cases within PPDA	No	0	0	0	0	0	
% of targeted staff trained	%	30	50	32	80%	6.4% ⁷	
No of regional Offices established	no	0	1	1	1	0 ⁸	
9.Leverage and Enhance PPDA's partnerships and collaborations							
No of objectives achieved through partnerships		2	3	2	3	4	
No. of collaborative initiatives conducted in partnerships	#	3	5	5	5	5	
No. of productive partnerships with MoUs	#	2	3	3	3	5	

Key to Performance

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

ORGANIZATION OVERVIEW

CHAPTER

01



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 as shown in Table 2.

Table 2: Objectives and Functions of the Authority

No	Objective	Functions
1	Effective and Efficient Procurement	Ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices.
2	Advisory	Advise Central Governments, Local Governments and statutory bodies on all public procurement and disposal policies, principles and practices; and where necessary on their harmonization.
3	Monitoring, Audit & Compliance	PPDA Monitoring, auditing and ensuring compliance of public procurement in order to enhance fairness, transparency, and efficiency.
4	Setting Standards	Setting and updating standards; more specifically for advising on standards for procurement education and training, competence levels, certification requirements, updating and issuing standard procurement documents and enforcing their use, and issuing guidelines.
5	Building Capacity in Public Procurement	PPDA is tasked with building capacity in public procurement for both the public sector and the private sector.
6	Information Management	Another key function of PPDA is to manage the information generated in procurement and disposal process in a meaningful value adding way.

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.

1.1 Vision, Mission, and Overall Goal of the Authority

Vision: *“A center of excellence for regulation of public procurement and disposal”*

Mission: *“To promote the achievement of value for money in public procurement so as to contribute to national development”*

Overall Goal: *“To ensure that the public procurement and disposal system in Uganda achieves value for money”*

1.2 Core Values of PPDA

- i. **Reliability;** PPDA is dependable for a good service in public procurement
- ii. **Integrity;** PPDA will convey a zero tolerance to corruption in its dealings and conform to the PPDA Act
- iii. **Professionalism;** Competence and good behavior can be expected from all PPDA personnel

- iv. **Transparency and Accountability;** PPDA endeavors to act with fairness, openness and clarity. The Authority acknowledges responsibility and is accountable to stakeholders
- v. **Commitment and Teamwork;** PPDA is highly committed to achieving team success. Its commitment reinforces teamwork.
- vi. **Partnership;** PPDA will cooperate with stakeholders to advance mutual interests.

1.3 Organizational Structure

1.3.1 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 2017:

1. Prof. Simeon Wanyama:	Chairman of the Board of Directors
2. Ms. Lydia Ochieng Obbo:	Member
3. Eng. Geoffrey Ssebugwawo:	Member
4. Mr. Joseph Matsiko:	Member
5. Mr. Godfrey Ssemugooma:	Member
6. Mr. Xavier Kyooma Akampurira:	Member
7. Dr. Levi Kabagambe (PhD):	Member
8. Mr. Benson Turamye:	Member / Ag. Executive Director

The Board of Directors



Prof. Dr Simeon Wanyama
Chairman



Ms. Lydia Ochieng-Obb
Member



Eng. Geoffrey Ssebugwawo
Member



Dr Levi Kabagambe
Member



Mr Xavier Kyooma Akampurira
Member



Mr Benson Turanye
Ag. Executive
Director/Memeber



Mr. Joseph
Matsiko
Member



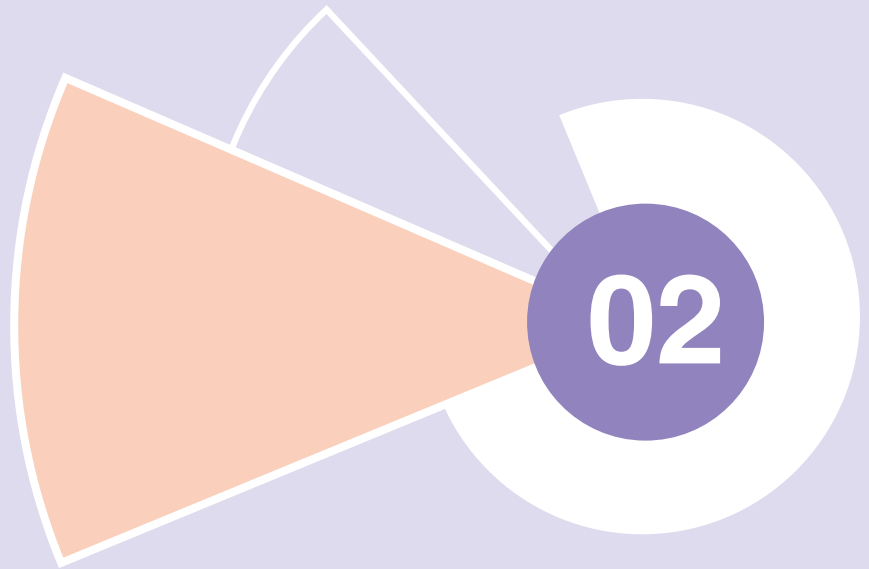
Mr. Godfrey
Ssemugooma
Member

1.3.2 Directorates 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 Directorates and coordination with other government agencies, Public relations, research activities among others. The Executive Director oversees the following Directorates of the Authority:

- i. **Legal and Investigations Directorate:** This Directorate sets standards for the public procurement and disposal sector. As well as handles procurement related complaints
- ii. **Performance Monitoring Directorate:** This Directorate is mandated to carry out procurement and disposal contract and performance audits; as well as compliance monitoring
- iii. **Capacity Building and Advisory Services Directorate:** This Directorate sets training standards, implements capacity building interventions in collaboration with PDEs, providers, training and research institutions and also sets competence level certification systems. . It is also in charge of advisory services and monitoring compliance to the set standards.
- iv. **Operations Directorate:** This Directorate is responsible for the smooth management of financial, human resource and administrative affairs of the Authority.
- v. **Corporate Affairs Directorate:** This Directorate is responsible for strategic planning, monitoring and evaluation, public relations and managing both the internal and external relations of the Authority.

As at end of June 2017, the Authority had a staff complement of 101 (77%) out of the 132 approved positions in the structure. The distribution of the various staff in the various directorates of the Authority is illustrated in Figure 1.



CHAPTER 2: STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC PROCUREMENT

1.0 Background

The Authority under Section 6(a) of the PPDA Act 2003 is mandated to ensure the application of fair, competitive, transparent, and non-discriminatory and Value for Money Procurement and Disposal Standards and Practices. The Authority carries out activities in the form of Procurement Audits, Investigations and Administrative Reviews, among others, to fulfill this mandate. By strengthening transparency and accountability in procurement, Government will be in 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, the Authority is mandated to conduct Procurement and Disposal Audits in Procuring and Disposing Entities. In fulfillment of the above mandate, the Authority completed 116 (97%) out of the planned 120 audits in the FY 2016/17. The 116 Entities covered representative sample of procurement transactions carried out during the Financial Year 2015/16. The audit involved a review of the procurement system, procurement and asset disposal processes as well as procurement performance indicators. The total number of contracts awarded in Financial Year 2015/2016 for the 116 audited Entities was 19,520 valued at UGX 2,111,950,368,253. The number of contracts sampled was 3,192 representing 16.3% of the total contracts. The sampled contracts are valued at UGX 1,300,431,864,340 representing 61.5% of the total value.

The performance of the Entities indicates that one Entity (0.9%) was highly satisfactory, eighty eight (75.8%) were satisfactory, twenty five (21.6%) were unsatisfactory while two (1.7%) were highly unsatisfactory as indicated in Table 3.

Table 3: Overall Performance Rating of Entities

Category of Performance	FY 2015-16		FY 2016-17	
	Number of Entities	Percentage (%)	Number of Entities	Percentage (%)
Highly Satisfactory	11	9.6	1	0.9
Satisfactory	91	79.8	88	75.8
Unsatisfactory	12	10.6	25	21.3
Highly Unsatisfactory	0	0	2	1.7
Total	114	100	116	100

2.2 Performance by contracts

Of the 3,192 sampled procurements, contracts worth UGX 563,846,353,321 representing 43.36% were highly satisfactory by value and 708 representing 22.18% were rated highly satisfactory by number, UGX 673,846,150,741 (51.82%) were satisfactory by value and 2,015 (63.13%) were satisfactory by number, UGX 56,887,410,111 (4.37%) were unsatisfactory by value and 380 (11.9%) were unsatisfactory by number while UGX 5,851,953,225 (0.45%) were highly unsatisfactory by value and 89 (2.79%) were highly unsatisfactory by number and as indicated in Table 4.

Table 4: Summary of Performance by Number of Contracts

Category of Performance	Number of Contracts	Percentage (%)	Value of Contracts (UGX)	Percentage (%)
Highly Satisfactory	708	22.18	563,846,353,321	43.36
Satisfactory	2,015	63.13	673,846,150,741	51.82
Unsatisfactory	380	11.9	56,887,410,111	4.37
Highly Unsatisfactory	89	2.79	5,851,953,225	0.45
Total	3,192	100	1,300,431,867,398	100

2.3 Key Audit Findings

The procurement audits involved a review of procurement systems, procurement processes, asset disposal processes, and the procurement performance indicators. Audit findings revealed the following;

- The overall compliance level for the procurement system for all the 116 Entities was 73% with relatively higher compliance levels under Contracts Committee, Evaluation Committees, Internal Controls, Accounting Officer, planning, and relatively lower compliance levels for User Departments, and records.
- The overall compliance level for the procurement processes for all the 116 Entities was 76.9%. There was

relatively higher compliance levels under the procurement methods, bidding process, procurement initiation, bidding document, record keeping and procurement contracting. However, they Entite had relatively lower compliance levels under procurement plan and contract management.

Below are the underlying factors that hindered the Entities to achieve 100% score in the procurement system and process compliance analysis:

- a. Delayed initiation of procurements by User Departments noted in 60 procurements worth UGX 18,429,875,613.
- b. Approval of wrong procurement methods by Contracts Committees in 49 procurements worth UGX 7,315,907,418 procurements.
- c. Unjustified use of the direct procurement method by the Procurement and Disposal Unit in 30 procurements worth UGX 1,454,339,866.
- d. Failure to adhere to evaluation methodologies by Evaluation Committees in 203 procurements worth UGX 18,929,069,787.
- e. Conducting 214 procurements worth UGX 56,645,601,292 outside the entities' approved procurement plans.
- f. Failure to implement preference schemes to promote capacity of local bidders in 992 procurements worth UGX 569,671,243,055.
- g. Failure to nominate and appoint contract supervisors/managers in 424 procurements worth UGX 44,593,424,398 to manage implementation of signed contracts.
- h. Poor contract management leading to delays or poor workmanship in contract execution in 127 procurements worth UGX 18,222,236,134.

2.4 Investigations

In accordance with Section 8(c) of the PPDA Act 2003, the Authority is mandated to carry out investigations. In fulfillment of this mandate, The Authority carried forward twenty one (21) investigations from Financial Year 2015/16 and received one hundred forty eight (148) complaints during the financial year. Out of these, seventy-three (73) investigation reports were completed and issued during the year. Five (05) cases were handled as contracts audits while two (2) cases were handled as part of procurement audits. A total of 87 complaints were carried forward to FY 2017/18. The investigations conducted revealed existence of the following:

- i. Irregular use of the merit point evaluation methodology instead of the technical compliance selection method;
- ii. Failure to ensure strict adherence to specifications and evaluation criteria during evaluation;
- iii. The Evaluation Committee finding bids responsive yet the bid securities submitted were invalid.
- iv. The issued bidding document did not provide for mandatory application of margin of preference.
- v. Ambiguity in the solicitation document.
- vi. Unjustified delays at evaluation;
- vii. The Contracts Committee irregularly approving disposal proceedings; and
- viii. Failure to provide sufficient evidence to justify allegations made by complainants.
- ix. misleading and restrictive specification of requirements, conflict of interest
- x. Failure to display the Best Evaluated Bidder Notice for the stipulated time.

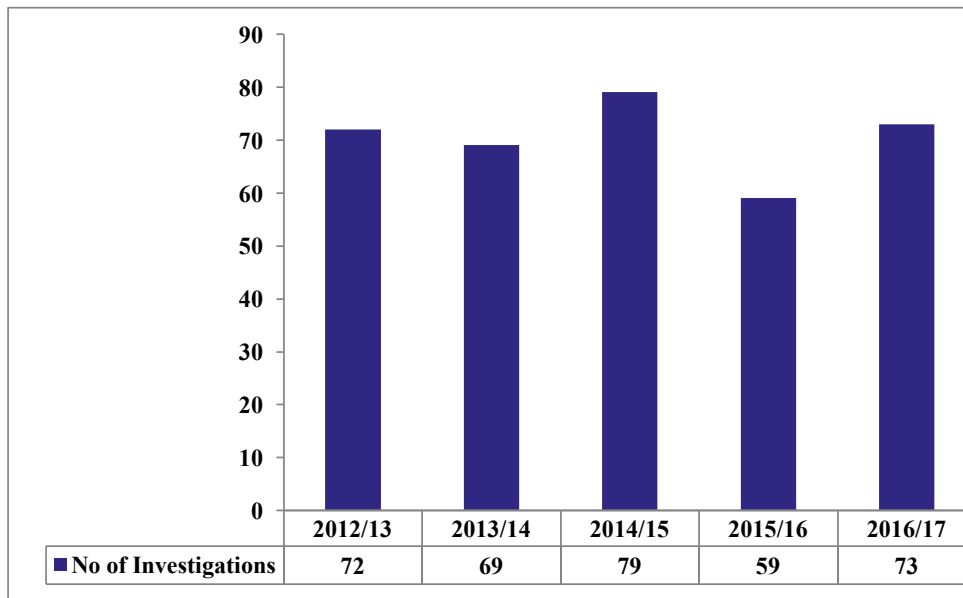
The trend of investigations conducted over the past 5 years is illustrated in figure 2.

Figure 2: Trend of Investigations Conducted in the Last Five Years

From Figure 2, it can be concluded that there was a rise in investigations from 59 in the FY 2015/16 to 73 in the FY 2016/17, brought about by the establishment of a fully-fledged investigations unit, increased awareness and collaborations with other agencies like IGG that refer a bulk of procurement related investigations to the Authority.

2.5 Applications for Administrative Reviews

During the period under review, applications for Administrative Review were handled by the Authority. Out of these, eighteen (18) were upheld, thirty six (37) were rejected, one (1) withdrawn and one (1) not handled because the bidder filed in the Tribunal within the PPDA statutory period. The reviews handled were due to bidders' dissatisfaction with the evaluation process and customization of bidding documents without authorization from the Authority. This indicates



that Accounting Officers are following the right procedures in conducting their procurements and hence there is no merit in most of the administrative reviews handled. The trend of administrative reviews handled is presented in Figure 3.

Figure 3: 5 Year Trend of Administrative Reviews

From the Figure 3, it can be concluded that administrative reviews upheld increased from 24% in the FY 2015/16 to 33% in the FY 2016/17 while the applications for administrative review handled increased from 38 to 57 over the same period. This is an indication that procurement irregularities increased.

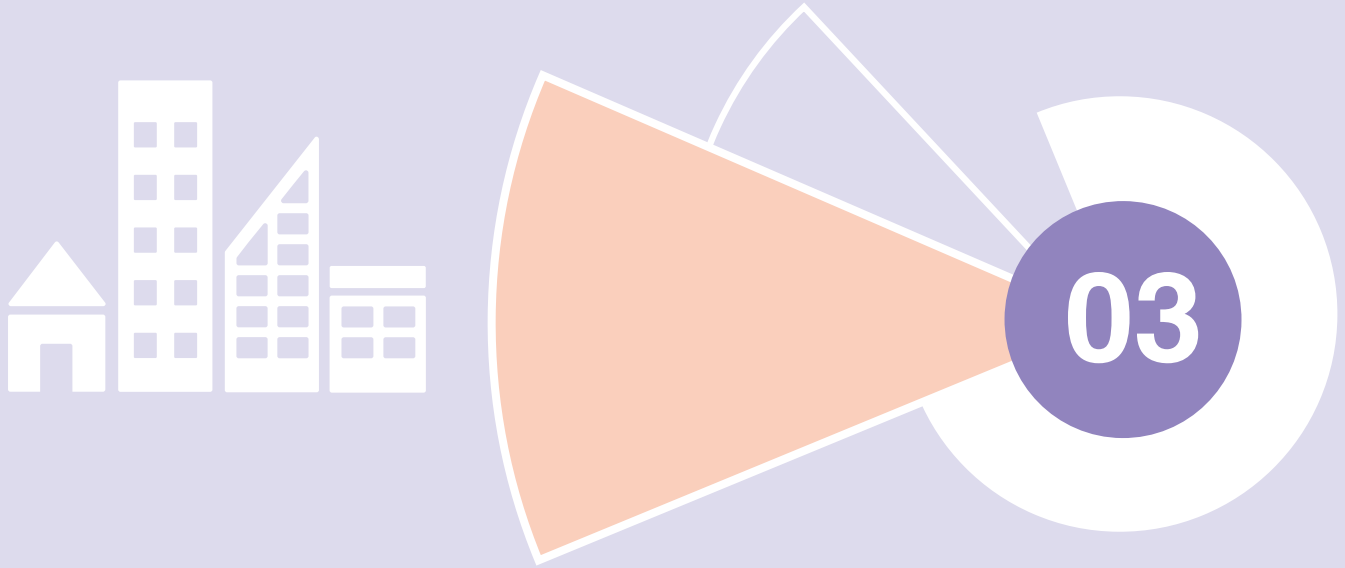
2.6 PPDA Appeals Tribunal

During the period under review, 19 matters were handled by the Authority at the PPDA Appeals Tribunal, Five (5) of the applications arose from the administrative review decisions of the Authority in respect to evaluation of bids, one (1) on failure of an Entity to handle an administrative review within the statutory period, two (2) of the Applications were withdrawn, two (2) were decided against the Authority, one (1) of the applications was against a suspension decision by the Authority and two (2) of the matters were references from PPDA to the Tribunal in respect of serious breach of the PPDA Act, 2003 by Entities.

2.7 Court Cases

During the period under review, nine (9) matters were handled by the Authority at in courts of judicators. Five (5) of the matters were new suits filed against the authority which included two (2) of the cases challenging suspension proceedings instituted by the Authority, one (1) case was in respect of a person seeking the removal of his name as a director of a suspended company in the list of suspended providers while one case was an appeal against the Tribunal decision on suspension and the last case was of public interest litigation case wherein the Applicants brought the application against the PPDA and UNRA for failing in their mandate of ensuring that roads are constructed by companies that give value for money to Ugandans. The court issued an interim order restraining the 1st Respondent and its agents or employees from executing a contract with Zhongmei Engineering Group Ltd for the construction of the Rukungiri-Kihihi-Ishasha-Kanungu road.

The Court pronounced itself in Civil Appeals 3, 4, 5 & 6 of 2016 and dismissed the appeals. The court dismissed MM Construction Company Ltd V PPDA under Order 5 Rule 3(1) (c). The Authority was waiting for the Court's decision in the application for extension of time within which to file an appeal in Consolidated Contractors Ltd V PPDA whose ruling would be delivered on notice. Hearing of the matters in Dolomite Engineering Services V PPDA and CATIC V PPDA & 3 others were adjourned to a later date.



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

3.0 Background

The low levels of competition in government procurement have meant that Entities do not benefit 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. This chapter presents the status of implementation of activities executed that were aimed at increasing competition and hence contributing to domestic industry development.

3.1 Government Procurement Portal (GPP)

This is the second year of reporting under the Government Procurement Portal (GPP) that was adopted by the Government of Uganda in 2015. The Portal brought together the features of the Procurement Performance Measurement System (PPMS), the Register of Providers (RoP) and the Tender Portal. The Portal was developed as a mechanism to improve the means through which the Authority could gather data to periodically assess the effectiveness, efficiency and transparency of the public procurement and disposal system in Uganda. It is also the first stage towards adoption of an e-Government Procurement system.

In the FY 2016/17, GPP was rolled out to 70 PDEs bringing the total number of Entities on the system to 169 (47% national coverage). The Authority was able to assess performance of 138 PDEs which entered data on the Portal. The total number of contracts entered into the portal and analysed in the FY 2016/17 was 20,937 compared to 18,607 contracts in the FY 2015/16. There was however a slight drop in the total value of procurements in the system from UGX 2,661,628,423,715 in FY 2015/16 to UGX 2,630,511,662,243 in FY 2016/17. This drop was as a result of some Entities that previously posted large values such as UNRA, and KCCA posting significantly lower values in the year of reporting. This was due to failure to conclude some of their large procurements due to delays in the procurement process and large budget cuts.

3.2 Bidder Participation in Public Procurement Process

3.2.1 Average number of bids received

On average only approximately two bids were received which is about the same score for the FY 2015/16. This indicator measures the level of competition in public procurement. The Authority recommends in its Strategic Plan that each procurement process should attract at least 5 bids for competition to be deemed sufficient. Lack of competition threatens the attainment of the other principles of public procurement, most notably economy; as low competition may lead to high prices being quoted. The data shows that the low levels in competition are most prominent in Local Governments. When disaggregated according to the different methods of procurement, the performance is as indicated in the Table 5.

Table 5: Average number of bids per method of procurement

	Method of Procurement	Average no. of bids
1	Open bidding	3.6
2	Restricted Bidding	2.6
3	Micro Procurements	1.7
4	Direct procurement	01

Source: Government Procurement Portal, 2017

3.3 Contracts by value subjected to open competition

In the Financial Year 2016/17, a total of 830 contracts were subjected to open competition. This accounted for 4% of the total number of contracts. The total value of contracts through open bidding was 955,744,943,669 UGX, accounting for 39% of the total value of all contracts. This was a decline from the previous year when open bidding accounted for only 44.42% of the total value of procurements. It should however be noted, that this data includes an outlier procurement that went through Direct procurement. That is the procurement of Kabale International airport at approximately one trillion UGX. When analyzed without that outlier procurement, the percentage of contracts that went through open bidding was 71.8%. In terms of numbers, the percentage of contracts which were subjected to open competition was only 4.42%. The value and number of procurement contracts by method of procurement is provided in Table 6.

Table 6: Average number of bids per method of procurement

No	Procurement Method	No. of Contracts	% by number	contract Value	% by value
1.	Direct Procurement	1,627	7.8%	1,115,575,483,075 ⁹	45.9%
2.	Open Domestic Bidding	800	3.8%	415,188,190,096	17.1%
3.	Open International Bidding(OIB)	30	0.1%	540,556,753,573	22.2%
4.	Request for Quotations/Proposals (RFQ/P)	2,731	13.0%	76,937,528,689	3.2%
5.	Restricted Domestic Bidding (RDB)	620	3.0%	105,688,195,325	4.3%
6.	Restricted International Bidding (RIB)	13	0.1%	41,659,384,946	1.7%
7.	Micro Procurements	13,541	64.7%	34,054,907,550	1.4%
8.	Special contracts	1,480	7.1%	67,209,938,309	2.8%
9.	Single Source for Consultants	3	0.0%	1,718,777,565	0.1%
10.	Short listing of consultants without expression of interest	60	0.3%	9,894,398,794	0.4%
11.	Short listing of consultants with Expression of interest	29	0.1%	21,594,766,094	0.9%
	Total	20,934		2,430,078,324,016	
<i>source: government procuremet portal 2017</i>					

3.4 Promoting Local Content in Public Procurement

One of the strategic objectives of the Authority is to increase competition and contribute to domestic industry development. On 10th March 2017 the Authority issued a new Guideline on Reservation Schemes to promote Local Content in Public Procurement. The Guidelines have been issued in accordance with Sections 50 (2) of the PPDA Act, 2003 and Regulation 53 of the Local Governments (PPDA) Regulations, 2006; to facilitate the implementation of the National Development Plan II (NDP II) 2015/16 – 2019/2020; and the Buy Uganda Build Uganda Policy, 2014 that provide for the need to support locally manufactured products; knowledge transfer; and human capital development. The main objective of the Guideline is to provide for mechanisms of increasing the input of local labor, goods and services in the procurement of public sector projects, goods and services within the country as below;

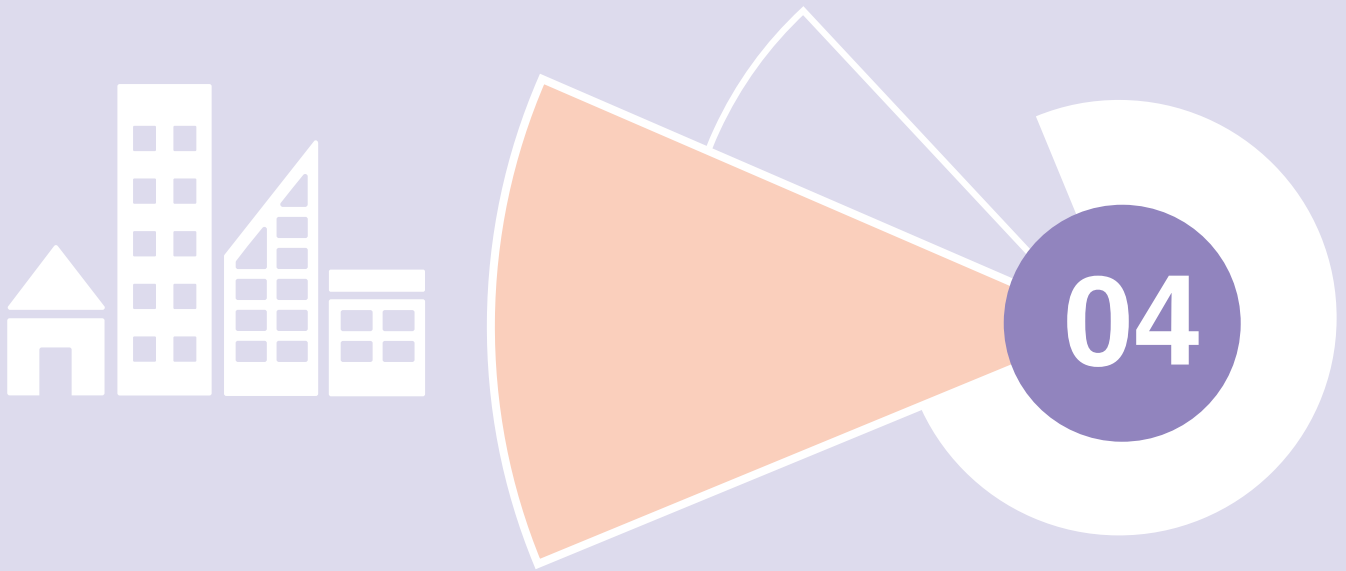
- a. Exclusive reservation of public contracts by threshold to local providers;
 - i. Procurements for supplies whose estimated cost is UGX 1 Billion and below.
 - ii. Procurements for road works whose estimated cost is UGX 45 Billion and below; and other public works whose estimated cost is UGX 10 billion and below.
 - iii. Procurements for consultancy services whose estimated cost is UGX 1 Billion and below.
 - iv. Procurements for non-consultancy services whose estimated cost is UGX 200 Million and below.
- b. Reservation of at least 30% of the value of works through subcontracting to local providers shall apply to procurements of works above UGX 45 Billion where the bidder is not a local provider.
- c. Reservation for procurement of uniforms and related clothing materials to providers that have manufacturing facilities in Uganda.
- d. Reservation for procurement of electrical cables and conductors to providers that have manufacturing facilities in Uganda.
- e. Reservation for procurement of selected medicines to providers who have production facilities in Uganda.

Entities will be required to disclose in their Procurement Plan procurements that shall be subjected to this reservation scheme and this Procurement plan shall be displayed on their notice boards and the Authority's website. The effectiveness of these guidelines will need further support by enhancing the capacity building of the local providers and simplification of bidding documentation for SMEs.

3.5 Contracts awarded to Local Providers

The total number of contracts awarded to local providers remained at 99%, as has been the case in FY 2015/16. This is because the overwhelming number of with value awarded to procurements local providers. However in terms of value, the performance dropped from 58% in FY 2015/16 to 53% in the FY2016/17. This indicates that whereas the contracts awarded to foreign providers are very few in number, in terms of value, they are high. Many of the large contracts continue to be executed by foreign providers.

By the time the guideline on reservation scheme was issued, many of the large procurements were already underway. The full impact of the guideline will be tested in the FY 2017/18. It is hoped this should improve the value of contracts awarded to local contractors.



CHAPTER 4: ENHANCING THE EFFICIENCY OF PUBLIC PROCUREMENT SYSTEM

4.0 Background

In order to reduce the bottlenecks that delay procurement processes, the Authority is focusing on highlighting and addressing the contributing factors. This will ensure public procurement processes are streamlined and made more efficient by minimizing the delays that are currently seen to be prevalent in the system. The resultant effect is increased budget absorption rate resulting in better service delivery and reduced procurement lead time. The chapter presents the status of implementation of the activities geared at enhancing the efficiency of public procurement system.

4.1 Average Time taken to Complete Procurement Cycle

This indicator measures the procurement lead times against indicative timelines that were issued by the Authority. The system calculates the time the procurement process takes from initiation to contract signature. Performance under this indicator declined for both Open Domestic and Open International Bidding from 144 and 159 days respectively in FY 2015/16 to 164 and 278 days FY 2016/17.

Performance under this indicator has continued to be poor despite several efforts to reduce on procurement lead times, including the regulation of evaluation timelines and guidance from the PS/ST that Entities should commence on their procurement processes before funds are released to them. The data shows that there are a lot of administrative delays in the procurement process e.g. long delays continue to be experienced at the different approval stages. There are still delays at evaluation stage, despite the fact that the time for evaluation was regulated during amendments and delays by the Contracts Committees to approve documents.

A number of PDEs noted that their lead times seem longer than is the case because they start their procurement processes early and stop at award stage until funds are released to them. The calculation of the lead times does not take into account the 'breaks' that occur in the process from the time of completion of evaluation and contract signature, as Entities wait for release of funds.

4.2 Procurement Plan Implementation

It measures the degree to which procurement plans that were submitted by Entities at the beginning of the Financial Year actually get implemented. It's a measure of the total value of contracts awarded in the year compared to the total value in the procurement plan. This is measured at Entity level and as a total aggregate of all Entities.

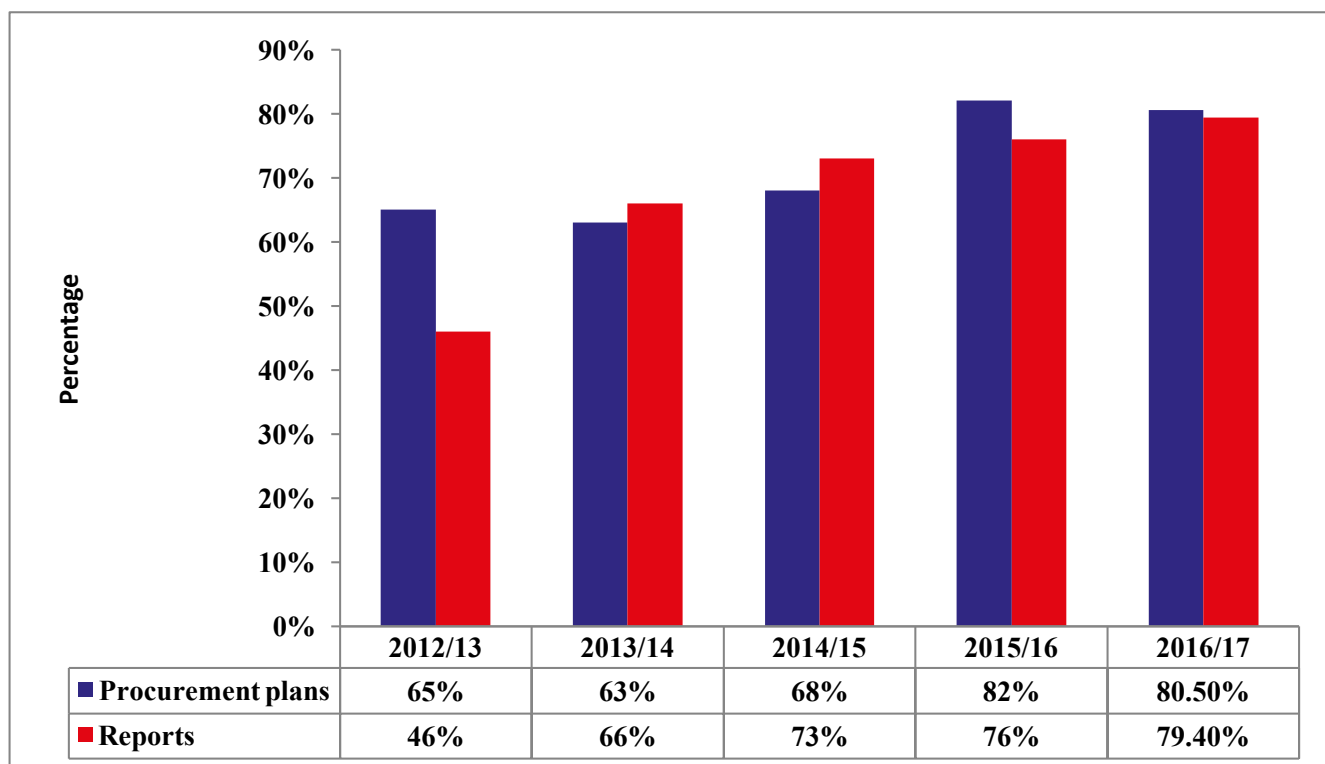
There was a drop in the performance of this indicator from 53% in the FY 2015/16 to 43.7% in the FY 2016/17. The poor performance under this indicator is as a result of administrative inefficiencies in the procurement process that cause delays culminating in failure to implement the procurement plans. Some large procuring Entities such as UNRA and KCCA performed very poorly with only 51% and 36% of their procurement plans getting implemented respectively. Failure by Entities to implement procurement plans results in delayed or even lack of service delivery, it is therefore important that delays in the procurement process are curbed.

4.3 Submission and Review of Procurement Reports and Plans

There was a marked improvement in submission of procurement plans from 80% in the FY 2015/16 to 87% in the FY 2016/17. With regards to the requirement to submit procurement reports, there was a slight improvement from 76% in the FY 2015/16 to 77% in the FY 2016/17.

The Entities that performed poorly in terms of reporting are the newly created Entities, most of which lacked the proper procurement structures during the year. The foreign missions, though better than previously, are still below average in their reporting requirements. The Authority shall continue to be vigilant in the enforcement of the reporting requirements as a means of promoting transparency and accountability in the procurement process. The 5 year trend for submission of procurement plans and reports is illustrated in Figure 4.

Figure 4: Trend of Submission of Procurement Plans and Reports



From the Figure 4, it can be concluded that the level of compliance in submission of reports improved from 76% in the FY 2015/16 to 79.4% in the FY 2016/17. However compliance levels in submission of plans declined from 82% to 80.5%. The drop is due to non-submission of procurement plans by the new PDEs in the Financial Year that did not have their procurement structures fully filled for most of the

year and the entities therefore could not fully comply with their reporting requirements during the year.

4.4 Register of Providers (RoP)

The Authority is mandated to establish and maintain a register of providers for works, services and supplies. This is a step to promote a sound business environment and is a quick avenue to reduce process time and cost during the prequalification process. In the Financial Year 2016/17, 1,899 new providers accessed the register of providers and 3,351 existing providers renewed their subscription. A total of UGX 507 million was generated from the Register of Providers. Figure 5 shows the trend of RoP registrations and revenue collected over the last 5 years.

Figure 5: Trend of RoP registrations Activities over the last 5 years

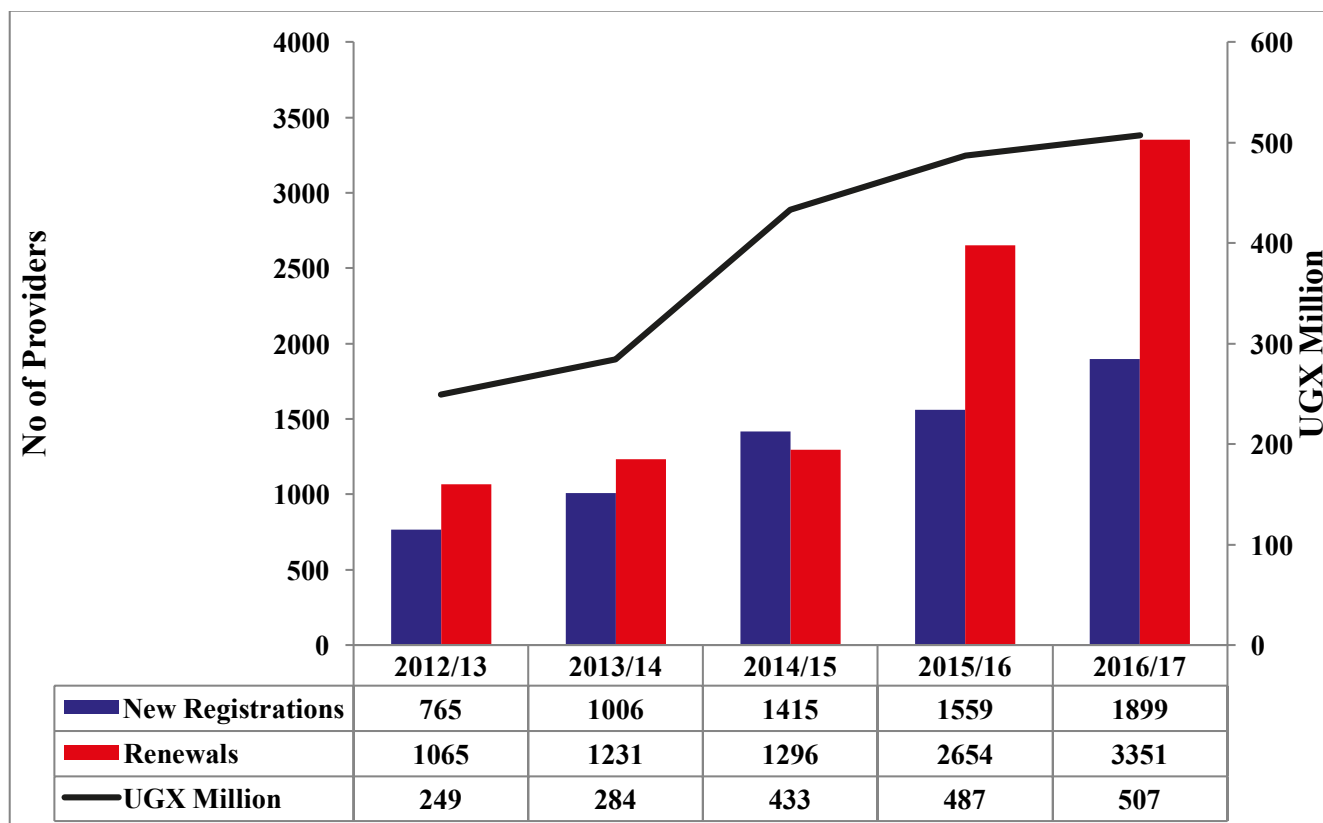
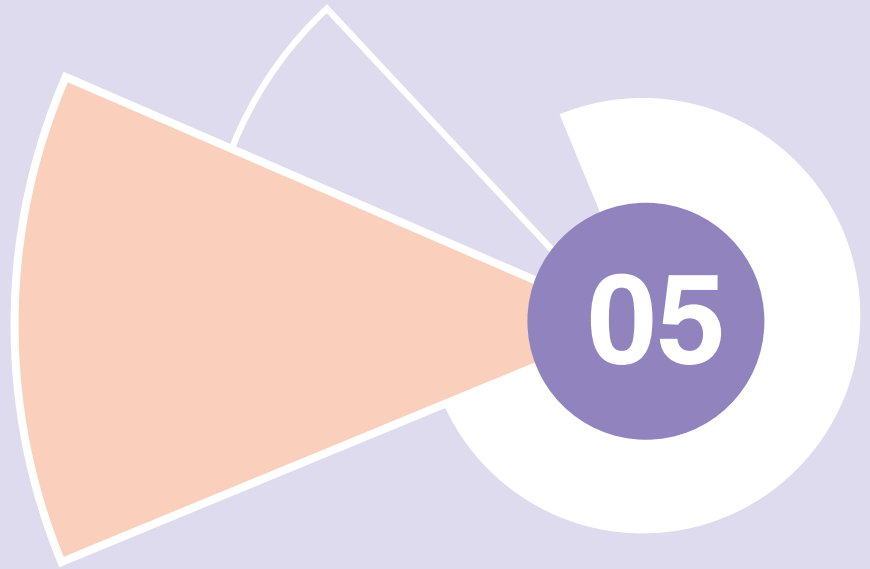


Figure 5 shows that the number of new providers accessing the register of providers has been steadily increasing from 765 providers in FY 2012/13 to 1899 providers in FY 2016/17. The number of existing providers that renew their profiles on the register of providers has also been growing from 1065 providers in FY 2012/13 to 3351 providers in FY 2016/16. However this shows that many providers donor renew their subscription status on the RoP and this is due to some Entities that donor use the RoP certificate evaluation criteria thereby leaving no motivation for providers to renew their subscription on the RoP



CHAPTER 5: STRENGTHENING CONTRACT MANAGEMENT AND PERFORMANCE

5.0 Background

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 chapter presents activities executed in the period under review intended to strengthen contract management and performance.

5.1 Procurements implemented according to Market Price.

This indicator calculates the percentage by value and by number of contracts that were implemented in accordance with the estimated cost (market price) reflected on the requisition forms. This indicator reflects on whether there is proper planning and price estimation in PDEs and good knowledge of the market. The implication of a huge variance is that there may be budget overruns in Government. In addition PDEs may be paying too much money for goods, works or services that they could procure at lower prices.

There is a notable improvement in performance under this indicator. In terms of numbers, the percentage of procurements implemented according to market price improved from 65% in the FY 2015/16 to 82% in the FY 2016/17. In terms of value, the percentage of procurements implemented in accordance with the market price improved from 63% in the FY 2015/16 to 76% in the FY 2016/17. The improvement in performance can be attributed to the enforcement by the Authority of the requirement for Accounting Officers to conduct market assessments before commencement of the procurement process and before signing of contracts in accordance with section 26(4) of the PPDA Act 2003.

Conducting procurements within the market price is important, as it protects the credibility of the budget but also saves Government from arrears that may arise when procurements are conducted above the budgeted funds. The data shows that for the lower value procurements, there is still poor performance. This may be as a result of less attention being paid to the lower value procurements which are the majority in number. The Authority through its monitoring arm will continue to pay close attention to this indicator with increased attention on the lower value procurements.

The Authority is in the process of developing a guideline to assist Entities to determine market prices at budgeting and before contract signature, in accordance with section 26 (4) of the PPDA Act 2003 that requires Accounting Officers to determine market prices before starting a procurement process. It is hoped that with this guideline in place, PDEs will be able to make realistic estimates of market prices.

5.2 Contracts Completed within original Contractual Time.

This indicator assesses the efficiency of Entities in contract execution i.e. it measures the percentage of contracts that are completed within the period that is stipulated in the contract. The indicator is scored by calculating the time taken to execute the contract against the original timelines in the contract. In terms of numbers, the contracts that were completed within the original contract time dropped from 49.6% in FY 2015/16 to 43.1% in FY 2016/17. In terms of value, there was improvement in performance from 47.3% in the FY2015/16 to 66% of the total value of procurement in the FY 2016/17.

The performance shows that there is need to pay close attention to contract management. Entities continue to pay close attention to the process leading up to award of contracts with little safeguards at ensuring that contracts are implemented as per the contractual terms. The Authority will continue through its capacity building function and regulatory tools to ensure contract management is strengthened in Entities.

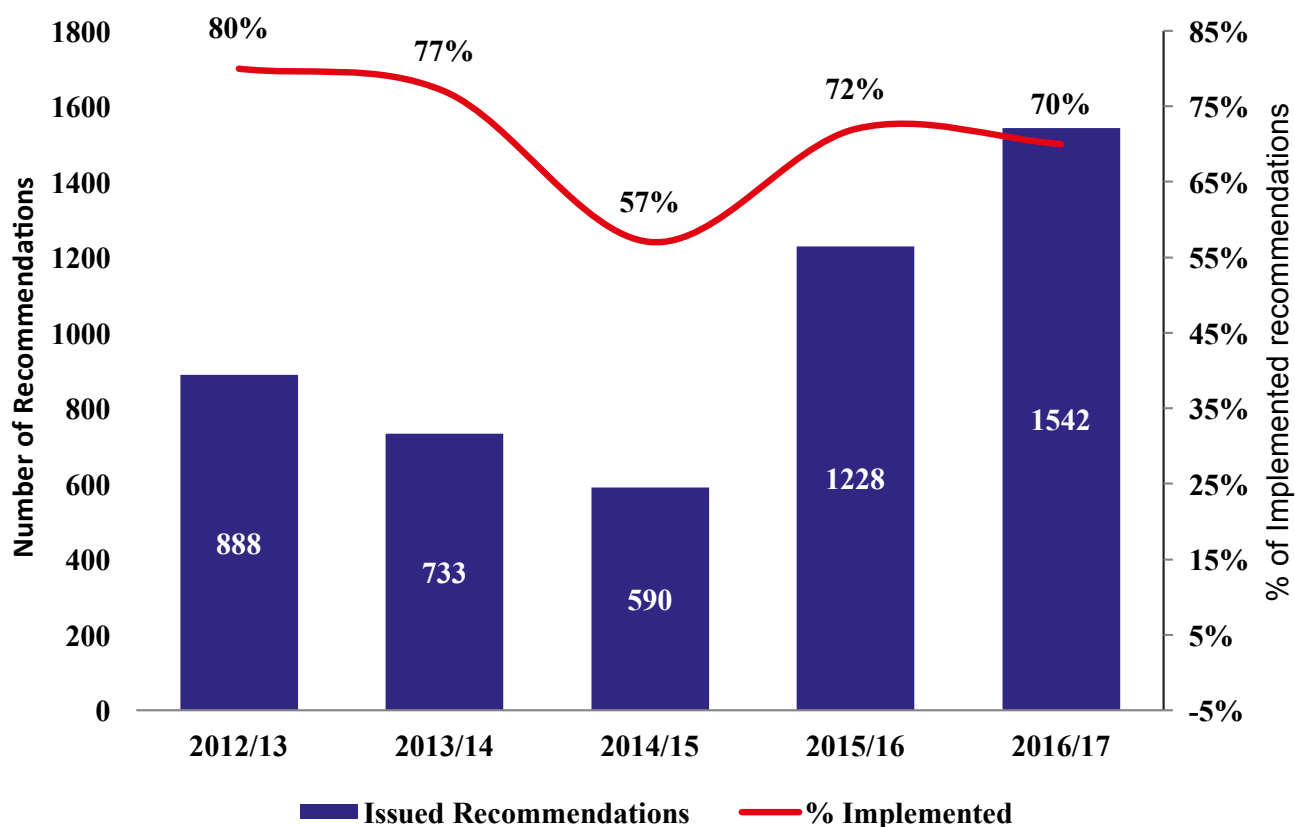
Though many Entities now appoint contract managers, there are still weaknesses in the way actual contract management is done. The Authority's audit reports for example continuously show that contract managers do not have contract implementation plans thus making it difficult for them to effectively monitor contract implementation. In some other cases, the contract managers are not facilitated well enough to carry out their duties effectively. Contract execution in the stipulated timeframe is important to attain the principle of value for money because delays in implementation of the contract have may lead to variation of the contract with attendant consequences such as budget over runs.

5.3 Follow up on implementation PPDA Recommendations

During the Financial Year 2016/2017, the Authority conducted follow up activities in 108 Procuring and Disposing Entities out of the targeted 120 Entities to assess the status of implementation of audit and investigations recommendations made in the reports that the Authority issued in FY 2015/16 for procurement and disposal transactions conducted in FY 2014/15. The follow up activities were conducted in 36 Central Government Procuring and Disposing Entities and 72 Local Government Procuring and Disposing Entities. A total of 1,542 recommendations were reviewed and of these 1,072 recommendations (70%) were found to have been implemented and 470 recommendations (30%) were either partially implemented or not implemented. This was a decline from the 2015/16 performance where 72% of the recommendations were 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 inadequate capacity (financial and human resource) especially in Local Government PDEs to implement the issued recommendations. 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 audit recommendations issued by the Authority in order to achieve value for money in public procurement in Uganda. The number of implementations followed up and their implementation status over the past five (5) years is illustrated in Figure 6.

Figure 6: Trend showing implementation of PPDA Recommendations



It was also observed that there is an increase in unimplemented recommendations related to planning mainly related to poor estimation of procurement requirements, conducting market assessment and failure to periodically update the procurement plans; and an increase in unimplemented recommendations relating to contract management mainly the appointment of contract managers and the preparation of contract implementation plans. The distribution of unimplemented recommendations is as follows:

- a) Recommendations related to procurement planning made up 26% of the unimplemented recommendations. These recommendations were mainly failure by Entities to effectively conduct market price assessment to come up with market prices and failure by Entities to periodically update their procurement plans which resulted to procuring outside the procurement plan and low implementation of procurement plans. This occurred in 62 Entities.
- b) Failure by Entities to implement recommendations related to contracting and contract management. This has over the years persisted to be one of the main unimplemented recommendations and it accounted for 19% of the 470 unimplemented recommendations. The specific recommendations under this category include delayed payment to providers, appointment of contract managers and contracts that are not completed within contractual cost. This occurred in 52 Entities.
- c) Failure by Entities to implement recommendations related to the performance of key structures which accounted for 10% of the unimplemented recommendations. The specific recommendations under this category included failure by Entities to adequately facilitate the operations of the Procurement and Disposal Unit and failure to fully Constitute Contracts Committees.
- d) Failure by the Entities to implement recommendations related to reporting especially using the online

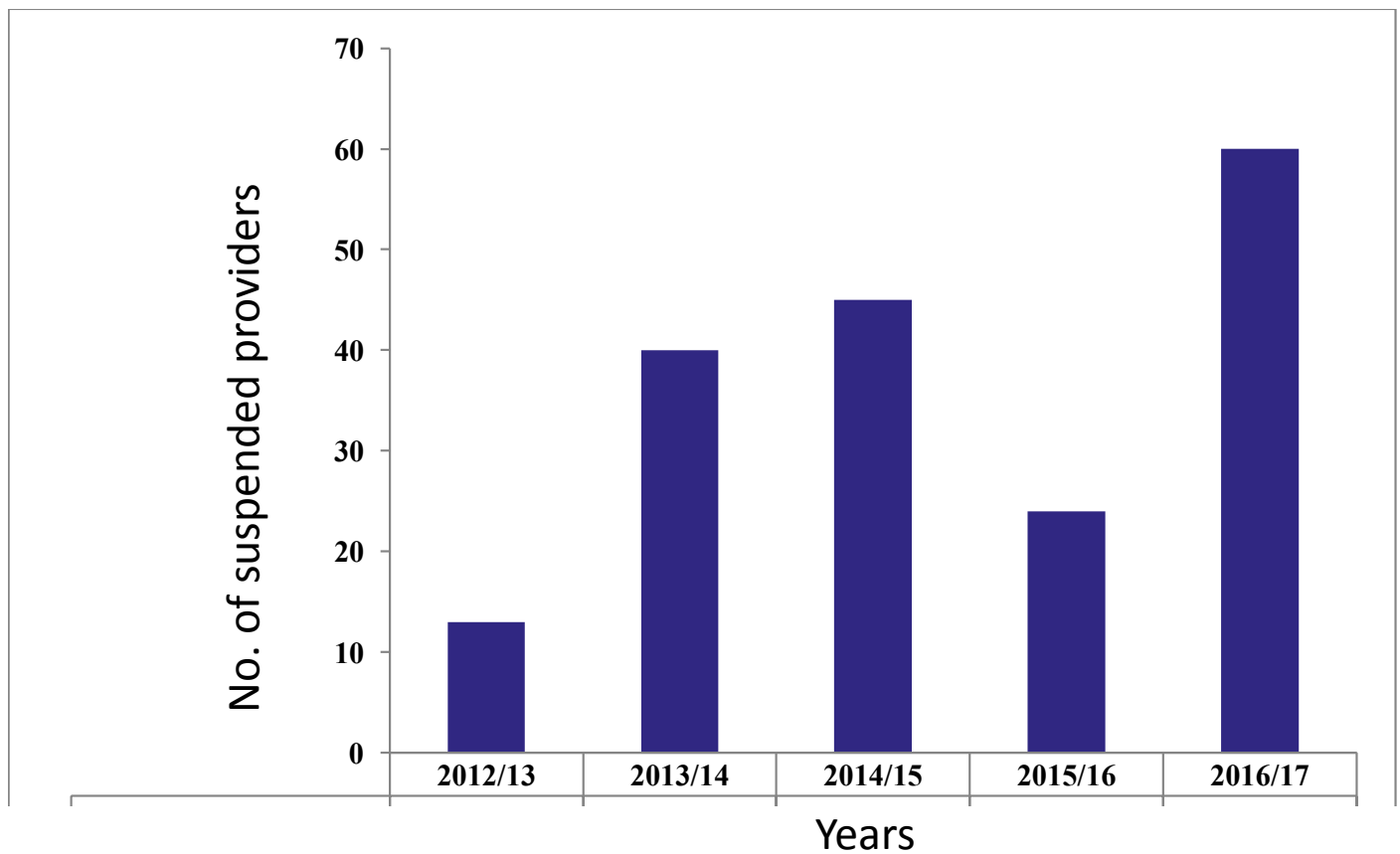
platforms like the Government Procurement Portal (GPP) and timeliness of the quarterly reports in case of Local Government Entities and monthly reports in case of Central Government Entities. This accounted for 9% of the unimplemented recommendations with occurrence in 28 Entities.

- e) Failure by Entities to implement recommendations related to record keeping and maintenance of complete procurement action files especially having the contract management records and payment records as part of procurement action files. This accounted for 9% of the unimplemented recommendations with occurrence in 30 Entities.
- f) Failure by Entities to implement recommendations related to bidding especially addressing the issue of low bidder participation which is rampant in the hard to reach Local Government Entities and proper management of the issue, receipt and opening of bids this accounted for 8% of the unimplemented recommendations with occurrence in 23 Entities.
- g) Failure by Entities to implement recommendations related to evaluation of bids especially communication of arithmetic errors to all participating bidders and issuing best evaluated bidder notices to all participating bidders. This accounted for 8% of the unimplemented recommendations with occurrence in 23 Entities. This problem is more pronounced in Local Government Entities where PDU staff found it hard to find all the participating bidders.
- h) Failure by Accounting Officers to implement recommendations on disciplinary action on errant procurement structures like the members of PDUs, Contracts Committees, Evaluation Committees, and user departments in the Entity that flout procurement rules, regulations and procedures. This accounted for 5% of the unimplemented recommendations with occurrence in 12 Entities.
- i) Failure by Entities to implement recommendations on disposals especially planning for disposals, identifying items for disposal and conducting disposals. As a result many items especially used vehicles lie unused in the yards of many Entities and they continue to deteriorate through vandalism. This accounted for 1% of the unimplemented recommendations with occurrence in 9 Entities.
- j) Failure by Entities to implement recommendations related to staffing of Entities. This is common in Local Government Entities and Regional Referral Hospitals where some Entities are only manned by one Officer despite numerous recommendations by the Authority to appropriately staff the PDUs the acceptable levels. This Accounted for 3% of the unimplemented recommendations with occurrence in 12 Entities.

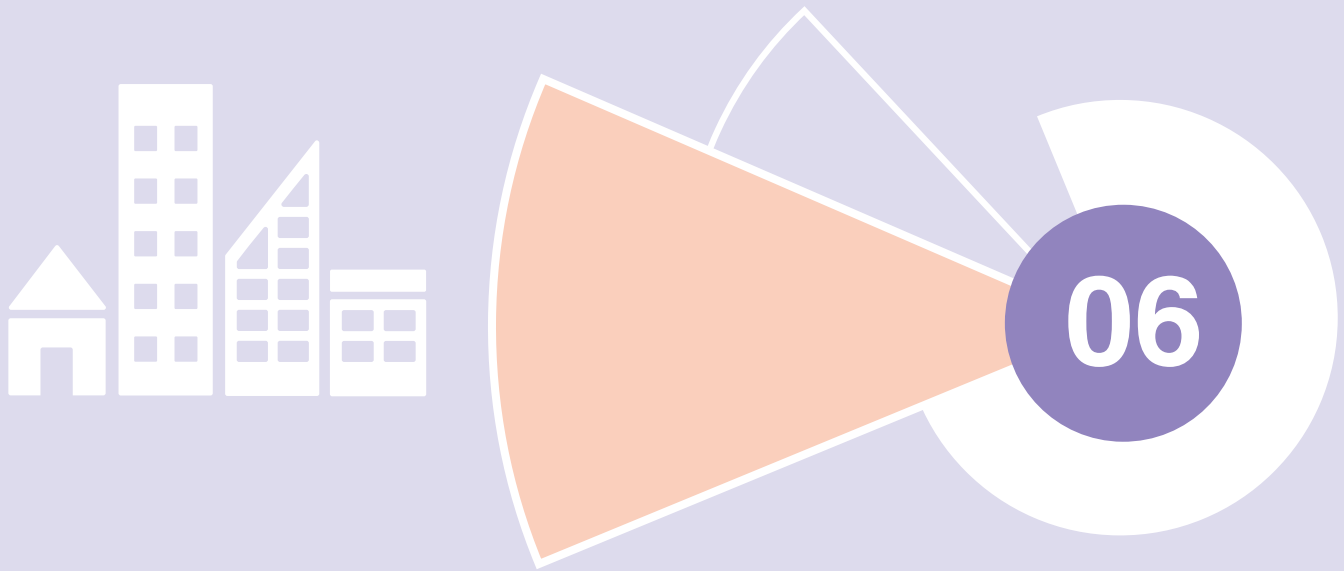
5.4 Suspension of Providers

The Authority derives its mandate to suspend providers under Section 94 of the PPDA Act, 2003 and Regulation 12 of the PPDA Regulations, 2014. During the period, the Authority handled 142 recommendations for suspension, out of these 60 were suspended, 24 were exonerated and 58 are pending finalisation. The major grounds for recommendations for suspensions are sub-standard works and forgery of documents (i.e. completion certificates, income tax clearance, Bid guarantee, Bid security, Powers of Attorney and RoP certificates). The details of the suspended providers are contained in Annex I. The Trend of suspension of providers over the time horizon of the past 5 financial years is illustrated in Figure 7.

Figure 7: Trend of Suspended Providers



From Figure 7, it can be observed that the number of suspended providers has been increasing from the 13 providers in FY 2012/13 to 60 providers in FY 2016/17. It worth noting that a number of suspension investigations were forwarded to FY 2017/18 due to lack of information from other sources like the Uganda Registration Services Bureau and Commercial Banks to aid in the suspension investigations.



CHAPTER 6: LEVERAGING TECHNOLOGY TO IMPROVE PROCUREMENT OUTCOMES

6.0 Background

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. The chapter presents the activities and outputs realized in the Financial Year 2016/17 with the internal interventions and implementation of e-Government Procurement (e-GP).

6.1 Enhancing PPDAs Technology Infrastructure to Improve Human Capacity

6.1.1 Implementation of an Electronic Document Management System (EDMS)

The Authority embarked on a project to implement an Electronic Document Management System (EDMS) for the management of all document related tasks and workflows in the Authority. The system was fully rolled out to all the staff of the Authority including the regional offices and this has eased the flow of documents and internal administrative processes within the Authority.

6.1.2 New Server and Storage Infrastructure for the Regional Offices

The Authority acquired an Integrated Virtualized Server and Storage solution to consolidate its IT services onto more robust infrastructure that is easier to manage and to backup offsite. This storage infrastructure is able to meet the current and medium term storage needs of the Authority in the wake of the existing and anticipated ICT systems to be used by the Authority. The Authority also acquired two standalone storage servers to provide shared storage and backup infrastructure for the regional offices. The new servers and storage infrastructure were installed and currently in use by the Authority. The Authority also held discussions with NITA-U to provide off-site Disaster Recovery through an arrangement provided under the proposed MoU between the two organisations.

6.1.3 Implementation of a Hardware Network Firewall Solution

The Authority acquired a hardware firewall solution to provide the necessary infrastructure for a secure network

perimeter and integrated intrusion detection. This system also enables the regional offices to connect securely to the headquarters network through on demand Virtual Private Network (VPN) connections which give them access to all our shared network resources including the EDMS. The system was installed and currently in use.

6.2 E-Procurement Interventions

6.2.1 Progress of E-Procurement under the Regional Communications Infrastructure Programme (RCIP)

The procurement of the e-GP system has been ongoing since June 2016 and the e-GP BEB evaluation report was finally approved by World Bank and the contract with the BEB is expected to be signed in Q1 FY 2017/18. A summary of the timelines is provided in Table 7.

Table 7: EGP Project Timelines

Procurement Activity	Procurement Timelines
Publish bid notice	15th June 2016
Bid closing date	4th August 2016
World Bank Approval of evaluation support	15 th September 2017
Contract Signing	31 st december 2017
Project Implementation	Jan 30th 2017 - June 30th 2018
Go-Live	July 1st 2018
Pilot phase and operational acceptance of system.	July 1st 2018 - Dec 31st 2018
One year warranty period	Jan 1st 2019 -Dec 31st 2019
Three year support period	Jan 1st 2020 - Dec 31st 2022

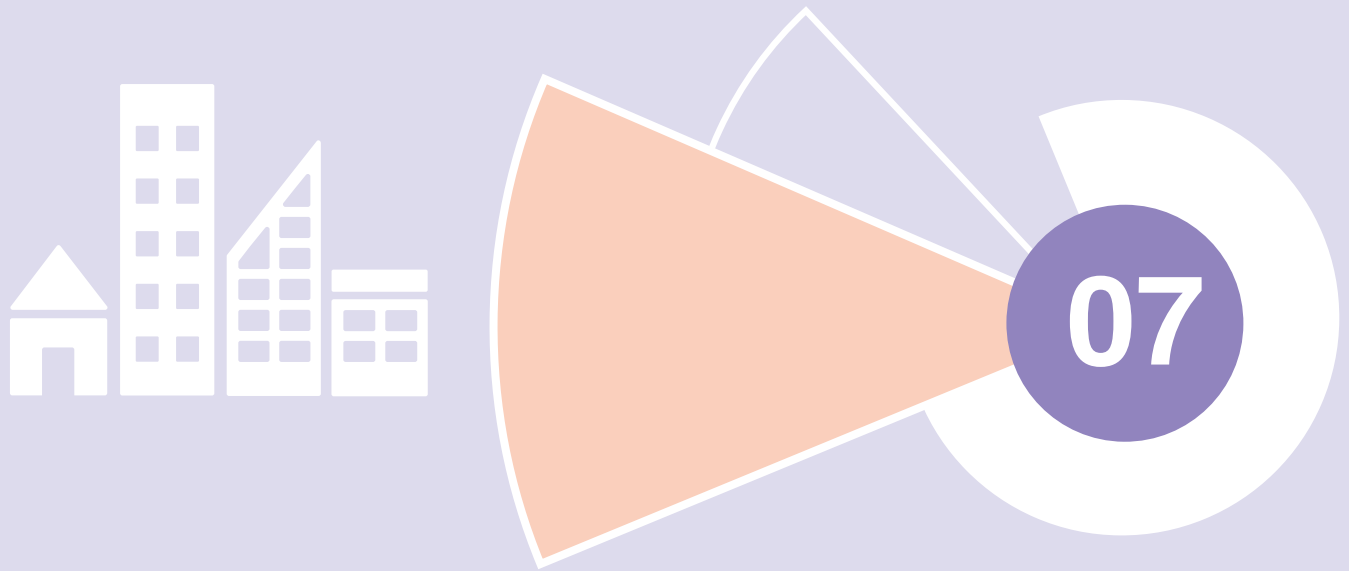
The evaluation of the e-GP solution vendor bids was completed and due diligence was conducted in February 2017. The final evaluation report was approved by the World Bank for a no objection and June 2017. The e-GP Project Manager was contracted and started work in May 2017. The recruitment of the egp systems analyst concluded on 31st August 2017.

6.2.2 Key Challenges of E-Procurement under RCIP

As discussed by the e-GP Steering Committee, The RCIP PAD/Financing Agreement states that “The Recipient (GOU) shall allocate sufficient funding within PPDA’s annual budget - starting in Fiscal Year 2016/2017 - for operational costs related to e-Procurement to ensure sustainability.” As such there is a funding gap of 960 million per year for e-GP at PPDA as shown in Table 8.

Table 8:Funding Gap under RCIP

Particulars	Qty	Monthly Cost (USD)	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
System Analysts/ QA Analysts	4	1200 X 4	57,600	57,600	57,600	57,600
Help Desk Officers	4	970 X 4	46,560	46,560	46,560	46,560
Office Administrator	1	970	11,640	11,640	11,640	11,640
Driver	1	970	11,640	11,640	11,640	11,640
Rent Charges(200sqm)		3,000	35,000	35,000	35,000	35,000
e-Procurement recurrent expenses		1,000	12,000	12,000	12,000	12,000
Training, Stake Holder Engagement, Change management			100,000	100,000	100,000	100,000
TOTAL (USD)			274,44	274,440	274,440	274,440
TOTAL (UGX)			960 M	960 M	960 M	960 M



CHAPTER 7: ENHANCING THE PERFORMANCE OF PUBLIC PROCUREMENT BEYOND COMPLIANCE

7.0 Background

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 chapter presents the activities that were implemented to enhance the performance of public procurement beyond compliance.

7.1 Issuance of Advice to stakeholders

In accordance with Section 7(1) (a) of the PPDA Act, the Authority has advised various Entities and private companies on public procurement and disposal policies, principles and practices. During the FY 2016/17, the Authority issued out one hundred eighty four (184) letters providing legal guidance/advice. Out of these, 128 (70%) were from Central Government, 46 (25%) were from Local Government Entities and 10 (5%) from private companies.

The Authority also provides guidance and clarification according to the type of procurement. Out of the total 184 letters received seeking guidance, advice and or clarification, 26 (14%) were for works, 44 (24%) for supplies, 68 (37%) for services and general request for guidance were 46 (25%).

The main areas where legal guidance was sought were:

- i. Preparation and Use of Standard Bidding Documents (SBDs)
- ii. Pre-Qualification and Bidding Process
- iii. Evaluation of Bids
- iv. Contracts and Contract Management
- v. Disposal of Public Assets
- vi. Accountability in Public Procurement & Disposal Process
- vii. Providers in Public Procurement & Disposal Contracts
- viii. Records Management in Public Procurement and Disposal
- ix. Public Procurement Audit and Compliance

7.2 Rating of Entities

The updated audit manual includes 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. Entities are rated according to the compliance and performance indicators. The best performing Central Government Entity was National Social Security Fund with an overall score of 90.34% which performance is highly satisfactory. The worst performing Central Government Entity was Mbarara Regional Referral Hospital with an overall score of 26.9 % which performance is highly unsatisfactory. The best performing Local Government Entity was Mbale Municipal Council with an overall score of 88% which performance is satisfactory. The worst performing Entity was Buvuma District Local Government with an overall rating of 28.86% which performance is highly unsatisfactory.

7.2.1 Underlying factors for poor performance in entities

The Authority noted the following factors that led to poor performance in Entities:

- a. Conducting procurements outside the plan.
- b. Failure by Accounting Officers to assess market prices prior to commencement of procurement processes.
- c. Failure to implement PPDA previous procurement audit recommendations.
- d. Poor record keeping in Entities with vital procurement records missing on procurement action files namely; contract management and payment records.
- e. Use of inappropriate procurement methods.
- f. Failure by User Departments to prepare contract implementation plans.
- g. Failure to conduct disposals.

7.3 Accreditations for Alternative Procurement Systems

The PPDA Act (section 40 A) provides for accreditation for alternative systems for Entities that are not able to operate efficiently within the law. The Authority handled 17 applications for accreditation during the period under consideration. Six (6) were granted, three (3) were rejected and eight (8) are still under consideration.

The following applications were granted to the respective Entities

- a) Uganda Virus Research Institute: Request for accreditation on approval of the proposed procurement Guidelines in the management of a grant of £4,262,085.
- b) National Agricultural Research Organization: Request for accreditation on promotion of local expertise and material.
- c) National Housing and Construction Company: Request for accreditation of the Entity's procurement manual.
- d) New Vision: Application for accreditation to use an alternative procurement system.
- e) UNRA: Classification criteria for roads and bridges
- f) UNRA: Preference Scheme for local contractors, consultants and materials in construction of major roads and bridges.

The following applications were rejected due to lack of solid justifications to back the application.

- a) MUK: Application for Accreditation for KIIRA Motors
- b) Uganda Wildlife Education Centre: Request for accreditation on procurement of food stuff, beverages and curio items;

The following applications were still under consideration by the end of the financial year.

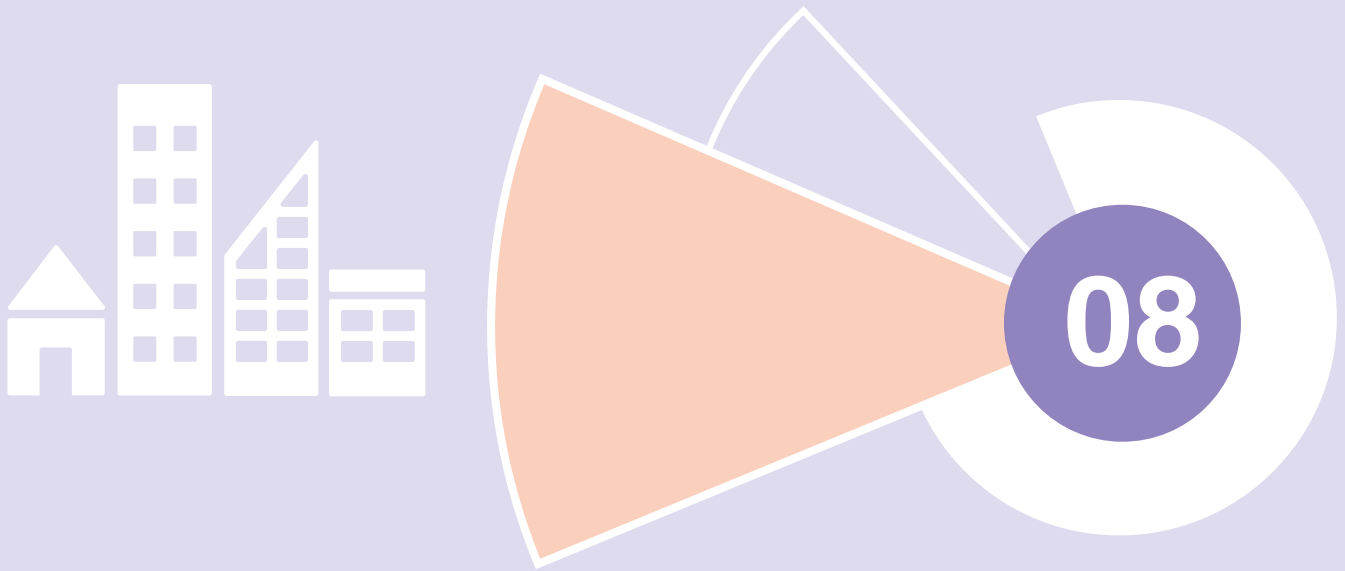
- a) Post Bank: Application for accreditation in respect to procurement thresholds, methods of procurement, bidding periods and best evaluated bidder notices.

- b) National Enterprises Corporation: Submission of status on implementation of accreditation and request for renewal.
- c) UNRA: Request for accreditation of procurement and disposal manual:
- d) East African Civil Aviation Academy: Request for accreditation with respect to procurement of Aircraft parts services and engine factory exchange / overhaul.
- e) National Enterprises Corporation: Request for renewal of the accreditation to procure construction materials directly from manufacturers, quarries, sand pits and borrow pits
- f) National Enterprises Corporation: Application for accreditation in respect to use direct procurement to procure livestock directly from farmers
- g) Presidential Initiative for Banana Development: Request to renew accreditation that was granted by PPDA
- h) Uganda Property Holdings Ltd: Application for accreditation
- i) Bank of Uganda: Request for renewal of accreditation.

7.3 Deviations

A total of 17 deviations from the standard bidding documents were handled by the Authority during the financial year 2016/2017. All the applications were granted as below:

- a) Ministry of Defence: Approval of solicitation document for the procurement of a transaction advisor for the proposed UPDF Housing Accommodation under PPP arrangement.
- b) National Medical Stores: Request for approval of solicitation document for the design and build of the new NMS 2400 pallet location warehouse complex.
- c) National Information Technology Authority – Uganda: Request to deviate from the use of PPDA Standard Bidding Documents for supply of bulk oracle software licenses between National Information Technology Authority, Uganda (NITA-U) and Oracle Systems Limited.
- d) Ministry of Foreign Affairs: Request for authority to use a simplified bidding document for procurement of renovation works at the Embassy of the Republic of Uganda in Paris.
- e) Uganda National Roads Authority: Approval of pre-qualification document for procurement of design and build of Karugutu - Ntoroko, Kabwoya - Buhuka and Buliisa- Paraa Road upgrading project (136km).
- f) Ministry of Foreign Affairs: Request for authority to use a simplified bidding document for procurement of construction works at the Uganda consulate General in Guangzhou.
- g) Ministry of Foreign Affairs: Request for authority to use a simplified bidding document for procurement of renovation works at the missions in Brussels.
- h) Ministry of Finance, Planning and Economic Development: Application to deviate from the use of a standard solicitation document for supply, installation and commissioning of Data Centre enhancement infrastructure
- i) De Point: Request for approval of the bidding document for construction of Pension Towers.
- j) Pride Microfinance: Application to deviate from the standard SBD of escrow services for the Rubikon Core Banking System.
- k) UNRA: Deviating from standard SBD for mechanized maintenance of unpaved national roads for 22 UNRA stations under framework contract.
- l) MoWT: Request for clearance to use the FIDIC conditions of contract as stipulated in the Memorandum of Understanding for the development of Kabaale International Airport
- m) De-Point: Request for review and approval of the bidding document for construction of Pension towers Phase 2
- n) Arua DLG: Request for approval of customized bidding document
- o) Ministry of Foreign Affairs: Request for approval of use of simplified bidding document for the procurement of civil works at the Embassies in Bujumbura and Cairo
- p) Arua DLG: Request for approval of customized bidding document
- q) Maracha DLG: Request for approval of customized bidding document for management of taxi parks and other revenue sources



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

8.0 Background

The Authority, under Section 6 (e) of the PPDA Act 2003, is mandated to conduct capacity building for 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. This chapter presents the activities that were implemented to enhance the effectiveness of capacity building, research and knowledge management in public procurement.

1.1 Development of a Capacity Building Strategy 2016-2019

The Authority in collaboration with GIZ developed the new capacity building strategy through a participatory bottom up approach. This involved consultations with representatives from a cross section of all relevant stakeholders – central and Local Government PDEs, civil society, academia, and development partners. This strategy is part of the Authority's effort to deliver its capacity building activities around the achievement of the overall PPDA strategic objectives addressing challenges in public procurement as spelt out in the PPDA's Strategic Plan 2014-2019. The purpose of this strategy is to provide PPDA with capacity building strategic direction / key interventions during the period from 2016 to 2019

8.2 Training of Technical Staff of CSOs in Contract Monitoring

The Authority trained one hundred ninety seven (197) technical staff from various CSOs some of which were from Teso region in Eastern Uganda funded under GoU. Training for CSOs was also conducted in the Rwenzori region in western Uganda and the rest from the districts of Nebbi, Nakaseke, Mubende, Mityana and Ntungamo by PPDA in collaboration with Transparency International Uganda (TIU). The objective of the training was to equip CSOs with skills and knowledge to enable them monitor government contracts and also enable technical staff discuss practical issues and share experiences from their respective Entities and determine ways to increase efficiency in the Procurement and Disposal system.

8.3 Training of Contracts Committee Members

The Authority conducted induction trainings for Contracts Committee Members from thirty five (35) entities. Twenty six (26) of these were Local Government and nine (9) central government entities. The inductions for contracts committees were held across the country in the central, western, eastern and northern regions. These attracted a total of 133 participants in all representing 66% attendance of the targeted participation. The main objective of the training was to bridge the capacity gaps of Contracts Committee members identified during training needs assessment in order to enhance their performance in conducting procurement and disposal activities in their respective Entities.

8.4 Demand Driven Training Programmes

The Authority conducted demand driven trainings in 36 organisations, of which twenty two (22) were Central Government Entities, thirteen (13) were Local Government Entities and one a private organisation. A total of 923 participants were trained in various aspects of procurement and disposal of public assets under the demand driven intervention.

8.5 Training of User Departments

The Authority conducted trainings for technical staff from Local Government Entities and four (4) HSEs. Additionally, the Authority identified and conducted hands on training for fifty (50) Central and Local Government Entities in the FY 2016/17. These trainings were conducted in Mukono, Mbale and Masaka districts; 331 technical staff from user departments of these entities were trained. The main objective of the training was to boost the technical staff with practical skills to enable understand, appreciate and improve on their performance of their roles in accordance with the amended PPDA Act, 2003, Regulations and Guidelines.

8.6 Roll out of Procurement e-learning system

The Authority conducted roll out of PPDA e-learning system, following the successful development of the PPDA e-learning system and undertaking of the training for internal staff regarding the public procurement and contract management course. The launch of the PPDA e-learning system was a buy-in strategy for senior leadership of Ministries, Departments and Agencies. It was appropriate for a variety of other categories of stakeholders to be trained on its use, in the future; other trainings will be arranged by PPDA to train other stakeholders from the different government departments. The main purpose of roll out training was to equip the participants with appropriate skills on how to use the PPDA web based e-learning system to enhance their knowledge in public procurement and disposal management. The e-learning training and enrolment will be continuous in the FY 2017/18. As of the end of FY 2016/17, the number of participants in the e-learning systems on different modules is 123. Figure presents a cross section of the participants who participated in the e-learning launch.

Figure 8: Official launch of e-learning procurement system



8.7 Summary of Capacity Building Activities

In total, 1584 participants were skilled against a target of 1777 in the various training activities organised by the Authority during the period July 2016 – June 2017. Table 9 below presents the number of participants who attended the various trainings.

Table 9: Summary of Training Activities

No	Activity	Participants trained
1.	Demand driven	923
2.	Contracts Committee Members	133
3.	User Departments	331
4.	CSOs	197
	Total	1,584

8.8 Research

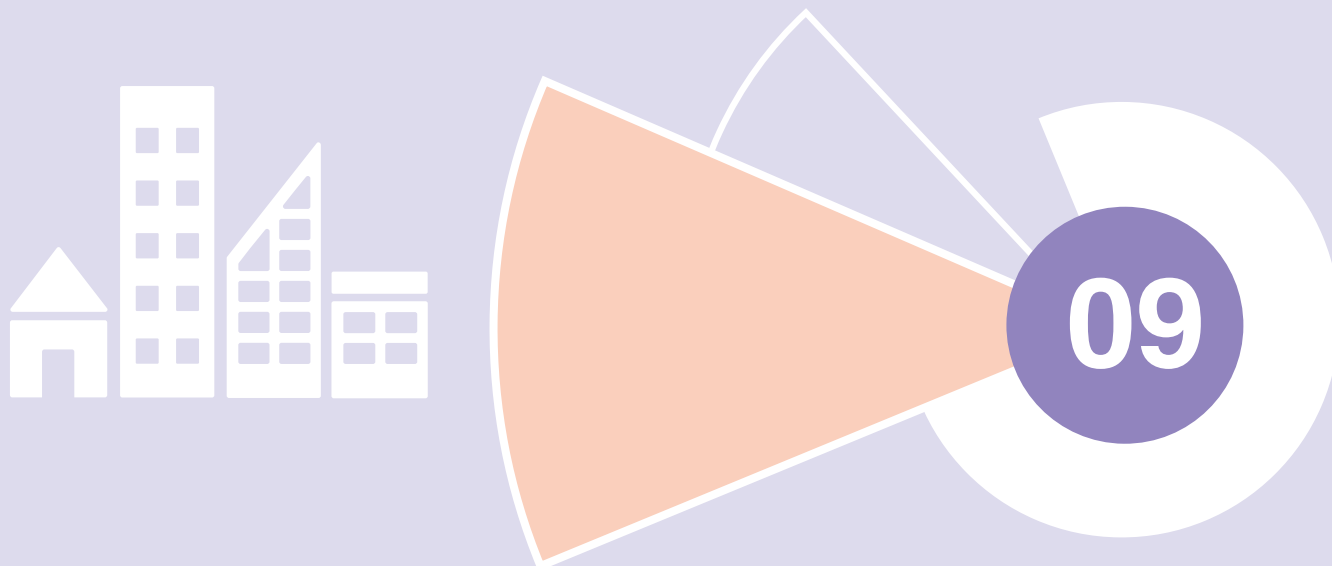
8.8.1 Survey on stakeholder perceptions the Implementation of the Force Account Mechanism in Local Governments

The Authority conducted a survey to assess whether the mechanism has achieved the objectives for which it was intended and to identify the challenges faced in the implementation of the force account mechanism and suggest measures/recommendations that can be made to improve on its effectiveness.

The survey purposively sampled 50 Local Governments in addition to consultants from MoWT, URF and PPDA as key informants. The findings from the survey revealed that 32% of respondents had been trained on the implementation of the force account, 25% of the Entities had the basic equipment required to execute the works, 57% of the Entities reported that there were no adequate personnel to supervise and monitor the force account activities. The study also revealed that only 32% of the Entities conduct a comparison study between the use of force account mechanism and use of a contractor which makes it difficult to assess whether the mechanism leads to cost savings. 34% of the respondents acknowledged that the mechanism is cost saving, and 66% of the respondents agreed that there are efficiency gains in terms of time taken to execute the works.

The study established the challenges that inhibit Entities to benefit from the implementation of the mechanism, these include; lack of adequate and reliable equipment, lack of skilled personnel and staffing gaps, inadequate training on the implementation of the force account mechanism, insufficient budget to facilitate maintenance and repairs of equipment, Lack of accountability for force account activities, political interference, poor monitoring of force account activities, mismanagement of resources, high costs of hiring of equipment and inflated costs of materials.

The study recommended that the implementation of force account should be limited to where the Entity has the complete road unit and the required human capacity, Government should equip the Local Governments with complete road units, training of all stakeholders in the implementation of the force account mechanism among others.



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

9.0 Background

The Authority seeks to 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. The Authority will also 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 chapter 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

The Activities of the Authority during the Financial Year 2016/17 were financed from different sources as contained in Table 10.

Table 10: Funding available during FY 2016/17

No	Source	Amount UGX Bn	Uses
1	Government of Uganda	14.21	Recurrent expenditure, staff costs and capital development
2	FINMAP III	0.658	Procurement reforms (legal framework, capacity development, GPP support)
3	GAPP - USAID	0.1	Procurement Audits

The government of Uganda remains the biggest financier of the activities of the Authority. However the budgetary

allocation for FY 2017/18 from the Government will reduce to 13.4 billion from 14.21 Billion appropriated in FY 2016/17. This budget cut, coupled with under releases requires the Authority to prioritise the existing resources as well as harness partnerships to finance priority activities of the Authority.

9.1.1 GOU Budget Performance

During the FY 2016/17, the Authority was funded by the Government of Uganda to the tune of UGX 11.95 Billion out of the approved budget of UGX 14.2 Billion out of which UGX 11.5 Billion was absorbed by the end of the Financial Year. Table 11 gives the overview of the budget performance of the Authority for the FY 2016/17. The underutilization of the development budget was due to the low absorption of funds by the PPDA/URF Office Project. The financial performance of the Authority is shown in Table 11.

Table 11: Government of Uganda Budget Performance FY 2016/2017

No.	Particulars	Approved Budget (UGX)	Released Funds (UGX)	Funds' Utilization (UGX)	
				Amount	Percentage
1	Recurrent Budget	3,145,930,431	2,938,995,313	2,784,844,785	94.75%
2	Development Budget	2,325,000,000	665,700,000	524,368,668	78.77%
3	Staff Costs*	8,743,449,320	8,354,378,500	8,199,928,874	98.15%
	Total Budget	14,214,379,751	11,959,073,813	11,509,142,327	96.24%

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

9.1.2 Non Tax Revenue

Non Tax Revenues (NTR) of UGX 540,199,325 (Gross) was collected as at end of the FY2016/17. This was mainly from registration fees on the Register of Providers (ROP) and miscellaneous receipts arising from asset disposals and staff refunds.

9.2 Procurement Planning and Management

The Authority's macro procurements are outsourced to a Third Party Procurement Agent (M/s De Point Consultants Ltd) in accordance with PPDA Act. The Authority also signed call off orders under framework contract for hotel services and supply of assorted stationery respectively. Micro procurements were handled in-house. The summary of procurements conducted within FY 2016/17 is contained in Table 12.

Table 12: Summary of Procurements handled in FY 2016/17

Method of procurement	Value of procurements		Number of procurements	
	Value	%	No	%
Micro procurement	408,680,823	11.49%	255	79.94%
Request for Quotations (awarded)	1,523,944,021	42.84%	48	15.05%
Macro Procurements Completed	431,896,127	12.14%	5	1.57%
Restricted Bidding	961,823,500	27.04%	9	2.82%

Open Domestic Bidding	224,751,755	6.32%	1	0.31%
Framework contract	6,088,880	0.17%	1	0.31%
Total	3,557,185,106	100%	319	100%

1.1 Human Resources

9.3.1 Recruitment

During the year, the Authority filled 23 vacant positions after successful completion of interviews and confirmation of appointments by Management and the Board of Directors. The positions filled are contained in Table 13.

Table 13: Vacant Positions filled in FY 2016/17

No	Position	No. of Vacancies
1.	Regional Manager	1
2.	Procurement Manager	1
3.	Manager Legal	1
4.	Manager Planning Monitoring & Evaluation	1
5.	Senior Internal Auditor	1
6.	Senior Investigations Officer	2
7.	Senior Officer Procurement Audit	2
8.	Officer Procurement Audit	7
9.	Research Officer	1
10.	Administrative Assistant	3
	Total	20

Following the various recruitments as documented in Table 12, the staff compliment of the Authority increased from the FY 2015/16 level of 80 staff to 101 staff (including the Integrated Capacity Building Expert) by the End of FY 2016/17. The position of the Executive Director fell vacant following the expiry of the final contract of the Executive Director. The recruited process to fill the position of Executive Director was initiated but could not be concluded due to complaints. The Director Performance Monitoring was then appointed as the Acting Executive Director until the substantive Executive Director is appointed by the Board through a competitive recruitment process.

9.3.2 Staff Development

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. The Authority's training programmes are based on the assessed training needs, priorities and objectives of the Authority. Due to inadequate funds allocated for staff development, only 6.4% of the staff obtained training during FY 2016/17 as detailed in Table 14.

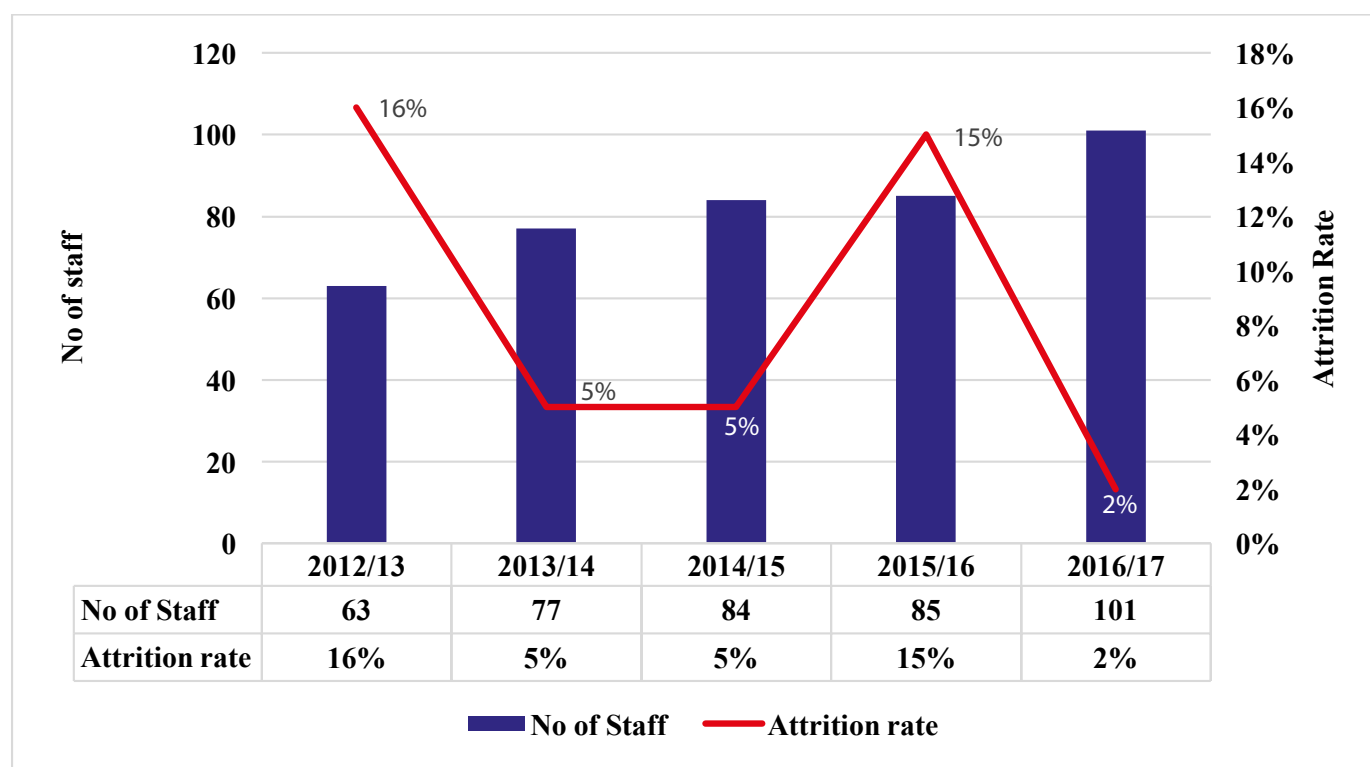
Table 14: Staff Development during FY 2016/17

No	Course	Profession	Location	No of participants
1.	Continuous Professional Development Programs	Accountants	Kampala	6
2.	African Congress of Accountants	Accountants	Kampala	3
3.	Citizen Participative and Inclusive Governance	N/A	Netherlands	1
4.	Construction Logistics and Management of Inland Regions for Developing Countries	Procurement	Korea	1
5.	Induction for new staff	N/A	Mukono	20
	Total			31

9.3.3 Implement Motivation Mechanisms to Retain Staff

The Authority put in place and maintained motivational strategies to attract, motivate and retain staff during the year. These included staff lunch, medical insurance, staff leave, wellness programmes among others. The staff turnover rate for the year was 1.9%. The low staff turnover rate is attributed to the improved remuneration and a conducive working environment in the Authority. The staffing levels and attrition rate is illustrated in Figure 9.

Figure 9: Trend of staffing levels and Attrition Rates over the past 5 Years



9.4 Risk Management and Internal Controls

The Audit and Risk Committee of the Authority is responsible for monitoring the adequacy and effectiveness of internal control and risk management framework. This is done through independent reviews by internal

audit and risk coordination by the risk coordinator. Risk management in the Authority is guided by the Risk Management Strategy which provides governance and policy direction. Risk management has been embedded in all departments in the Authority that maintain departmental risk registers and log risks on quarterly basis. The risk management system enables risk identification, assessment and mitigation of operational, strategic and reputational risks to the Authority.

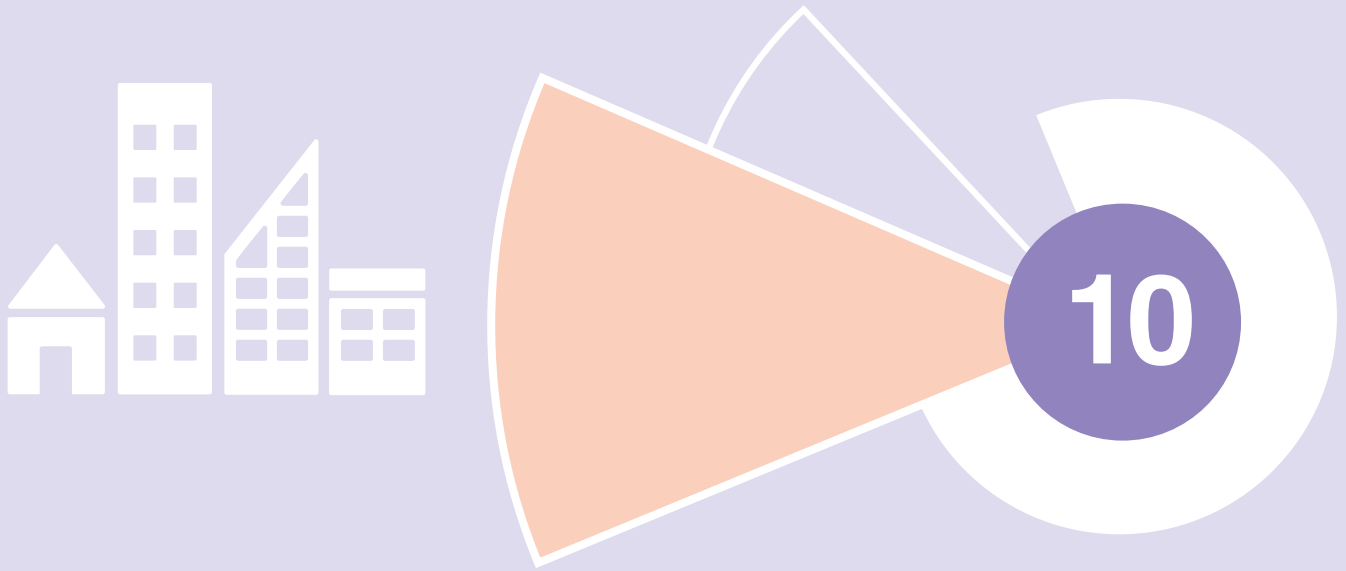
The Authority maintains focus on internal controls that are monitored by the Audit and Risk Committee. The following internal control measures are in place;

- a) There is an established internal audit function to undertake regular monitoring of controls and procedures.
- b) Risk management function in place.
- c) Weekly review and reporting on budget performance.
- d) General controls over information systems for safeguard of information, such as backup and recovery procedures.
- e) Reviews, verifications, and approval of transactions.
- f) Segregation of duties thus minimizing the risk of errors and abuse.
- g) Safeguard of assets and stores consumables and periodic physical verifications.

The Audit and Risk Committee discharged its oversight responsibilities during the financial year 2016/2017 through specific focus on matters of financial management, accountability and reporting, internal control and compliance with relevant laws, regulations and procedures. The Committee on quarterly basis reviewed progress made by Management to implement audit recommendations.

During the period under review, the Committee accomplished the following tasks:

- i. Reviewed the work of internal audit through the reports of audit findings and recommendations and made for further strengthening and improvement of the internal audit function. The annual internal audit plan for FY 2017/2018 was reviewed and approved for implementation.
- ii. Reviewed quarterly audit findings on internal controls and their effectiveness by specifically focusing on controls in financial management and reporting, procurement, contract management, accountability for funds, petty cash management and timeframes for investigations.
- iii. Focused attention to risk management in order to strengthen the approach to risk management in the Authority. Review of the adequacy and effectiveness of the risk management framework was done by review of quarterly risk reports where the Committee provided scrutiny and direction



CHAPTER 10: LEVERAGING AND ENHANCING PARTNERSHIPS AND COLLABORATIONS

10.0 Background

Given the resource constraints of the Authority and recognizing 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 Establishment and Maintenance of Institutional Linkages

The Authority is a member of a number of committees established by various Entities and professionals that have interest in public procurement. During this period, the Authority participated in a number of committees and taskforce activities as below:

- a) **Accountability Sector:** The Authority participated in joint activities of the Accountability Sector and was represented in all the sessions of the Steering Committee and the Sector working group. The sector reviewed the Accountability Sector Strategic Investment Plan (ASSIP) for the period 2017/18 – 2019/20 and aligned it to the National development plan. The sector was subdivided into thematic areas and the Authority contributes to the audit/anti-corruption Technical Working group. The Authority plays a critical role in fulfilling the accountability sector's mandate, mainly covering accounting for the utilisation of public resources through regulation of the public procurement and disposal system.
- b) **Uganda National Bureau of Standards:** The Uganda National Bureau of Standards initiated consultations to develop standards on procurement in the construction industry. The Authority was part of the wider stakeholders' consultative process prior to the implementation of the standards. The Authority was also urged to encourage the use of the various standards developed by the Bureau by having the standards referenced in the various Standard Bidding Documents issued by the Authority in order to achieve the objectives of the BUBU Policy.

c) Productive Partnerships

The Authority keeps track of all productive partnerships in place that have been formalized with memoranda of association in place. By the end of FY 2016/17, the existing memoranda of understanding where the Authority is party are detailed in Table 15.

Table 15: Cooperation Framework

No	Institution	Framework	Areas of cooperation
1.	Transparency International	MOU	enhance research and knowledge sharing in the area of transparency and accountability in public procurement and disposal of public assets
2.	School of Statistics and Planning – Makerere University	MOU	Technical support in the implementation of the PPDA research activities
3.	Uganda National Contracts Monitoring Coalition	Proposed	Contacts Monitoring
4.	Uganda Technology and Management University	MOU	Capacity Building
5.	GIZ - Germany	MOU	Cooperation with OAG and IG on accountability and transparency issues
6.	NITA (U)	MOU	Implementation of e-Government Procurement
7.	World Bank	Project Appraisal Document	Implementation of e-Government Procurement
8.	SUGAR	MOU	Anti-corruption response mechanism

10.2 Memorandum of Understanding (MOU) with IG, OAG and PPDA

The Inspector General of Government, Auditor General, and Executive Director of PPDA signed an MOU on 25th January, 2017 to cooperate as they discharge their respective mandate in a bid to promote transparency and accountability. Within the framework of the MOU:

- a) The Parties will cooperate closely, as appropriate with each other and consult each other on matters of interest on the basis of reciprocity and upon request as deemed appropriate by the Heads of Institution.
- b) The Parties may identify and organise parallel or joint assessment, audit or investigation teams; comprising of staff, consultants of three or more members when desirable.
- c) The Parties may engage in technical assistance that includes, but is not limited to; training, benchmarking, staff secondment, policy formulation and development that enhance the performance and operations of the parties.
- d) The Parties may collect and share information on follow-up on the implementation of recommendations shared by either party to facilitate periodic reporting on the impact of their work.
- e) The Parties may assist in collecting technical information that may be necessary in delivering any assignment and any requests of such nature shall be made in writing.

As the parties give periodic updates on the development of their mandates as is relevant to the MOU, the parties

also shall each appoint a focal person to monitor compliance with the MOU and ensure the efficiency and effectiveness of the coordination and exchange of information between the parties. The MoU was witnessed by the heads of the institution as illustrated in Figure 10.

Figure 10: Signing of MOU on Joint Collaboration to Fight Corruption



L-R: Ms. Cornelia K. Sabiiti, Former Executive Director-PPDA; Lady Justice Irene Mulyagonja – Inspector General of Government, and Mr. John Muwanga, Auditor General

10.3 The 9th East African Procurement Forum

The 9th Edition of the East African Procurement Forum (EAPF) was held in Kigali – Rwanda from 2nd - 4th November 2016. The Forum was hosted by the Rwanda Public Procurement Authority (RPPA) on the theme: **“Promoting Procurement Practices that Deliver Better Results.”** The EAPF is an annual event that is hosted on a rotational basis by the public procurement regulatory authorities of the East African Community countries. The Forum aims at bringing together the public and private sector actors from the East Africa partner states to share best practices as well as challenges in public procurement.

The Authority made a country presentation on the topic **“Research, Training and Professionalization: Contribution of Training Institutions to Procurement Results”** which was well received by the audience. The Forum resolved that the Public Procurement and Disposal of Public Assets Authority (PPDA) - Uganda shall host the 10th Edition of the EAPF in Kampala - Uganda.

10.4 World Bank Mission to Uganda

World Bank mission visited Kampala on February 6 to 17, 2017, to continue technical discussion on enhancing governance and addressing the implementation gap in service delivery in Uganda. The mission met with key counterparts in the Ministry of Finance, Planning and Economic Development (MoFPED), Prime Minister’s Office, Public Procurement and Disposal Agency (PPDA), Ministry for Public Service; Ministry of Education and Development Partners. The mission team also held a workshop on Programme for Results (PforR) instrument for all government stakeholders on February 28, 2017.

The mission had open discussions with stakeholders on strengths, challenges, objectives and priorities for a Programme for Results to support the Government of Uganda (GoU) bridge the implementation gap. The team noted that ongoing Financial Management and Accountability Program (FINMAP); the Policy Paper on the Transformation of the Uganda Public Service; the diagnostic report on Public Investment management and the PPDA strategic plan provided excellent options for the formal Programme to be supported through a PforR intervention by the Bank. Table 16 presents a programme preparation timeline for 2017 for the PforR. Project effectiveness is expected to commence in January 2018.

Table 16: World Bank/GOU Timeline for Programme Preparation

	Activity	Time line	Responsibility
1	Project Concept Note	March	World Bank
2	Technical Assessment	April	World Bank
3	Fiduciary and safeguards assessments	May	World Bank
4	Draft Project Appraisal Document (PAD) and Quality Enhancement Review	June	World Bank
5	Development Committee Approval	August	GoU
6	Negotiations of the Credit	September	GoU and World Bank
7	Board Approval	October/November	World Bank
8	Project Effectiveness	December 2017/January 2018	GoU

10.5 International Monetary Fund (IMF) Mission

The World Bank Public Expenditure Review, 2010 noted that Uganda had a weak system underlying the entire project cycle (identification, appraisal, implementation and monitoring/evaluation) of development projects. In this regard, an IMF technical assistance mission was organized to Uganda: 1st -14th March, 2017 with the primary focus on project cycle with aspects to do with feasibility studies, project appraisals, project selection, linking PIP to the budget process, etc. As part of the mission, an interactive session to share best practices was held on how these best practices can be implemented in Uganda. The Authority as a member of the Public Investment Projects Steering Committee was actively involved in the mission activities during the visit.

10.6 Benchmarking Study to Kenya

In the bid to explore strategies that should be adopted to increase the participation of women enterprises in public procurement and therefore increase the capacity of Women Business Enterprises (WBE) in the economy, the UN Women office supported a team from the Authority, Figure 11, on a benchmarking study tour to the Kenya Public Procurement and Regulatory Authority (PPRA) to experience the implementation of reservation schemes to promote the participation of women in public procurement. Kenya is viewed as a front runner in using procurement to advance women's cause in public procurement and has put in place initiatives to enhance women's participation in public procurement as part of the marginalized segments of the Kenyan society. Any opportune moment for PPDA to benchmark from Kenya in this area was seen to go a long way in devising policies and initiatives that may stand the test of time for Uganda and to avoid any pitfalls that Kenya experienced in devising their scheme. The findings show that:

- a. The PPRA in conjunction with key players specifically the UN women has invested heavily in building the capacity of implementers and suppliers. Some of the achievements include over 2,000 women-led SMEs (suppliers) trained in bidding for government tenders, trained over 800 public procurement and supply chain officers in the implementation of the Scheme.
- b. The Government also introduced the following initiatives to facilitate the implementation of the reservations;
 - i. **Introduction of LPO Financing;** where PDEs are required to facilitate financing through authenticating their notification of award, LSO, LPO to financial institutions.

- ii. **Prompt Payments;** Payment shall not delay beyond 30days and where there is delay 50% payment will be made with written explanation for delay.
 - iii. **Invoice discounting;** Where delay of payments for works performed is likely to happen, a procuring entity is allowed to facilitate invoice discounting arrangements with a financial institution for the purpose of advancing credit to the affected enterprises
 - iv. **Unbundling of contracts;** Procuring Entities shall unbundle goods, works or services in practicable quantities to ensure maximum participation of disadvantaged groups.eg lots for goods.
 - v. **Exemption from Provision of Tender Security;** the youth, women & PWDS shall not submit tender security; instead they shall fill in an undertaking to fulfil the conditions of the tendering through tender declaration security form.
- c. Capacity Building Approach is conducted through a three-pronged approach:
- i. Demand side (working with buyers (PEs) on how to implement the policy)
 - ii. Supply side (working with the suppliers to take advantage of the policy and bid successfully for government contracts)
 - iii. Financial Institutions to develop innovative financial products to support the participation of women-led businesses.
- d. The Government requires the Procuring Entities to train the providers on the procedures of public procurement. This is monitored through setting performance targets annually on the number of individuals trained by each Entity.
- e. Cumulatively to date, over 39,904 beneficiaries have accessed government contracts worth Kshs. 44.4 Bn. Out of which women beneficiaries account for 20,400 contracts value at Kshs 24.1 Bn (about 53%). Over 63,737 target beneficiaries have been registered, of which 23,471 (37%) are women enterprises.

Figure11: PPDA Delegation on a Study visit to PPRA- Kenya



10.7 Heads of Accountability Institutions Retreat

The GIZ-supported project on Promotion of Accountability and Transparency in Uganda is jointly implemented by OAG, PPDA and IG. In an effort to periodically bring the heads of institutions together, the project organized a retreat to Chobe Lodge on 10-12 August 2016 to reflect on among other things the joint cooperation and discuss pertinent issues regarding the 3 institutions and as well as how to handle the auditing and investigation cases of government Entities . Additionally, the heads of institutions also conducted a joint field visit to Karuma Dam, which is a strategic NDP II flagship project.

a. Visit to Karuma Hydro Power Project (KHPP) – August 10, 2016

The meeting was hosted by the Uganda Electricity Generation Company (UEGCL). The UEGCL is the government Entity responsible for concession monitoring of existing hydropower projects and development and maintenance of new ones, Karuma Dam inclusive. The KHPP contractor, Sino Hydro Corporation, a Chinese company, made a presentation showing the progress so far made after which the project consultant responsible for quality assurance, on behalf of UEGCL, also made a presentation. The major area of focus for the UEGCL consultant was on the key challenges of project implementation which included: Engineering, Procurement, and Construction (EPC) contract form; adherence to international standards/technical specifications; Quality Assurance (QA) and Quality Control (QC) issues; project implementation progress; Health, Safety & Environment (HSE) issues; Local Content issues; Community Development Action Plan (CDAP), among other issues. Thereafter, a visit was conducted around the physical site to appreciate the ongoing works.

b. Heads of Institution Workshop; August 11, 2016

The retreat was characterized by presentations from the 3 institutions especially on how cooperation and joint activities could be enhanced. The following recommendations were made at the end of the retreat:

- a) **Working with Office of the Internal Auditor General:** The three institutions agreed to explore the possibilities of working with the Office of the Internal Auditor General. It was noted that the internal audit function in all MDAs could be used for risk assessment, coordination and utilization of processes.
- b) **Sensitization of Operation Staff:** Operational staff in all the three institutions still need to be sensitized about the joint cooperation to further improve information sharing and peer to peer learning.
- c) **Real Time Audits:** The OAG should undertake real time audit and Parliament should be encouraged to focus on these real time audits for better results. The real time audit of Karuma project was considered a window of opportunity since it can still inform Parliament and influence spending before it is too late. Government thinking needs to be triggered not only to invest in the production of energy, but also install the transmission lines to evacuate power from the dam to the end users once completed.
- d) **Lobby for more funds:** Parliament should be made to understand the challenges of the accountability institutions, for example limited budget to execute the respective mandates. The institutions should arrange joint engagements with the necessary parliamentary committees to sensitize them about the operations of the accountability institutions. Joint lobbying for additional resources in parliament is necessary for improved service delivery.
- e) **Sensitization of Parliamentarians:** Members suggested a joint sensitization of Parliamentarians, the most effective approach being presentation of evidence on achievements and making the parliamentarians understand how big the mandates of the accountability institutions are.
- f) **Formal Collaboration Framework:** The Legal units in the 3 institutions were tasked to come up with a draft collaboration agreement to form the basis of discussions for the establishment of a follow up/tracking mechanism of Audit/Investigation reports.
- g) **Procurement Plans as high risk areas:** the procurement plans which are submitted to parliament are

rarely used although they are the vehicles to budget expenditure. Parliament should be encouraged to understand and use them because oversight of the procurement plans is very important in the fight against corruption.

- h) Development Partners' Coordination:** The institutions discussed possible mechanisms to enhance DP's coordination to enhance synergies of support.

10.8 Rules on Integrity for PPDA, IG and OAG

During the period under review, a Joint Technical Committee set up by the Office of the Auditor General (OAG), the Inspectorate of Government (IG) and the Public Procurement and Disposal of Public Assets Authority (PPDA) produced a draft report on Rules on Integrity (RoI) to promote self-regulation among the three institutions. The main objective of the assignment was to research and document the best practices on integrity and to develop standard joint rules on Integrity for OAG, IG, and PPDA to enhance and improve the conduct and professional practices of staff within the respective institutions.

In the course of their assignment the Technical Committee did a vulnerability assessment of the three (3) institutions and recommended the following premised on the detailed qualitative analysis of the respective mandates, vulnerability and best practices:

- a) Implement the joint rules on Integrity to help address the available gaps in the codes and will present a framework in which these three institutions will promote internal integrity and a standardized collaborative framework.
- b) Strengthen internal institutional Codes of Conduct in order to enhance integrity mechanisms that will bring each institutional arrangement to a level that will help in delivering the mandate effectively.
- c) Carry out periodic Vulnerability assessment and design an appropriate response mechanism to reduce the risk as well as respond to vulnerabilities identified during the assessment.
- d) Carry out regular sensitization of staff on integrity and administer periodic integrity oath and renewal of commitment.
- e) Strengthen supervision and follow ups of risky service delivery areas especially field offices/ assignments and undertake regular inspections.
- f) Institutions should establish integrity promotion units to act as preventive, compliance and combative units.
- g) Institutions should establish complaints handling mechanism to facilitate the reporting, investigation and management of cases of breach of integrity.
- h) Develop a mechanism for whistle blowing and protection of whistle blower.
- i) Institutions should adhere to the principle of separation of powers.
- j) During recruitment the three institutions should employ should comprehensively screen and vet all potential employees.
- k) The Institutions should consider undertaking periodic administrative/internal staff declaration of assets and liabilities.
- l) The institutions should review their codes of conduct to ensure clear, visible and feasible provisions for breaches and sanctions.

10.9 Evaluation and Appraisal of Promotion of Accountability and Transparency (POAT) Project

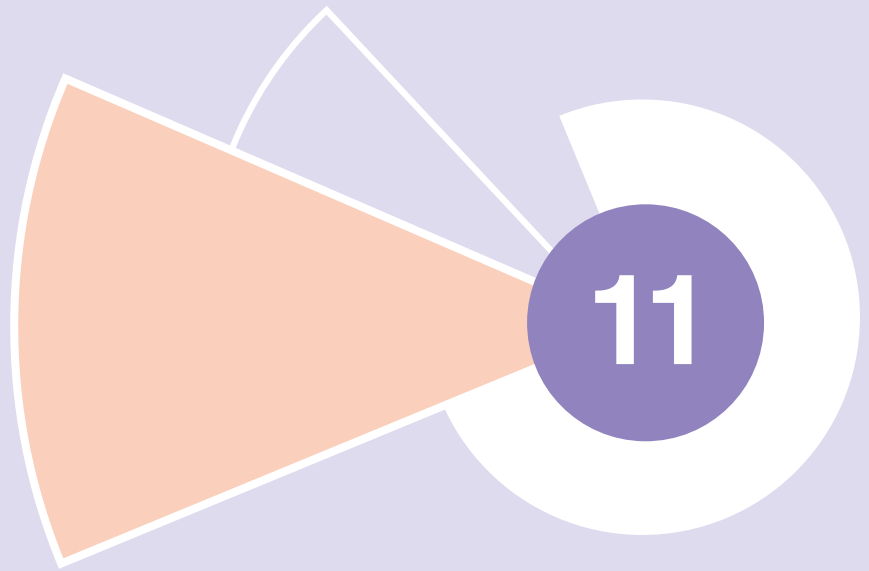
The POAT Project, which was implemented by GIZ on behalf of the Federal Ministry of Economic Cooperation and Development (BMZ), started operations in April 2014 and closed in March 2017. The project jointly supported PPDA IG and OAG in the areas of transparency and accountability. Before the POAT wound up, the GIZ evaluation mission was in the country in August 2016 with the objective to evaluate the POAT project according to the criteria set out by the OECD Development Assistance Committee (OECD-DAC). The overall assessment evaluated the POAT project as “**Successful**” (second highest rating on a scale of one to six). Based on these findings, the mission discussed strategic options for the future support and recommended for the design of a follow-on measure which was agreed through a protocol signed by the three partnering institutions on 23rd September, 2016. The successor project “**Strengthening External Audit**” became operational in May 2017.

10.10 Transparency International:

The Authority, in collaboration with transparency International Uganda (TIU) organized training for 153 participants representing CSOs and LG technical staff with the objective of equipping participants with knowledge and skills to enable them monitor government contracts and to carry out their mandate in accordance with the Public Procurement and Disposal of Public Assets Act, Regulations and Guidelines.

10.11 Anti-Corruption Week:

The Authority actively participated in the anti-corruption week commemoration activities in partnership with IG, PPDA, DEI and JLOS, supported by GIZ- POAT and SUGAR projects. During 2016 commemoration period, exhibitions, radio talk shows, TV interviews, barazas, boardroom sessions with selected sectors (Education, Health, Agriculture), Local Governments (Mbarara, Lira and Jinja) and boardroom sessions with New Vision media group to discuss ways of combating corruption under the theme ‘Reject and Report Corruption-Your responsibility’. Anti-Corruption media print supplements, booklets, brochures and other relevant informative material were disseminated to the public.



CHAPTER 11: CHALLENGES ENCOUNTERED IN FY 2016/17 AND PRIORITIES OF FY 2017/18

11.1 Main Challenges Encountered and Proposed Way Forward

11.1.1 System Challenges

- a) **Poor Planning in Procurements:** Entities are continuously failing to plan and cost procurements especially the big and complex projects and as a result they end up over or undervaluing procurements. This is caused by failure of Entities to clearly scope the proposed projects.
- b) **Delays in Evaluation of bids especially for High Value Contracts:** There still exist challenges in the evaluation of procurements which stem from unethical conduct where evaluators disclose information unofficially which results into lengthy appeals that sometimes end up in courts of law. This unnecessarily lengthens the procurement process. The amendment of the PPDA Act should be able to solve some of these delays.
- c) **Weak Contract Management:** Though big strides have been made in the post contracting stage, many procurements are mismanaged at the contract management stage where contract managers do not diligently carry out their duties and leave government projects at the mercy of the profit motivated contractors who end up doing substandard work. The Authority recommends that the Accounting Officers should prevail over User Departments to appoint contract supervisors/managers that should report any deviations from the terms and conditions of the signed contracts.
- d) **Manual Procurement System:** As a regulator, the Authority is constrained by the inaccurate data and reports submitted by Entities due to the manual system. This has been worsened by failure to have easy access to the Integrated Financial Management System (IFMS) real time to verify accuracy of the data submitted by the Entities. The manual procurement process is further more prone to manipulation/bid tampering and inefficiencies in the process.
- e) **Corruption and Unethical Practices:** Public procurement is prone to corruption, particularly due to the high value transactions, complexity and close interaction between the public and private sector

through the bidding processes. Evaluation of Bids persists to be perceived as the stage most susceptible to corruption. Corruption in procurement erodes bidder confidence and results into higher bid prices that ultimately increases the cost of delivering services to citizens. While PPDA cannot alone totally remove corruption that is pervasive in the society, as the Regulator, it is incumbent upon PPDA to ensure that the system promotes transparency, efficiency, economy, fairness, and accountability where corrupt activities will be more difficult to conceal and will be easier to punish administratively or criminally. This requires strong partnerships with other oversight and enforcement agencies as well as the civil society.

- f) **Failure of PDEs to Implement PPDA Recommendations:** The Effectiveness of audits, investigations and administrative reviews conducted by the Authority lies in the implementation of the recommendations issued. The status of implementation of recommendations during FY 2016/17 was 70%. Failure by Entities to implement recommendations slows down the efforts of the Authority to improve the performance of the public procurement system in Uganda. The Authority will continue to timely monitor the implementation of the recommendations, address the capacity gaps in PDEs through training interventions as well as work with other competent authorities like the Office of the Secretary to the Treasury, the Ministry of Local Government, the Inspectorate of Government, Public Service Commission, Inspector General of Government, and the Office of the Auditor General to enforce implementation of PPDA recommendations.
- g) **Failure to Conduct Disposals.** The Authority noted that Entities had a lot of assets which were due for disposal. However, several of them failed to dispose the obsolete assets especially vehicles since they were not in possession of the log books. Parent Entities that donated these vehicles retained the log books. The Authority recommends that parent Entities should handover log books and transfer vehicles to Entities that possess the disposable vehicles for ease of disposal.

11.1.2 Institutional Challenges

- a) **Reduced Budgetary Allocation:** During the budgeting process for FY 2017/18, the budgetary allocation to PPDA under GoU reduced from UGX 14.2 Billion to 13.4 billion which is a reduction of UGX 800 Million. This budget cut puts the Authority in a precarious situation since the Authority is already struggling with a number of unfunded or underfunded activities like counterpart funding for e-Government Procurement project and low audit coverage. The Authority will continue to dialogue with the Parliament and Ministry of Finance, Planning and Economic Development to increase the budgetary allocation to the Authority. The Authority will also seek alternative financing from partners for some of the activities currently unfunded and underfunded by GoU.
- b) **Low Absorption of funds by the PPDA/URF Office Project:** The extension of the design consultancy period has had a cumulative effect in low funds absorption. The joint project management team has been tasked to identify and fast-track those activities that can absorb most of the project funds.
- c) **Limited funding for Audit coverage:** Due to funding constraints, the Authority is not able to audit all the Entities under its jurisdiction and currently conducts audits on a sample and risk basis. The current audit coverage is only 35% and this position is continuously being worsened by the ever increasing number of both central and Local Government Entities.
- d) **Delays in amendments to the Local Government PPDA Regulations:** The amendment process of the Local Governments (PPDA) Regulations was halted; pending the finalising of the review of the PDPA Act. It is now planned that the review of the PPDA Regulations and Local Government PPDA Regulations shall be reviewed at the same time for a harmonised position. This delay in the amendments of the Local Government PPDA Regulations may continue to hamper efficiency in the Local Government procurements.

11.2 Key Activities Planned for FY 2017/18

- a) **Strengthening Transparency and Accountability in Public Procurement:** The Authority will closely monitor and report on the performance of the public procurement system by conducting risk based Procurement Audits, Investigations, and Follow-up on implementation of PPDA Recommendations, Handling Applications for Administrative Reviews and suspension of fraudulent Providers.
- b) **Increasing Competition and Contributing to Domestic Industry Development:** This will be done through monitoring the implementation of the Local Content focusing on capacity building of the Local Providers, reservation of local contracts under specific sectors, simplification of bidding documentation for SMEs and enforcing the use of competitive methods in Entities.
- c) **Enhancing the Efficiency of the Public Procurement Process:** The Authority will maintain its focus on the Entities with the biggest procurement budgets to closely monitor their procurement plan implementation in order to enhance budget absorption. The Authority will prioritize the accreditation of alternative procurement systems for the Entities where market conditions do not allow effective application of the PPDA Act.
- d) **Leveraging Technology to Improve Procurement Outcomes:** This will be done through implementation of activities that lead to the acquisition of the e-Government Procurement System. Beginning FY 2018/19, it is expected that e-procurement will be piloted in the following 10 entities; PPDA, KCCA, NITA-U, NSSF, CAA, UNRA, Jinja DLG, Mpigi DLG, MOFPED and Ministry of Water and Environment. The expected benefits of the e-procurement system are improved transparency, efficiency and lower transactions costs.
- e) **Enhancing the Effectiveness of Capacity Building, Research and Knowledge Management:** Implementation of various aspects of the training and capacity building strategy which include conducting hands on training activities, demand driven and capacity building activities. This will be through broadening the capacity building tools including the procurement e-learning portal and addressing the growing need for specialized procurement skilling of key stakeholders.
- f) **Hosting of the East African Procurement Forum.** The Authority will organize the East African Procurement Forum that brings together public procurement regulators and practitioners from East and Central Africa to discuss topical and emerging issues that affect public procurement policy and practice in the region.
- g) **Staff Recruitment:** The Authority will fill all the vacant positions approved as guided by the Board of Directors. There is currently staffing gap to the level of 21%.
- h) **PPDA/URF Office Project:** The Authority will continue to pursue the activities that will lead to successful completion of the project. The detail designs were already produced.



Annexes

Annex I: Providers Suspended by the Authority

No	Entity	Provider	Reason for recommendation of suspension	Duration of suspension
1	Kiruhura DLG	Kavooma Holdings Ltd	Forged Tax Clearance Certificate	1 year effective 30 th May 2017
2	Otuke DLG	Terezina Investment Ltd	Forged RoP Certificate and Bid security from Stanbic Bank	3 years effective 30 th May 2017
3	IGG(Zombo DLG)	Daat Company Ltd	Abandoning the construction of Pakadha HC III staff house under NUSAF II	3 years effective 30 th May 2017
4	(Oyam DLG)	Majengo Construction Co. Ltd	Forgery of Bank Statement from Stanbic Bank	3 years effective 30 th May 2017
5	IGG (Oyam DLG)	Acamen Investment Ltd	Forgery of Bank Statement from Barclays Bank	3 years effective 30 th May 2017
6	Lira MC	Monic & Sons Limited	Forgery of contract award letters purportedly issued by Kole and Apac DLG. Forgery of bank statement from Centenary Bank	3 years effective 30 th May 2017
7	Kiruhura DLG	CET Enterprises Limited	Forged Tax Clearance Certificate	2 years effective 21st March 2017
8	Kiruhura DLG	MEK Technical services Ltd	Forged Tax Clearance Certificate	2 years effective 21st March 2017
9	Kiruhura DLG	K.A.T Trust Contractors Ltd	Forged Tax Clearance Certificate	2 years effective 21st March 2017
10	Kiruhura DLG	Keen Contractors Limited	Forged Tax Clearance Certificate	2 years effective 21st March 2017
11	Kiruhura DLG	Frat Contractors Ltd	Forged Tax Clearance Certificate	2 years effective 21st March 2017
12	Kiruhura DLG	Bonchard Investment Ltd	Forged Tax Clearance Certificate	2 years effective 21st March 2017
13	Kiruhura DLG	EPIK Construction & Engineering Ltd	Forged Tax Clearance Certificate	2 years effective 21st March 2017
14	Kiruhura DLG	Katamba Technical Services	Forged Tax Clearance Certificate	2 years effective 21st March 2017
15	Kiruhura DLG	Nuvakan Technical Services Co. Ltd	Forged Tax Clearance Certificate	2 years effective 21st March 2017
16	Kiruhura DLG	Zan Construction Uganda Ltd	Forged Tax Clearance Certificate	3 years effective 21st March 2017
18	Kiruhura DLG	Bamer Construction Company Ltd	Forged Tax Clearance Certificate	2 years effective 21st March 2017
19	Kiruhura DLG	Patra Construction Uganda Limited	Forged Tax Clearance Certificate	3 years effective 21st March 2017

No	Entity	Provider	Reason for recommendation of suspension	Duration of suspension
21	Kiruhura DLG	Mukiza Company Limited.	Forged Tax Clearance Certificate	2 years effective 21st March 2017
22	KCCA	Bate Agencies Limited	Forged Trading licence	2 years effective 21st March 2017
23	MoEST	JVCON Engineering Limited	Forged certificate of incorporation	2 years effective 21st March 2017
24	Amolatar DLG	Planet Computer Systems	Forged Transaction Tax Clearance Certificate	2 years effective 21st March 2017
25	Amolatar DLG	Amakeron Enterprises	Forged Transaction Tax Clearance Certificate	3 years effective 21st March 2017
26	Otuke DLG	Dam Aloc Investments Limited	Forged Income Tax Clearance	3 years effective 21st March 2017
27	Kibuku DLG	Mbujaah General Contractors (U) Ltd	Forged Certificate of Registration on the Register of Providers (RoP)	3 years effective 21st March 2017
28	Kibuku DLG	Patsimo Logistics Ltd	Forged Certificate of Registration on the Register of Providers (RoP)	3 years effective 21st March 2017
29	Kibuku DLG	Waala Engineering Co. Ltd	Forged Certificate of Registration on the Register of Providers (RoP)	3 years effective 21st March 2017
30	IGG	Eddovad Civil Engineering Co. Ltd	Forged Bank Statements	2years effective 21st March 2017
31	IGG	Mawenzi Investments Ltd	Forged Bank Statements	2 years effective 21st March 2017
32	Amolatar DLG	Suayo Investments Limited	Submission of a forged Transaction Tax Clearance Certificate	3 years effective 18 th October 2016.
33	Amolatar DLG	Top Harvest Agro Consult and Construction Co Limited	Submission of a forged Bank Statement from Centenary Bank and a forged Bid Security from Equity Bank	3 years effective 18 th October 2016.
34	Amolatar DLG	Goyen Investments Company Limited	Submission of a forged Transaction Tax Clearance Certificate and a Bank Statement from Centenary Bank	3 years effective 18 th October 2016.
35	Amolatar DLG	Jenn Technical Service Limited	Submission of a forged Transaction Tax Clearance Certificate	3 years effective 18 th October 2016.
36	Amolatar DLG	Xynox Investments Limited	Submission of a forged Transaction Tax Clearance Certificate	3 years effective 18 th October 2016.
37	Amolatar DLG	Otiken Investments Limited	Submission of forged Transaction Tax Clearance Certificate	3 years effective 18 th October 2016.
38	Amolatar DLG	Gum TyeImiyo Enterprises Limited	Submission of a forged Bank Guarantee from Stanbic Bank	2 years effective 18 th October 2016.
39	Amolatar DLG	Interactive Investments Limited	Submission of a forged Tax Registration Certificate	2 years effective 18 th October 2016.

No	Entity	Provider	Reason for recommendation of suspension	Duration of suspension
40	Amolatar DLG	The Bito Investments Limited	Submission of a forged bank statement from Centenary Bank	2 years effective 18 th October 2016.
41	Amolatar DLG	Froda Technical Services Limited	Submission of forged Transaction Tax Clearance Certificate	2 years effective 18 th October 2016.
42	Amolatar DLG	New Chapter Investments Limited	Submission of a forged Transaction Tax Clearance Certificate	2 years effective 18 th October 2016.
43		Fresco Services (U) Limited	Submission of a forged Income tax clearance certificate	2 years effective 18 th October 2016.
44	Amolatar DLG	Tongi Okemo Investments Limited	Submission of forged of bank statement from Centenary Bank	2 years effective 18 th October 2016.
45	Amolatar DLG	JW Technical Services	Submission of forged Transaction Tax Clearance Certificate	2 years effective 18 th October 2016
46	IGG	Prime Development Limited	Overpayment of UGX. 24,560,000 for equipment not received and forgery of bank guarantee	3 years effective 18 th October 2016
47	Ministry of Water and Environment	Advising IT Limited Englandsvej8 DK-5700	Breach of a Bid Securing Declaration	Six months effective 18 th October 2016
48	Otuke DLG	Awako Engineering Company Ltd	Submission of forged the PPDA Register of Providers Certificate of Registration	2 years effective 18 th October 2016
49	Otuke DLG	Mugwelo Company Limited	Submission of a forged Bank Guarantee from DFCU Bank.	3 years effective 18 th October 2016
50	IGG	Jacqsen Uganda Limited	Submission of a forged Performance Bank Guarantee from Equity Bank, Bank Statement from Bank of Africa, Transaction Tax clearance Certificate	3 years effective 18 th October 2016
51	Ministry of Local Government	Katcon Services Ltd	Submission of a forged completion certificates	3 years effective 18 th October 2016
52	Ministry of Local Government	Baltech Technical Services Limited	Submission of forged completion certificates for Kabasanda- Kakindu Road 21km in Mpigi District for FY 2010/2011	3 years effective 18 th October 2016
53	Ministry of Local Government	Beldom ADB Limited	Forgery of bid security and Transaction Tax Clearance Certificate	3 years effective 18 th October 2016
54	IGG	Lamba Construction Limited	Submission of forged academic documents of staff of Lamba Construction Limited in Lamba Construction's bid	2 years effective 18 th October 2016
55	IGG	Bugoye Contractors Company Limited	Breach of contract	3 years effective 18 th October 2016

No	Entity	Provider	Reason for recommendation of suspension	Duration of suspension
56	Office of the Prime Minister	Ram Projects Limited	Submission of false information with regard to specific experience.	3 years effective 18 th October 2016
57	Fort Portal RRH	Reserve Protection Services	Forgery of Tax Clearance Certificate	2 years effective 18 th October 2016
58	Bank of Uganda	Technology Associates	Breach of bid Securing Declaration	Six months effective 18 th October 2016
59	Uganda Revenue Authority	Light Enterprises and Engineering Limited	Forgery of an Income Tax Clearance Certificate.	2 years effective 18 th October 2016
60	Kampala Capital City Authority	Jolexah Services Limited	Submission of forged letters of reference from Century Bottling Company Limited and Uganda Industrial Research Institute.	2 years effective 18 th October 2016

(Footnotes)

- 1 To improve the performance, the Authority will first track the activities which lead to implementation of EGP.
- 2 The poor performance under this indicator is as a result of administrative inefficiencies in the procurement process that cause delays culminating in failure to implement the procurement plans.
- 3 There are still delays at evaluation stage despite the fact that the time for evaluation was regulated during amendments and delays by the contracts committees to approve the documents. However the PPDA Act is under amendment to provide for more stringent sanctions against the delays.
- 4 The failure to meet the target is attributed to limited awareness, however the Authority is working on the modalities of popularizing e-learning.
- 5 The failure to meet the target is attributed to budget cuts
- 6 It explains the decrease in the budget resulting from the budget cuts
- 7 The failure to meet the target is due to inadequate budget resulting from budget cuts
- 8 No regional Office was opened due to limited funding
- 9 This includes the 1 trillion for Kabaale International Airport Procurement



THE REPUBLIC OF UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2017**

OFFICE OF THE AUDITOR GENERAL
UGANDA

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Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)

Financial Statements for the Financial Year Ended 30th June 2017

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Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)

Financial Statements for the Financial Year Ended 30th June 2017

STATEMENT OF RESPONSIBILITIES OF THE ACCOUNTING OFFICER

The financial statements set out on pages 9 to 24 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. Under the modified cash basis of accounting, only financial assets and liabilities are recognized and presented in these financial statements in order to meet the requirements of the Act.

In accordance with the provisions of Section 45 and Schedule 5 of the Public Finance Management Act, 2015, I am responsible for and personally accountable to Parliament for the activities of the vote to which I am the accounting officer. Further, I am responsible for the regularity and proper use of the money appropriated to the vote to which I am the Accounting Officer. I am also responsible for authorizing any commitments made by the vote and for controlling resources received, held or disposed of by or on account of the vote. Finally, I am responsible for putting in place effective systems of risk management and internal control in respect to all resources and transactions of the vote.

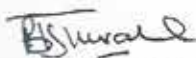
- Section 45 (3) of the Act require the Accounting Officer to enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year.

Sections 50 and 51 of the Act respectively require me to prepare and submit annual financial statements of my vote to the Secretary to the Treasury, and also to prepare and submit annual financial statements of my vote to the Auditor General for audit and to the Accountant General within two months after the end of each financial year.

Accordingly, I am pleased to report that I have complied with these provisions in all material respects and I am also 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 maybe 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 and objectivity of these financial statements, the financial information they contain and their compliance with the Public Finance Management Act, 2015.



.....
Benson Turamy
Accounting Officer

28.11.2017
.....
Date

LIST OF ACRONYMS

Acronym	Meaning
ISSAIs	International Standards of Supreme Audit Institutions
IT	Information Technology
MoW T	Ministry of Works and Transport
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance, Planning and Economic Development
TAI	Treasury Accounting instructions
PFMA	Public Finance Management Act, 2015
IFMS	Integrated Financial Management System
PS-ST	Permanent Secretary /Secretary to Treasury
PPDA	Public Procurement and Disposal of Assets
UGX	Uganda Shillings

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
FOR THE YEAR ENDED 30TH JUNE, 2017**

THE RT. HON. SPEAKER OF PARLIAMENT

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the financial statements of PPDA for the year ended 30th June, 2017. These financial statements comprise of the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement together with other accompanying statements, notes and accounting policies.

In my opinion, the financial statements present fairly in all material respects the financial position of PPDA as at 30th June, 2017 and its financial performance and cash flows for the year then ended in accordance with Section 51 of the Public Finance and Management Act, 2015 and the Financial Reporting Guide, 2008.

Basis of Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the organization in accordance with the Constitution of the Republic of Uganda (1995) as amended, the National Audit Act, 2008, the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code), the International Organization of Supreme Audit Institutions (INTOSAI) Code of Ethics and other independence requirements applicable to performing audits of Financial Statements in Uganda. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing audits in Uganda. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

Financial Statements for the Financial Year Ended 30th June 2017

GENERAL INFORMATION ABOUT THE REPORTING ENTITY

Full Address:

Public Procurement & Disposal of Public Assets Authority (PPDA)
Plot 37/39, Nakasero Road, 5th Floor
UEDCL Tower
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

Entity's 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.


Benson Turamy.....
Accounting Officer

Public Procurement & Disposal of Public Assets Authority

Date: 28.11.2017.....

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

Financial Statements for the Financial Year Ended 30th June 2017

Principal Activity of the Vote

Key Performance highlights (Statement of Performance)

During the reporting period, the building designs were completed and approved by Kampala Capital City Authority, procurement of the supervision consultant and contractor were completed. Construction is expected to commence in the first quarter of the FY2017/2018. The proposed offices will house Public Procurement and Disposal of Public Assets Authority (PPDA) and Uganda Road Fund (URF)

Artistic impressions of the proposed joint offices of PPDA and URF

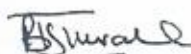


Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)

Financial Statements for the Financial Year Ended 30th June 2017

Statement of Financial Performance
[Based on classification of expenditures by nature]

	Note	Actual 30-Jun-17 (Shs)	Actual 30-Jun-16 (Shs)
OPERATING REVENUE			
Revenue			
Taxes	2		
External Grants Received	3		
Transfers received from the Consolidated Fund	4	11,513,045,143	8,184,455,389
Transfers from the Contingencies Fund	5	0	0
Transfers received from Other Government units	6	0	0
Non – Tax revenue	7	540,199,325	486,961,342
Total operating revenue		12,053,244,468	8,671,416,731
OPERATING EXPENSES			
Employee costs	8	8,538,972,434	5,307,866,054
Goods and services consumed	9	2,402,360,276	2,450,335,892
Consumption of property, plant & equipment	10	524,368,668	425,940,443
Subsidies	12	0	0
Transfers to other Organizations	13	0	0
Social benefits	14	0	0
Other operating expenses	15	3,000,000	0
Total operating expenses		11,468,701,378	8,184,142,389
Excess of revenue over expenditure from operating activities		584,543,090	487,274,342
Foreign exchange loss (Gain)	16		
Finance costs	17		
Transfers to Treasury	18	-540,199,325	-487,274,342
Excess of Revenue over expenditure for the year		44,343,765	



Benson Turamye
Accounting Officer

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

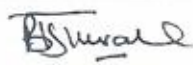
Financial Statements for the Financial Year Ended 30th June 2017

Statement of Financial Position

	Notes	30-Jun-17 (Shs)	30-Jun-16 (Shs)
ASSETS			
Cash and cash equivalents	20	0	3,604,000
Receivables	21	12,314,825	54,929,618
Inventories	20	0	0
Investments	21	0	0
Non-Produced Assets	22	0	0
Total Assets		12,314,825	58,533,618
LIABILITIES			
Borrowings	23	0	0
Payables	26	0	32,028,940
Pension Liability	25	0	0
Total Liabilities		0	32,028,940
Net assets (liabilities)		12,314,825	26,504,678
REPRESENTED BY: -			
Amounts due to the Consolidated Fund			

Statement of Changes in Equity (net worth)

	Schedule	30-Jun-17 (Shs)	30-Jun-16 (Shs)
At 1 July - Net worth Last Year (B/F)		26,504,678	101,729,073
Less: Transfers to the UCF account (Previous Year Balances)		0	0
Less: Transfers back to the Contingencies Fund		0	0
+/- Adjustments (Cash and cash equivalents),		-3,604,000	-43,195,455
Payables adjustments (See <i>statement of outstanding commitments</i>)		0	-32,028,940
Revaluation reserve		-54,929,618	0
Add: Excess of revenue over expenditure for the Year		44,343,765	0
Closing Net Financial Worth		12,314,825	26,504,678



Benson Turamye
Accounting Officer

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

Financial Statements for the Financial Year Ended 30th June 2017

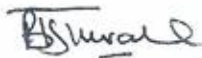
Cash flow Statement for the financial year ended [Direct Method]

	30-Jun-17 (Shs)	30-Jun-16 (Shs)
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue from Operating activities		
Taxes	0	0
External Grants Received	0	0
Transfers received from the Consolidated Fund	11,513,045,143	8,184,455,389
Transfers from the Contingencies Fund	0	0
Transfers received from Other Government units	0	0
Non – Tax revenue	540,199,325	486,961,342
Deposits received	0	0
Advances recovered	0	0
Less Transfer to Treasury (Balances and NTR)	-540,199,325	-487,274,342
Total Operating revenue	11,513,045,143	8,184,142,389
PAYMENTS FOR OPERATING EXPENSES		
Employee costs	8,538,972,434	5,307,866,054
Goods and services consumed	2,402,360,276	2,450,335,892
Subsidies	0	0
Transfers to Other Organizations	0	0
Social benefits	0	0
Other expenses	3,000,000	0
Foreign exchange loss/(gain)	0	0
Net Advances paid	12,314,825	0
Domestic arrears paid during the year	32,028,940	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	10,988,676,475	7,758,201,946
Net cash inflows/(outflows) from operating activities	524,368,668	425,940,443
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	524,368,668	425,940,443
Purchase of non-produced assets	0	0
Proceeds from sale of property, plant and equipment	0	0
Purchase of investments	0	0

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)

Financial Statements for the Financial Year Ended 30th June 2017

Proceeds from sale of investments	0	0
Net cash inflows/(outflows) from investing activities	524,368,668	425,940,443
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from external borrowings	0	0
Repayments of external borrowings	0	0
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	0	0



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Benson Turamye
Accounting Officer

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

Financial Statements for the Financial Year Ended 30th June 2017

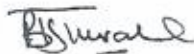
Cash flow Statement for the nine months (continued)

Reconciliation of movement of cash during the financial year

	Notes	30-Jun-17 (Shs)	30-Jun-16 (Shs)
At the beginning of the financial year		3,604,000	3,291,000
Less: Transfers to the UCF account (Previous Year Balances)		0	0
Add/ (Less): Adjustments to the opening balance		-3,604,000	0
Add/ (Less): Adjustments in cash and cash equivalents		0	313,000
Net increase (decrease) of cash from the Cashflow Statement		0	0
At the end of the financial year		0	3,604,000

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

		30 th Jun 2017 (Shs)	30 th June 2016 (Shs)
Cash and bank balances	20	0	0
Less bank overdrafts	25	0	0
Net cash and bank balances		0	0



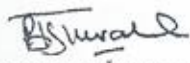
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Benson Turamyé
Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)

Financial Statements for the Financial Year Ended 30th June 2017

Statement of Appropriation Account [Based On Services Voted]

	Initial Approved Budget 30-Jun-17 (Shs) (a)	Revised Approved Budget 30-Jun-17 (Shs) (b)	Warrants 30-Jun-17 (Shs) (c)	Actual 30-Jun-17 (Shs) (d)	Variance 30-Jun-17 (Shs) (b-d)
RECEIPTS					
Taxes					
Non – Tax revenue				540,199,325	540,199,325
Transfers received from the Consolidated Fund			11,959,073,813	11,513,045,143	11,513,045,143
Transfers from the Contingencies Fund					
Grants Received					
Transfers received from Other Government units					
Total receipts				12,053,244,468	12,053,244,468
EXPENDITURE- by services as per appropriation					
Headquarters	11,889,379,751			10,944,332,710	945,047,041
Development Expenditure	2,320,000,000			524,368,668	1,795,631,332
Total Expenditure	14,209,379,751		11,959,073,813	11,468,701,378	2,740,678,373
Net Receipts/Payments				584,543,090	



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Benson Turamye
Accounting Officer

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

Financial Statements for the Financial Year Ended 30th June 2017

Statement of Appropriation Account [based on nature of expenditure]

	Initial Approved Budget 30-Jun-17 (Shs) (a)	Revised Approved Budget 30-Jun-17 (Shs) (b)	Warrants 30-Jun-17 (Shs) (c)	Actual 30-Jun-17 (Shs) (d)	Variance 30-Jun-17 (Shs) (b-d)
RECEIPTS					
Taxes					
Non – Tax revenue				540,199,325	540,199,325
Transfers received from the Consolidated Fund			11,959,073,813	11,513,045,143	11,513,045,143
Transfers from the Contingencies Fund					
Grants Received					
Transfers received from Other Government units					
Total receipts				12,053,244,468	12,053,244,468
EXPENDITURE- by Nature of expenditure as per appropriation					
Employee Costs	9,117,144,320			8,538,972,434	578,171,886
Goods and Services	2,610,235,431			2,402,360,276	207,875,155
Property, Plant and Equipment	2,320,000,000			524,368,668	1,795,631,332
Other Expenses	162,000,000			3,000,000	159,000,000
Total Expenditure	14,209,379,751		11,959,073,813	11,468,701,378	2,740,678,373
Net Receipts/Payments				584,543,090	

Benson Turanye

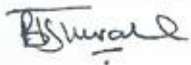
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Benson Turanye
Accounting Officer

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

Financial Statements for the Financial Year Ended 30th June 2017

Reconciliation between Total Expenditure per Statement of Appropriation Account to Total Expenditure per Statement of Financial Performance

	Actual 30 th June 2017 (Shs)	Actual 30 th June 2016 (Shs)
Total expenditure per Appropriation Account	11,468,701,378	8,184,142,239
Add:		
Letters of credit receivable prior year but delivered during the year		
Foreign exchange losses (gains)		
Expenditure on Previous Accountable Advance		
Less:		
Letters of credit receivable at year-end		
Domestic Arrears paid		
Total Expenditure per Statement of Financial Performance	11,468,701,378	8,184,142,239



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Benson Turamye
Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)

Financial Statements for the Financial Year Ended 30th June 2017

Statement of Revenues collected for the financial year ended 30th June 2017

[Based on source of revenue] (Memorandum Statement)

Actual 30 June 2017 (Shs)		Notes	Actual 30 th Jun 2017 (Shs)	Budget 30 th Jun 2017 (Shs)	Variance 30 th Jun 2017 (Shs)
	RECEIPTS				
	Local Services Tax	2			
	Land fees	2			
	Business Licenses	2			
	Other tax revenues	2			
	Investment income	7			
	Dividends	7			
	Rent	7			
	Other property income (disposal of assets)	7			
	Sale of goods and services	7			
	Administrative fees and licenses	7	505,918,758		
	Court fines and Penalties	7	0		
	Other fines and Penalties	7	0		
	Miscellaneous Revenue	7	34,280,567		
	Total Revenue		540,199,325		

B. Turamye

Benson Turamye
Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)

Financial Statements for the Financial Year Ended 30th June 2017

Statement of Arrears of Revenues [Based on source of revenue]
(Memorandum Statement)

	Arrears of Revenue 30 June 2016 (Shs)	Total Revenue billed during the year (Shs)	Actual Amounts collected during the year (Shs)	Amount remitted to the UCF during the year (Shs)	Due to Consolidated Fund (Shs)	Cumulative Arrears of Revenue at 30 Jun 2017 (Shs)
RECEIPTS						
Local Services Tax						
Land fees						
Business Licenses						
Other tax revenues						
Investment income						
Dividends						
Rent						
Other property income (disposal of assets)						
Sale of goods and services						
Administrative fees and licenses	0	505,918,758	505,918,758	505,918,758	-	-
Court fines and Penalties		0	0	0		
Other fines and Penalties		0	0	0		
Miscellaneous Revenue	0	34,280,567	34,280,567	34,280,567	-	-
Total operating revenue		540,199,325	540,199,325	540,199,325		

B. Turamy

Benson Turamy
Accounting Officer

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

Financial Statements for the Financial Year Ended 30th June 2017

Annex summary report on budget performance extracted from the OBT

Risk Management Practice and Internal Control

The Authority has an Audit Committee which is responsible for monitoring the efficiency of internal control and effectiveness of risk management procedures. This is done through independent reviews by Internal Audit and risk coordination by the Risk Coordinator.

The Authority has a Risk Management Strategy which provides structural approach for identification, assessment and management of risk. Risk management has been embedded in all departments in the Authority that maintain departmental risk registers and log risks on quarterly basis. The risk management system enables risk identification and ensures measures are put in place to address the risks.

The Authority maintains focus on internal controls. The following internal control measures are in place;

1. There is an established Internal Audit function to undertake regular monitoring of effectiveness of internal controls and procedures.
2. Risk management function in place.
3. Reviews, verifications, and approval of transactions are done.
4. Segregation of duties thus minimizing the risk of errors and abuse.
5. Safeguard of assets and stores consumables and periodic physical verifications.
6. Weekly reviews of budget performance.
7. General controls over information systems for safeguard of information such as backup and recovery procedures.

ACHIEVEMENTS OF THE AUDIT COMMITTEE AND INTERNAL AUDIT

The Audit Committee discharged its oversight responsibilities during the financial year 2016/2017 by specific focus on matters from Internal Audit and risk management reviews and reporting.

The Committee;

- i. Reviewed the work of internal audit through the reports detailing audit findings and recommendations.
- ii. Reviewed audit findings on internal controls and their effectiveness by specifically focusing on controls in financial management and reporting, procurement procedures, budget performance and accountability for funds.
- iii. Focused attention to risk management in order to strengthen the approach to risk management in the Authority. The review of the adequacy and effectiveness of risk was done by review of quarterly risk reports where the Committee provided scrutiny and direction.
- iv. The Committee reviewed progress made to actions taken by management to address audit recommendations.

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)

Financial Statements for the Financial Year Ended 30th June 2017

Statement of contingent liabilities and guarantees (Memorandum Statement)

	Schedule	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
DOMESTIC			
Legal proceedings		180,000,000	180,000,000
Guarantees and indemnities			
Guarantees of bank overdrafts			
Guarantees under Public Private Partnerships			
Other contingent liabilities			
Total Domestic Contingencies		180,000,000	180,000,000
FOREIGN			
Legal proceedings			
Guarantees and indemnities			
Guarantees of bank overdrafts			
Guarantees under Public Private Partnerships			
Other contingent liabilities			
Total Foreign Contingencies			
Total Contingent Liabilities		180,000,000	180,000,000

B. Turamy

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 Benson Turamy
 Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

Statement of Outstanding Commitments– [Commitments by nature of expenditure]

	Outstanding commitments at beginning of the financial year 30 June 2016 (Shs)	Adjustments to the previous year's commitments (Shs)	Prior years commitments paid during the financial year (Shs)	New outstanding commitments incurred during the financial year (Shs)	Cumulative outstanding commitments 30 Jun 2017 (Shs)
Operating Commitments (Payables)					
Employee costs					
Pensions					
Goods and services consumed	(32,028,940)		32,028,940		0
Interest expense					
Subsidies					
Grants payable					
Social benefits					
Finance cost					
Total operating commitments					
Capital Commitments (Payables) including multi-year ones					
Non-produced assets					
Property					
Plant					
Equipment					
Total capital commitments					
Total commitments - Payables					
Add:					
Commitments for Extraordinary items					
TOTAL COMMITMENTS	(32,028,940)		32,028,940		0

Benson Turamy
 Benson Turamy
 Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

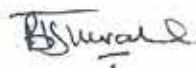
Statement of losses of public money and stores written off, and claims abandoned during the financial year

Reference number of reported loss/write off/claim abandoned.		Opening Balance as at 1 st July 2016 (Shs)	Losses written-off in the financial year ended 30 th June 2017 (Shs)	Cumulative Losses written-off as at 30 th June 2017 (Shs)
	Losses of public moneys (cash and cash equivalents)			
	Total losses of cash written off			
	Losses of stores			
	Total losses of stores written off			
	Other assets			
	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			

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

Statement of reported losses of public moneys, stores and other assets whether or not written off during the financial year ended 30th June 2017

Reference number of reported loss/write off/claim abandoned.		Opening Balance as at 1 st July 2016 (Shs)	Losses for the financial year ended 30 th Jun 2017 (Shs)	Cumulative Losses as at 30 th Jun 2017 (Shs)
	Losses of public moneys reported (cash and cash equivalents)			
	Total losses of cash			
	Losses of stores reported.			
	Total losses of stores reported			
	Losses of other assets			
	Property			
	Plant			
	Equipments			
	Total losses of other assets reported			
	Total losses of public funds, stores and other assets reported			

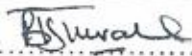


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 Benson Turamye
 Accounting Officer

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

Summary statement of stores and other assets (physical assets) as at the end of the financial year

Category/ Description	Opening balance 1-Jul-16 Cost (Shs)	Additions during the financial year ended 30-Jun-17 Cost (Shs)	Disposals during the financial year 30-Jun-17 cost (Shs)	Cumulative Cost as at 30-Jun-17 (Shs)
Land	3,092,882,090	0	0	3,092,882,090
Non-Residential buildings		43,015,000		43,015,000
Residential buildings				0
Roads and bridges				0
Transport equipment				0
Motor Vehicles	199,140,083	229,941,755	0	429,081,838
Trailers/ Semi-trailers				0
Ships and other marine vessels:				0
Railway locomotives				0
Motor cycles and Bicycles				0
Other transport equipment	37,500,000	0	0	37,500,000
Machinery and equipment		233,647,313		233,647,313
Office equipment				0
ICT Equipment	101,593,441		0	101,593,441
Laboratory and research equipment				0
Other Machinery and equipment				0
Furniture and fittings	14,824,829	17,764,600		32,589,429
Classified Assets				0
Cultivated Assets				0
Total value of physical assets acquired, disposed of and balances	3,445,940,443	524,368,668	0	3,970,309,111



 Benson Turamy
 Accounting Officer

¹ Note that additions during the period should be the summation of assets captured in note 10 and the increment in note 22

Government of the Republic of Uganda

Public Procurement and Disposal of Public Assets Authority

Financial Statements for the Financial Year Ended 30th June 2017

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 in all material aspects unless otherwise stated.

1) General Information

As required by Section 51(1) of the Public Finance Management Act, 2015, each vote shall prepare annual financial statements for audit, and submit a copy to the Accountant General.

2) Reporting Entity

Public Procurement and Disposal of Public Assets Authority is a reporting entity of the Government of the Republic of Uganda and is domiciled in Uganda the principal address of the entity is:

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

The Act of Parliament that establishes the Authority is:

Public Procurement and Disposal of Public Assets Act 2003, as amended

The Authority has two regional offices in Gulu and Mbarara to serve Northern Uganda and Western Uganda regions respectively.

3) The Treasury

The Treasury is established by Section 10 of the Public Finance Management Act, 2015 consisting of: (a) the Minister of Finance; (b) the Secretary to the Treasury; (c) the Accountant General; and (d) any other directorates responsible for economic and finance matters of the Ministry of Finance, Planning and Economic Development.

4) The Consolidated Fund

Is the Consolidated Fund as established by the Article 153 of the Constitution of the Republic of Uganda. As provided by Section 30 of the Public Finance Management Act, 2015 (the Act), it is the Fund into which all revenues or other money raised or received for the purpose of the Government shall be paid. Except for receivables into another public fund established for a special purpose (for example the Petroleum Fund) where this is authorized by an Act of Parliament, or where a vote, state enterprise or public corporation shall retain revenue collected or received as authorized through an appropriation by Parliament or is a monetary grant exempted under Section 44 of the ACT.

Withdrawals from the Consolidated Fund shall only be done upon the authority of a warrant of expenditure issued by the Minister of Finance to the Accountant General after a grant of credit has been issued to the Minister by the Auditor General in the first instance. The withdrawal can be effected only when: (a) the expenditure has been authorized by an Appropriation Act or a Supplementary Appropriation Act; (b) is a statutory expenditure; (c) for repaying money received in error by the Consolidated Fund; (d) and for paying sums required for an advance, refund, rebate or drawback that are provided for in this and other Act of Parliament.

5) The Contingencies Fund

**Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority (PPDA)**

Financial Statements for the Financial Year Ended 30th June 2017

Staff Payroll

Below is a summary list of the employees under the vote for the financial year ended 30th June 2017; -

Salary scale	Number of Employees at the beginning of the year 1st July 2016	New employees to the vote either through transfers or through recruitment	Number of employees transferred / retired/deceased	Number of Employees as at 30 th June 2017
Specified scale				
Contract Staff	78	27	5	100
Total	78	27	5	100

Action on Parliamentary Recommendations

Provide high level summary report of actions taken on the recommendations of Parliament based on the reports of the Auditor General

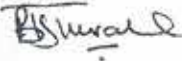
During the FY 2015/2016, the Authority had four audit queries from the Office of the Auditor General namely:

- Non-compliance with the commitment control system and
- Lack of data storage and security
- Mischarge of expenditure –UGX 28,293,180
- Low absorption of the development budget,

The first three (3) audit recommendations were fully implemented during first nine month of the FY2016-2017. The low absorption of the development budget was not implemented due to delayed procurement of the supervising consultant and the contractor. The procurement of the aforementioned service providers was finalized in June 2017 when it was already too late to absorb the funds.

Annex report on action taken on recommendations of Parliament based on reports of the Auditor General

The accounting policies and notes set out on pages 27 to 39 form an integral part of these financial statements.



Benson Turamye
Accounting Officer

28.11.2017

Date

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

iii) Transfers received

Transfers received include; transfers received from the Consolidated Fund, transfers received from the Contingency Fund and transfers received from other government units. All transfers are recognized when received by the Accounting Officers.

iv) Non-Tax Revenue

Non-Tax Revenue includes: interest/gains associated from ownership of shares, proceeds from hire of assets, sale of designated goods and services, and fines/penalties. Non-Tax Revenue, whether directly collected by the entity or collected by another entity on its behalf is recognized when received.

13) Expenses

Generally, expenditure is recognized when it is incurred and settled within the financial year. Qualifying unsettled expenditure is recognised in the Statement of Financial position as payables.

14) Property, Plant and Equipment (physical assets or fixed assets)

Property, plant and equipment (PPE) principally comprises buildings, dams, roads and highways, hydropower stations, plant, vehicles, equipment, and any other infrastructure assets but does not include land and regenerative natural resources such as forests and mineral resources.

Acquisitions of PPE are recorded in the asset register on receipt of the item at cost and expensed fully through the Statement of Financial Performance. Cost of the item is defined as the total cost of acquisition. Where the cost of the PPE cannot be determined accurately, the PPE is stated at fair value. Subsequent repairs and maintenance costs of PPE are also expensed as goods and services consumed in the Statement of Financial Performance. Proceeds from disposal of property, plant and equipment are recognized as non-tax revenue in the period in which it is received.

15) Translation of transactions in foreign currency

Foreign currency transactions are translated into Uganda Shillings using the exchange rates prevailing at the dates of the transactions (spot rates). These result into realized gains/losses which are recognized in the Statement of Financial Performance. Foreign currency assets and liabilities held by the entity at year-end are translated into Uganda Shillings using the period closing rate for reporting purposes resulting into unrealized gains/losses. The unrealized gains/losses are recognized in the statement of changes in Equity through the revaluation reserve.

16) Revaluation Gains/Losses

Unrealized gains or losses arising from changes in the value of investments, marketable securities held for investment purposes, and from changes in the values of property, plant and equipments are not recognized in the financial statements.

17) 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 statement of financial position bank overdrafts are included in borrowings.

18) Unspent cash balances

In accordance with the requirement of the Public Finance Management Act, 2015, unspent cash balances by Government entities at the end of the financial year are returned through the Single Treasury Account to the Consolidated Fund in the course of the financial year.

Government of the Republic of Uganda

Public Procurement and Disposal of Public Assets Authority

Financial Statements for the Financial Year Ended 30th June 2017

Government projects are a series of undertakings of a reporting entity with specific objectives and a defined time frame and could be either: (a) fully funded by a Government; (b) jointly funded by Government and a development partner; (c) fully funded by a development partner through either budget support or project support; and (d) fully funded by development partner through provision of physical items rather than funds.

Fully or partly Government funded project expenditure is recognized in the statement of financial performance of the reporting entity to the extent of funding received from Government.

24) Borrowings

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

Interest expense and any other expense on borrowings are recognized in the Statement of Financial Performance when they fall due.

25) Employee benefits

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

26) Contingent liabilities

Contingent liabilities are disclosed in a memorandum statement (Statement of Outstanding Commitments) of the entity when it's probable that an outflow of economic benefits or service potential will flow from the entity or when an outflow of economic benefits or service potential is probable but cannot be measured reliably. Contingent liabilities comprise government guarantees issued, court awards that have been appealed by the Attorney General, those arising from Public Private Partnerships (PPPs) etc. Contingent assets are not recognized nor disclosed.

27) 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 relating to non-cancelled contractual or statutory obligation where goods have been delivered or service provided are included in the statement of financial position as payables and in the Statement of Outstanding Commitments.

28) Public Private Partnerships

Any investment by the Government in a Public Private Partnership may be through a joint venture or as an associate or as a major shareholder. Except for the latter, these are accounted for as investments whether held for trading purposes or otherwise. The financial statements in that case are consolidated as if the other entity is a controlled entity in accordance with IPSAS 38.

In other instances, where the Government provides certain guarantees which could crystalize and result into an outflow of resources, the guarantees are quantified and disclosed in the memorandum Statement of Contingent Liabilities. The amounts disclosed as part of contingent liabilities represent the most likely outflow of resources should certain events crystalize which are assessed annually. If the events crystalize, the amounts become payables through the Statement of Financial Performance and Statement of Financial Position on an accrual basis.

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Exchange Rates

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

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
United States Dollar		
British Pound		
Euro		

Note 2: Tax Revenues

Tax revenues comprise both direct and indirect taxes levied and collected on behalf of Government.

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Local Services Tax		
Land fees		
Business Licenses		
Other tax revenues		
Total taxation revenues		

Note 3: External Grants Received

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Grants from foreign governments		
Grants from International Organizations		
Total Grants		

Note 4: Transfers Received From the Treasury – Consolidated Fund

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Transfers from the treasury- current	11,513,045,143	8,184,455,389
Transfers from the treasury- capital	0	0
Total Transfers	11,513,045,143	8,184,455,389

Note 5: Transfers Received From the Treasury- Contingencies Fund

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Response to natural crisis – location A		
Response to natural crisis- location B		
Total Transfers for the Year		

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

Note6: Transfers received from Other Government Units

Comprise funds appropriated under one vote but transferred to another vote for execution of the intended activities. For instance, road maintenance funds, grants recognised by treasury but transferred to other executing MALGS, etc

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Transfers received from other Gov't Units- Current (Name of the Government unit)		
Transfers received from other Gov't units- Capital (Name of the Government unit)		
Total		

Note 7: Non-Tax Revenues

Comprise non-tax revenues from exchange transactions collected during the year were as follows:

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Investment income		
Dividends		
Rent		
Other property income (disposal of assets)		
Sale of goods and services		
Administrative fees and licenses	505,918,758	422,814,487
Court fines and Penalties	0	0
Other fines and Penalties	0	0
Miscellaneous Revenue	34,280,567	64,146,855
Total Non-Tax Revenue	540,199,325	486,961,342

Note 8: Employee Costs

Employee costs principally comprise:

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Wages and salaries	6,487,659,663	3,943,740,853
Social contributions	554,053,487	403,904,904
Other employment costs	1,497,259,284	960,220,297
Total employee costs.	8,538,972,434	5,307,866,054

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

Note 9: Goods and Services

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

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
General expenses	779,740,362	808,414,594
Communications	136,389,521	148,920,001
Utility and property expenses	639,145,995	579,538,366
Supplies and services	39,737,771	40,300,000
Professional services	110,599,920	143,628,994
Insurances and licenses	202,579,555	107,928,836
Travel and transport	389,908,127	505,852,409
Maintenance	104,259,025	115,752,692
Inventories (goods purchased for resale)	0	0
Total cost of goods and services	2,402,360,276	2,450,335,892

Note 10: Consumption of Property, Plant and Equipment (Fixed Assets)

As explained in accounting policy (15), property, plant and equipment (physical assets) are expensed in the year of purchase i.e. they are depreciated at 100% in the year of purchase using the cash basis of accounting.

Particulars	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Non-Residential buildings	43,015,000	72,882,090
Residential buildings	0	0
Roads and bridges	0	0
Transport equipment-	229,941,755	199,140,083
Machinery and equipment	233,647,313	139,093,441
Furniture and fittings	17,764,600	14,824,829
Other fixed assets	0	0
Total value of property, plant and equipment expensed	524,368,668	425,940,443

Note 11: Interest Expense

Note 12: Subsidies

Subsidies paid during the year are summarized as below:

Particulars	Actuals 30 Jun 2017 (Shs)	Actuals 30 Jun 2016 (Shs)
To public corporations		
To private enterprises		
To private individuals		
Total subsidies for the year		

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

Note 13: Transfers to Other Organisations

Transfers made during the year are summarized as below:

	Actuals 30 Jun 2017 (Shs)	Actuals 30 Jun 2016 (Shs)
Transfer to foreign Governments		
Transfers to International Organisations		
Transfers to other government units		
To resident non-government units		
Total transfers		

Note 14: Social Benefits

Social benefits paid during the year comprise:

	Actuals 30 Jun 2017 (Shs)	Actuals 30 Jun 2016 (Shs)
Pensions		
Employer Social benefits		
Total social benefits		

Note 15: Other Operating Expenses

These comprise:

	Actuals 30 Jun 2017 (Shs)	Actuals 30 Jun 2016 (Shs)
Property expenses other than interest	0	0
Miscellaneous other expenses- current	0	0
Miscellaneous other expenses- capital	3,000,000	0
Total other operating expenses	3,000,000	0

Note 16: Foreign Exchange Gains and Losses

During the year, foreign exchange losses and gains were as follows:

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Realized loss (gain) (SFP)		
Un/realized loss (gain)(SCE)		
Net foreign exchange (gains)/ losses		

Government of the Republic of Uganda
Public Procurement and Disposal of Public Assets Authority
Financial Statements for the Financial Year Ended 30th June 2017

Note 17: Finance costs

	Schedule	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Interests on external debts (external borrowings)			
Interests on other domestic borrowings			
Total finance cost			

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, unspent salaries, among others

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Non-Tax revenue	540,199,325	487,274,342
Unspent Salary balances		
Expenditure account balances		
Total for the year.	540,199,325	487,274,342

Note 19: Non Produced Assets

Note 20: Cash and Cash Equivalents

	30 Jun 2017 (Shs)	30 June 2016 (Shs)
DOMESTIC		0
Revenue accounts		0
Expenditure accounts		0
Project accounts		0
Collection accounts		0
Cash in transit		0
Cash at hand- Imprest		3,604,000
Others		0
Sub-total cash and bank balances- domestic		3,604,000
FOREIGN		
Revenue Accounts		
Project Accounts		
Expenditure accounts		
Collection accounts		
Cash in transit		
Cash at hand- Imprests		
Others		
Sub-total cash and bank balances- foreign		0
Total cash and bank balances		3,604,000

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Note 21: Receivables

Comprise the following receivables at the end of the year net of any provision for receivables doubtful of recovery.

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
DOMESTIC		
Loans (short-term) -others		
Advances		
Outstanding letters of credit		
Other accounts receivable	12,314,825	54,929,618
Total domestic receivables	12,314,825	54,929,618
FOREIGN		
Loans (short-term) -others		
Advances		
Other accounts receivable		
Total foreign receivables		
Total receivables		
Less provisions against doubtful accounts		
Net receivables	12,314,825	54,929,618

Note 22: Inventories

Comprise strategic stock and other inventories purchased which have not been expensed.

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Strategic stock-petroleum products		
Other inventories (goods purchased for re-sale)		
Total inventories		

Note 23: Investments

Comprise investments as follows:

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Securities other than shares (long-term)-domestic		-
Shares and other equity-domestic		
Securities other than shares-foreign		
Total investments		

Note 24: Investment Properties

Note 25: Borrowings

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
DOMESTIC		

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Loans from commercial banks		
Interest payable on bank loans/borrowings		
Other / Overdraft		
Total domestic borrowings		
FOREIGN		
Loans from commercial banks		
Interest payable on bank loans/borrowings		
Other		
Total foreign borrowings		
Total borrowings		

Note 26: Payables

These are principally accounts payables, domestic and otherwise, outstanding at the financial year end and comprise:

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Payables		
Trade Creditors	0	32,028,940
Sundry Creditors		
Committed Creditors		
Accountable advances		
Withholding tax payable		
Deposits received		
Advances from other Government units		
Miscellaneous accounts payables		
Total payables	0	32,028,940

The categorization and aging of the payables is as below;

	Current Financial Year Shs	Previous Financial Year Shs	Other Financial Years Shs	Total Shs
Utilities				
Rent				
Contributions to International Organisations				
Court Awards				
Compensations				
Taxes and other deductions				
Others				
Total Payables				

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COMMENTARY ON THE FINANCIAL STATEMENTS BY THE HEAD OF ACCOUNTS

Budget Performance

The budget performance for PPDA for the financial year ended June 30th, 2017 was as follows:

The performance for the period was within the budget for the FY2016/2017 according to this report. The Authority in the financial year ended 30th June 2017 was funded by the Government of Uganda at UGX 11,513,045,143 out of the approved budget/MTEF of UGX. 14,209,379,751.

The Authority had prepaid expenses totaling to UGX 12,314,825 of which UGX 7,226,097 was in respect of rent as at 30th June 2017.

On the other hand Non Tax Revenues (NTR) of UGX 540,199,325 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) and miscellaneous receipts.

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 (FY2016/2017) at UGX 136,969,893 out of the approved budget of UGX. 657,762,143 which was used directly to fund: Legal reform in improving efficiency in public procurement & disposal and support to procurement performance measurement System (PPMS).

In the same period, the Authority also received funding from USAID/GAPP of UGX 55,186,800 for auditing twelve (12) District Local Governments PDEs. The funding was used to pay per diem and fuel.

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, 2017 are attached.

I take full responsibility for the completeness and integrity of these Financial Statements



Julius.B. Mwesigye
Head of Accounts

28.11.2017

Date

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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

	30 Jun 2017 (Shs)	30 Jun 2016 (Shs)
Former employees in Public Service		
Former employees in Military Service		
Former employees of the Education Service		
Gratuity Arrears		
Total		

Public Procurement and Disposal of Public Assets Authority

Annex (i) Pension Payroll

Name	Last Position held	IPPS no	Pension	Supplier no (IFMS)	Amount
1.					
2.					

Annex (ii) schedule of inventory

Category	Opening balance as at 1 st July 2016 Cost Shs	Purchase/additions Additions Shs	Usage/disposal Cost Shs	Obsolete Cost Shs	Closing balance as at 30 th July 2017 Cost Shs
1. e.g Drug (a), Visa stickers ,passports					
2.					

Other Matter

In addition to the matter raised above, I consider it necessary to communicate the following matters other than those presented or disclosed in the financial statements.

- **Failure to implement the budget as approved by Parliament**

Section 45 (3) of the PFMA, 2015, states that the Accounting Officer shall enter into an annual performance contract with the Secretary to Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan for the vote for the financial year submitted under section 13 (15) of the said Act.

I observed that out of the budgeted revenue of UGX.11.959 billion, the entity received UGX.11.513 billion resulting into a shortfall of UGX.0.446 billion (4%). Further, I noted that some of the planned outputs were not implemented because the funds were released late. Service delivery is hampered and the appropriating authority's objectives are not met. The shortfall affected funding of recurrent activities like undertaking procurement audits, capacity building programs and staff training as shown in **appendix 1**.

Management should continue liaising with MOFPED to ensure that the amounts appropriated are released timely to enable implementation of planned activities.

Responsibilities of the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of the PPDA Act, 2003 and International Financial Reporting Standards on Accrual basis of accounting and 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.

In preparing the financial statements, the Accounting Officer is responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the or to cease operations, or have no realistic alternative but to do so.

The Accounting Officer is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Accounting Officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with him/her all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Accounting Officer, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



John F.S. Muwanga

AUDITOR GENERAL

KAMPALA

12th December, 2017

APPENDIX 1

Vote function	Output /Item description	Planned outputs/Quantity	Amount (UGX) budgeted	Amount spent (UGX)	Unachieved outputs	Management responses
1225- 145672-312101:-	PPDA Home development	• PPDA Home development	1,710,000,000	176,837,500	• PPDA Home development	The funds could not be utilized due to delays in the securing approval of the building designs, delay in procurement of the supervision consultant and contractor. All these were secured in late June 2017 when it was too late to utilize the funds. The contract has now been signed.
1225- 145675-312101:-		• No planned activity	-	232,000,000	<ul style="list-style-type: none"> • Purchase of motor vehicles, • Purchase of Motor cycle • Purchase of motor vehicle tracking 	The Authority undertook a budget virement process which catered for the purchase of motorcycle and motor vehicles.
1225- 145676-312202:-		<ul style="list-style-type: none"> • 12 computers. • 10 tablets. Heavy duty projectors. • purchase of PABX. • Shredder. • Software purchase (MS Office 2013. • Oracle. • EDMS & Risk Management 	333,000,000	99,137,500	<ul style="list-style-type: none"> • Installation of Network Storage • desktop computer HP pro desk 400 G3 MT Intel core i5-6500 • Supply & installation of 20 KVA UPS • Network Fiber Connectivity for PPDA Towers to Home • Supply of wireless router for Gulu regional office • Supply of two Hitachi water dispensers • Replacement of faulty camera at PPDA towers • Purchase of telephone handset • Purchase of 48 port 	<p>The desktops, PABX, UPS etc were in the approved plan of the Authority.</p> <p>Network storage that was not on the original plan but was catered for under budget virement.</p> <p>The payment in this regard was a balance of the contract that was signed in May 2016, but the vendor was not able to supply all the equipment before the end of the financial year.</p> <p>In order to clear this obligation, the Authority</p>

225-145678-12203-	Furniture and Fittings	<ul style="list-style-type: none"> 20- Office furniture and fixtures 	45,000,000	22,000,000	<ul style="list-style-type: none"> network switch 1 Paper shredders instead of 2. 1 Duty Projector instead of 4 New main water supply pipeline at PPDA home. Water equipment for Gulu regional office. 	<p>carried out a reallocation.</p> <p>The items being referred to were part of our approved budget. These were broadly defined under furniture and fittings.</p>
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PPDA

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