



PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY

ANNUAL
PERFORMANCE
REPORT

JULY 2017 – JUNE 2018



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Acronyms

ASSIP	Accountability Sector Strategic Investment Plan
BEB	Best Evaluated Bidder
BUBU	Buy Uganda Build Uganda
CC	Contracts Committee
CG	Central Government
CS	Civil Society Organization
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
SBD	Standard Bidding Document
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 15th Annual Report of the Authority for the Financial Year (FY) 2017/18. This was the fourth 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 PDEs 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 cycle and promote value for money. 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 2018/19, 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. In a bid to promote self-sustainability, the Authority will continue to 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

Introduction

The Public Procurement and Disposal of Public Assets Authority (PPDA) is implementing the fourth Strategic Plan since its inception in 2003. The current Strategic Plan (FY 2014/15 – 2018/19) articulates nine (9) Strategic Objectives which guide the operations of the Authority over a 5-year planning horizon ending in FY 2018/19.

The Annual Report for Financial Year 2017/18 highlights the key achievements of the Authority, the challenges faced during the implementation of activities and the main activities planned for the Financial Year 2018/19 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 in FY 2017/18

- a) **Strengthening Transparency and Accountability in Public Procurement Amendments of the PPDA Act, 2003;** Stakeholder consultations were conducted during the year and Cabinet approved the principles for the amendment of the PPDA Act, 2003. The First Parliamentary Counsel submitted three subsequent drafts of the PPDA (Amendment) Bill, 2018 and the Ministry of Finance, Planning and Economic Development had to engage stakeholders on the proposals. **(p.26)**

Procurement Audits: The Authority completed 84 (102%) out of the planned 82 audits in the FY 2017/18. The 84 Entities were covering a representative sample of procurement transactions carried out during the Financial Year 2016/17. The audit findings revealed that overall the compliance level of the Entities for the procurement system was satisfactory with a score of 69.67%; the overall compliance level for the procurement process was satisfactory with a score of 76.18% %, and a disposal compliance rating of 80.74 %. The audit findings also revealed that in 55.05% of the sampled procurements, Entities failed to deliver within the planned timelines, 33.35% of the contracts signed were not completed within the contractual period, 36.8% of the signed contracts were not paid in time. **(p. 26-27)**

Investigations: The Authority investigated and concluded ninety four (94) complaints relating to procurements worth UGX. 1,291,995,423,765 in respect to non-adherence to the evaluation criteria in the bidding document. It found merit in 36 (38.4%) complaints and did not find merit in 58 (61.4%) of the complaints. The Authority recommended that the procurements where no merit was found worth UGX. 319,069,120,062 to proceed to conclusion and recommended corrective measures of retendering for procurements worth UGX. 11,036,013,200 and re-evaluation of bids worth UGX. 198,337,350. Where investigations found non-adherence to the evaluation criteria in the bidding document by the Evaluation Committee, the Authority recommended re-evaluation of the bids. The investigations also revealed cases where there was total non-adherence to principles of fairness and transparency and the entities were directed to cancel the procurements. **(p.28)**

Applications for Administrative Reviews: The Authority received and concluded forty eight (48) Administrative Reviews with a procurement value of UGX. 352,082,753,210. Twenty three (23) applications representing 47.9% were upheld, twenty two (22) applications representing 45.8% were rejected. Two applications were withdrawn and one application could not be handled since it was filed out of time. The grounds related to non-adherence to the evaluation criteria in the bidding document issued. Twenty Two (22) decisions were appealed against in the PPDA Appeals Tribunal of which six (6) decisions were set aside, two (2) were referrals by the Authority to the Tribunal and one (1) was in respect to a suspension decision made by the Authority. **(p.29)**

PPDA Appeals Tribunal: The Authority handled twenty five (25) applications before the PPDA Appeals Tribunal. Twenty two (22) were appeals against the Administrative review decisions by the Authority, two (2) were references in respect to contracts signed by the Entity's during the statutory administrative review period and one (1) was in respect to a suspension decision made by the Authority. Out of the twenty three (23) applications heard on merit, the PPDA Appeals Tribunal dismissed twelve (12) applications representing 52%, allowed eleven (11) applications representing 47%. One (1) application was withdrawn and in one (1) application, parties entered into a consent agreement. **(p.31)**

Court Cases: In FY 2017/18, the Authority handled fifteen (15) matters in the High Court, and Court of Appeal. Four (4) cases were filed in the Financial Year and eleven (11) matters were outstanding cases brought forward from the other years. Eight (8) of the cases were Appeals against the PPDA Appeals Tribunal decisions, four (4) were Appeals at the Court of Appeal against the decisions of the High Court and three (3) were Miscellaneous Applications.

Out of the fifteen (15) matters above, six (6) were in respect to the decisions and proceedings relating to suspension of providers from participating in public procurement processes and nine with respect to Administrative Review decisions. Two¹ (2) cases were upheld against the Authority, two² (2) cases were dismissed in favour of the Authority, three³ (3) withdrawn by the applicants and eight (8) cases are ongoing. **(p.31)**

1 Steam Investments (U) Ltd v. PPDA, MUST &Yianjian Uganda Co. Ltd and Khalsa Developments (U) Ltd v. PPDA, MUST &Yianjian Uganda Co. Ltd
2 Femisa International Limited Vs PPDA and Dolomite Engineering Services V AG & PPDA
3 Acciona Agua – Eiffage JV v. PPDA and National Water & Sewerage Corporation; Motor centre v. PPDA and Reserve Protection Services Ltd v. PPDA

b) Increasing Competition and Hence Contributing to Domestic Industry Development

Roll out of the Government Procurement Portal (GPP): In the FY 2017/18, GPP was rolled out to 28 PDEs bringing the total number of Entities on the system to 195 representing a coverage of 54%. The Authority was able to assess performance of 195 PDEs which entered data on the Portal. The total number of contracts entered into the portal and analysed in the FY 2017/18 was 12,760 compared to 20,937 contracts in the FY 2016/17. However, there was an increase in the total value of procurements in the system from UGX 2.7 Tn in FY 2016/17 to UGX 3.3 Tn in FY 2017/18. (p.33)

Bidder Participation in the Procurement Process: The average number of bids received regardless of the method of procurement was approximately 2.9 bids. This low level of competition is more pronounced in the Local Government Entities and is attributed to the delayed payment of providers, collusion between bidders and perceived high levels of corruption in public procurement by bidders. The proportion of submitted bids that reached financial evaluation (responsive bids) was 44.7 %. (p.33)

In domestic open bidding, the average number of bids that was received per procurement was 7.6 bids with a total value of UGX 1,669,487,971,344 procurements and 5,982 bids⁴, including Open International Bidding.

The Authority will undertake training of providers in order to improve the bidder responsiveness.

Contracts by Value Subjected to Open Competition: In the FY 2017/18, the proportions of contracts that have been awarded through open competition are 57.5% (UGX 1,669,487,971,344) by value and 6.3% (803 contracts) by number⁵. There was a decline in the value of procurements that went through open competition from 71.8% in the FY 2016/17. This decline in performance was on account that many of the procurements undertaken were below the threshold for use of open competitive procurement methods. (p.34)

Promoting Local Content in Public Procurement: Following the issues raised with respect to Guideline 2/2017 on reservation schemes to promote local content in public procurement, the Authority revised and issued Guideline 1/2018 which became effective on 15th February 2018. The revised Guideline allowed the participation of both resident and national providers in the reserved contracts by threshold.

The Authority conducted a preliminary assessment on the status of implementation of this guideline on preference and reservation schemes in public procurement in the following nine (9) Procuring and Disposing Entities: Kampala Capital City Authority; Ministry of Defence and Veteran Affairs; National Medical Stores, National Water and Sewerage Corporation; Uganda Electricity Distribution Company Limited; Uganda Electricity Transmission Company Limited; Uganda National Roads Authority; Uganda Police Force and Uganda Prisons Service. The assessment also included feedback from sampled providers that were direct beneficiaries of the reservation schemes.

⁴ This data was extracted from the GPP system as at 17th September, 2018

⁵ This data has been computed from the GPP where the total number of entries at the point of report compiling was 12,755 contracts worth UGX 2,904,137,889,481

The assessment noted the following achievements in the implementation of the guideline:

- a. UNRA awarded contracts worth UGX 874,041,079,028 (24%) of the total procurement budget to local providers. Out of this UGX 450,844,675,280 (12.1%) was through reservation schemes and UGX 423,196,403,748 (11.4%) was through mandatory subcontracting by foreign providers in Financial Year 2017/18.
- b. The local industries reported increased utilization of installed capacity, increased consumption of electricity and increment in revenue as a result of the schemes.
- c. Uganda Police Force, Ministry of Defence and Veteran Affairs and Uganda Prisons Service procure all clothing materials and materials from local providers (Southern Range Nyanza Limited (SRNL) and Fine Spinners) except for ceremonial uniforms and accessories. For the Financial Year 2017/18, contracts worth UGX 8 billion were awarded to the local companies.
- d. UEDCL awarded contracts worth UGX 4,352,478,407 to local providers for procurement of cables transformers, transformer wiring and transformer repairing and electrical switch gear.
- e. NMS procured drugs and medical sundries worth UGX 156,056,848,952 (55%) from local manufacturers through their association, Uganda Pharmaceutical Manufacturers Association (UPMA) in Financial Year 2017/18.

The assessment noted challenges including lack of adequate capacity among the local providers, lack of adequate finances to execute most contracts, limited competition, exploitation of sub-contractors through under-pricing the inputs required by the local companies, delayed payments, inadequate enforcement mechanism, overly restrictive requirements and skewed definitions for eligibility of national vs. resident providers. (p.35)

c) Enhancing the Efficiency of the Public Procurement Process

Average time taken to complete the Procurement Cycle: Performance under this indicator declined for open bidding. The average lead time taken to complete the procurement cycle under open bidding method was 180 days as compared to 164 days in FY 2016/17. This is above the indicative lead time frame for open domestic bidding which is 100 working days giving a variance of 88.45 days. The Authority has noted that despite efforts to regulate previously unregulated time frames such as time taken during evaluation under the amendments to the PPDA Act, 2003 Entities are still taking longer than the recommended timelines. Other areas of concern remain the administrative timelines such as time between submission of bids and start of evaluation, and time taken between completion of evaluation and submission to the Contracts Committee. Time taken at these stages remains unnecessarily long. The Authority is working with PDEs to ensure that delays at these stages of the procurement process are minimized. (p.37)

Procurement Plan Implementation: There was an improvement in the performance of this indicator from 43.7% in the FY 2016/17 to 61% in the FY 2017/18. The improvement in performance was due to the Authority's proactive insistence and guidance for Entities to commence procurements early rather than waiting for releases of funds. The Authority however noted that although there was an improvement in the indicator, performance was still not up to desirable levels due to the following reasons;

- a) Late initiation of procurements due to delays by user departments to come up with specifications
- b) a trend in the high spend Entities where procurements to be funded by development partners are included on the procurement plan before the financing agreements are finalized
- c) It was also observed that some Entities such as KCCA are no longer comfortable to initiate procurements before funds are released to them.
- d) There were also many cases of administrative delays
- e) The Authority also noted that Entities may be under reporting, especially in Entities that have projects that operate as though they are independent units.
- f) Poor procurement planning
- g) Some Entities also attributed the poor performance on budget cuts
- h) Failure to raise projected local revenue in local Governments.

Submission of Procurement Plans and Reports: There was an improvement in submission of procurement plans from 87% in the FY2016/17 to 91.3% in the FY2017/18. With regards to the requirement to submit procurement reports, there was a marked decline from 77% in the FY2016/17 to 59% in the FY 2017/18. The category of Entities that were most non-compliant were the foreign missions. **(p.38)**

High Spend Entities: The Authority is in the fourth year of implementing a strategic plan for the period FY 2014/15-2018/19. Among the key strategic initiatives adopted by the Authority to promote efficiency in the procurement process is; the identification of Entities critical for national service delivery with the highest procurement budgets and closely monitoring the performance of these identified Entities. Subsequently, the Authority identified fifteen (15) Procuring and Disposing Entities (PDEs) that have high procurement budget and are critical for service delivery.

The primary purpose of closely monitoring and working closely with the High Spend Entities is informed by the fact that whereas there are just over 360 Procuring and Disposing Entities (PDEs), the largest chunk of Government expenditure through public procurement is in a few agencies. Even in those agencies, out of the many procurements planned, only a few account for the largest expenditure.

Through this monitoring, there's been a general improvement in the absorption of funds dispersed with regard to the procurement plan implementation from 43.7% in the FY 2016/17 to 61% in the FY 2017/18.

There's also been an improvement in the submission of procurement plans from 87% in the FY2016/17 to 91.3% in the FY2017/18 as a result of this close monitoring of Entities. **(p.38)**

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 2017/18, 2,095 new providers were registered on the RoP and 4,703 existing providers renewed their subscription. A total of UGX 656 million was generated from the RoP. (p.39)

d) Strengthening Contract Management and Performance

Procurements implemented according to Market Price: In terms of numbers, the percentage of procurements that were implemented according to market price improved from 82% in the FY2016/17 to 90 % in the FY2017/18. In terms of value, the percentage of procurements implemented in accordance with the market price improved from 79% in the FY2016/17 to 87% in the FY2017/18. The improvement in performance can be attributed to the improvement by Entities in conducting market research. The Authority has also been producing the list of common user items more regularly to guide Entities in their procurements.(p.40)

Contracts Completed within Contractual Time: There was an improvement in the proportion of contracts by number completed within contractual time from 43 % in the FY 2016/17 to 58% in FY 2017/18. However in terms of value there was a decline from 66% to 30%. The decline in performance was due to failure by Entities to pay close attention to contract management. There was failure by Entities to appoint contract managers, failure by contract managers to prepare contract implementation plans and lack of funds to effect payments to providers thus causing delays. The Authority will continue through its capacity building function and regulatory tools to ensure contract management is strengthened in Entities. (p.40)

Implementation of PPDA Recommendations: The Authority conducted follow up activities in 108 Entities. A total of 1,058 recommendations were reviewed and of these 726 recommendations (69%) were found to have been implemented and 332 recommendations (31%) were either partially implemented or not implemented. There was a decline from the FY 2016/17 performance where 70% of the recommendations were implemented. There is an increase in unimplemented planning 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. (p.41)

Suspension of Providers: During the period, a total of thirty six (36) recommendations were investigated and concluded out of 103 recommendations. 25 (69.4%) providers were suspended for different periods for breach of the ethical code of conduct of providers in respect to fraudulent and corrupt practice, misrepresentation, and breach of contractual obligations. 11 (30.5%) providers were exonerated since the Authority found no merit in the recommendations. (p.44)

e) Leveraging Technology to Improve Procurement Outcomes

Enhancing PPDA's Technology Infrastructure: The Authority completed the process of acquiring an Integrated Server and Storage solution to consolidate our IT services onto more robust infrastructure that is easier to manage and easier to implement the Authority's Disaster Recovery policy. These new servers have enabled us to roll out and consolidate the automation of our internal workflow processes in an EDMS system which has greatly improved the efficiency and trace-ability of our internal forms and workflows. And they have also enabled us to stabilize the operating environment of all our internal applications. In finalizing the Disaster Recovery functionality of these new servers, the Authority acquired the final approval to co-locate our new back-up server at the NITA-U Data Centre at Statistics House and this process will be completed in Q1 FY 2018/19. (p.46).

Progress of E-Procurement under RCIP: The procurement of the systems vendor was completed and the contract was signed by European Dynamics. A one week inception training was conducted at the launch of the project in which the system provider interfaced with the project implementation team from the ten piloting entities to begin the process of mapping the procurement processes for Government of Uganda. Consultations were thereafter initiated to start validation of the systems specifications. (p.47)

The procurement of the systems vendor was completed and the contract was signed by European dynamics. A one week inception report training was conducted in which the system provider interfaced with the project implementation team from the piloting entities to get clarity on the procurement processes in Government of Uganda. Consultations were initiated to determine the systems specifications. (p.47)

f) Enhancing the Performance of Public Procurement beyond Compliance

Advice to Entities: During the FY 2017/18, the Authority issued out two hundred thirty-nine (239) letters providing legal guidance/advice. Out of these, 113(47%) were from Central Government, 62 (26%) were from Local Government Entities and 64 (27%) 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. (p.48)

Accreditations: The Authority handled twenty one (21) applications for accreditation of alternative procurement procedures and granted seventeen (17) and rejected three (3). One was still under consideration. (p.49)

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

The Authority conducted trainings for 2,050 participants. The major capacity building activities include induction of contracts committee members for Central Government Entities, training of the CSOs, government officials and demand driven trainings. (p.52-53)

Common User Items and Average Prices Survey: The Authority in collaboration with the Makerere University School of Statistics and Planning conducted a survey to update the list and average prices of common user items in Northern Region (Gulu), western Region (Mbarara) Eastern Region (Mbale) and Central Region (Kampala). This enabled stakeholders to access the updated indicative market rates and prices which would help them make the right decisions on value based pricing of goods, works, and services. The detailed list of the average prices can be accessed on the PPDA website. **(p.55)**

Other Research Areas: The Authority conducted studies on; existing opportunities and barriers to participation of women enterprise in public procurement; GOU understanding of corruption in Uganda and causes of low competition in public procurement. The key findings were;

- a) Lack of adequate capacity, financial constraints, information accessibility constraints, regulatory and bidding constraints as some of the barriers to women participation.
- b) That procurement corruption risks are spread across the stages of the procurement cycle but the most significant levels of vulnerability and risk are identified at the Evaluation of Bid, and Contract Execution stages.
- c) Delays in payments, corruption and high cost of bidding was seen as the leading reasons for the low participation in public procurement. **(p.55-58)**

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

Financial Budget Performance: During the FY 2017/18, the Authority was funded by the Government of Uganda to the tune of UGX 13.26 Billion out of the approved budget of UGX 13.4 Billion and UGX 13.2 Billion (99%) was utilized by the end of the Financial Year. The proportion of budget spent was 99.5%. **(p.59-60)**

Recruitment: During the year, the Authority filled 10 vacant positions after successful completion of interviews and confirmation of appointments by Management and the Board of Directors. The Authority filled the following staff positions during the period, these included; Senior Officer Capacity Building (1), Office Assistant in charge of mails (1), Officer Procurement Audit (1), Research Officer (1), Manager Board Affairs (1), Manager Human Resource (1), Senior Human Resource Officer (1), Senior Officer investigations (1), Administrative Assistant (1) and Front Desk Officer (1). The recruitment process for the positions of Executive Director (1), Director Corporate Affairs (1), Manager Finance and Administration (1), EGP Support Officers (10) and Driver (1) is ongoing. **(p.61)**

i) 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, 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. **(p.64)**

The 10th East African Procurement Forum: The Authority conducted the 10th East African Procurement Forum (EAPF) from the 01st- 03rd November, 2017. The theme of the forum was; “Leveraging Technology for improved procurement outcomes”. 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 11th edition of the East African Procurement Forum shall be hosted by the Public Procurement Oversight Authority of the Government of Kenya. **(p.66)**

In summary, Overall 50% of the outcomes have been achieved compared with 75% in FY 2016/17. The drop in performance is attributed to budget cuts. Table 1 presents the performance against planned targets of selected output indicators and outcomes for the Financial Year 2017/18.

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

Table 1: Summary Table of Review of Work Plan for FY 2017/18

Strategic Objectives / PPDA Indicators (outcome and Output)		2014/15 (Baseline)	2015/16	2016/17	2017/18		Results rating
					Target	Actual	
1.To Strengthen Transparency and Accountability in Procurement							
Percentage of bidders who assess the procurement process as transparent		28%	28%	28%	50%	28% ⁷	
Procurement Audits	In-house	121	114 (81%)	116 (97%)	90	84 (93%)	
Investigations	Completed	79	98% (N=59)	73 (122%)	60	94	N/A
Administrative Reviews	Rejected	28	29	18	N/A	22	N/A
	Upheld	12	9	37	N/A	23	N/A
	Withdrawn					2	N/A
	Not handled ⁸					1	N/A
PPDA Appeals Tribunal	% Cases upheld by Tribunal	N/A	53% (n=24)	68% (n=19)	100%	52% n=23	
2. To increase competition and hence contribute to domestic industry development							
Number of responsive bids measured at financial evaluation stage		2	1.7	1.48	3	1.06	N/A
% by value of contracts awarded to local contractors		68%	58%	53%	55%	54%	
Average number of bids received	# of bids	3	2.1	2(40%)	5	2.16	N/A
% of contracts subjected to open competition	By Number	80	5.5%	4.4%	80%	6.3%	
	By value	50%	45.5 %	71.8%	80%	57.5%	
No. of domestic producers awarded tenders on the basis of preference schemes	No of providers	N/A	1 (5%)		20	N/A	N/A
Proportion of OIB where preference schemes are applied	%	N/A	N/A		75%	N/A	N/A
No. of reservation schemes	N/A	3	1	5	5	N/A	N/A
3.To Enhance the Efficiency of the Public Procurement Process							
Procurement plan implementation rate		93%	43.6%	43%	97%	61% ⁹	
Procurement lead time (OIB)		181	144	278	110	N/A ¹⁰	N/A
Procurement lead time (ODB)		151	159	164	100	180	N/A
Contracts completed within contractual time	% of contracts	79%	50%	66%	95%	58%	
Abridged Adverts	% of adverts abridged	N/A	27% (n=851)		100%	36%	

7 To improve the performance, the Authority will first track the activities which lead to implementation of EGP.

8 Not handled because it was filed out of time

9 There are still administrative inefficiencies in the procurement process which cause delays resulting into failure to implement the procurement plans.

10 No data is available as most of the procurements were not completed by the end of the FY

Strategic Objectives / PPDA Indicators (outcome and Output)		2014/15 (Baseline)	2015/16	2016/17	2017/18		Results rating
					Target	Actual	
No. of Entities compliant with submission of reports	LG (quarterly)	73%	420 (79%)	77%	80%	46.4%	
	CG (monthly)	73%	1384 (73%)	77%	80%	73.8%	
No. of Entities compliant with submission of plans	# LG	75%	104 (83%)	87%	85%	95%	
	# CG	78%	131 (81%)	87%	85%	76.5%	
Registrations of Providers	# New	1,415	1,559 (108%)	1,899 (95%)	2,000	2095	N/A
	# Renewals	1,296	2,654 (184%)	3,351 (112%)	3,000	4703	N/A
4. To Strengthen Contract Management and Performance.							
% of contracts rated satisfactory		23.4%	90%	95%	90%	92.8%	
Procurements completed according to market price	Value	48.6%	63.1%	79%	95%	90%	
Suspensions of Providers	Number of providers suspended	45	24 (n=103)	60 (n=142)	N/A	25 (n=36)	N/A
Follow up on PPDA recommendations	# of Entities followed up	77	109 (91%)	108 (90%)	120	108	N/A
	% implemented	57%	72% (n=1231)	70%	88%	69%	
5.To Leverage technology through e-procurement & other ICT platforms to improve procurement outcomes							
Procurement lead time for PDEs using EGP		N/A	N/A	N/A	N/A	N/A	N/A
Satisfaction levels of Entities using EGP		N/A	N/A	N/A	N/A	N/A	N/A
Average number of bids received under E-procurement	#	N/A	N/A	N/A	5	EGP behind sched- ule	N/A
Satisfaction levels for e-procurement stakeholders	%	N/A	N/A	N/A	80%	EGP behind sched- ule	N/A
Procurement Integrity rating for agencies with e-Procurement	%	N/A	N/A	N/A	60%	EGP behind sched- ule	N/A
% Increase in tenders and award notices pub- lished in e-Procurement Portal	%	N/A	N/A	N/A	10%	EGP behind sched- ule	N/A

Strategic Objectives / PPDA Indicators (outcome and Output)		2014/15 (Baseline)	2015/16	2016/17	2017/18		Results rating
					Target	Actual	
Government Procurement Portal	IFB (#)			13,676	15,000	12,760	N/A
	BEB Notices (#)			118,362	200,000	281,248	N/A
	Contract Notices (#)			18,607	20,000	17,289	N/A
6.To enhance the performance of public procurement beyond compliance							
% of Entities rated satisfactory from audits		3%	79.8% (n=114)	77% (n=116)	100	83.33% n=84	
Accreditations	Rejected	3	3 (n=5)	3	N/A	3	N/A
	Upheld	2	2 (n=5)	6	N/A	17	N/A
	Under consideration					1	N/A
No of Entities issued with formal guidance	#	N/A	167 (84%)	148 (74%)	200	239	N/A
Deviation from use of SBDs	#			18	N/A	6	N/A
7.To enhance the effectiveness of capacity building, research and knowledge management							
No of personnel trained in basic and specialized procurement skills		2,701	1,531 (55%)	1,584	2,000	2050	N/A
No of research studies that PPDA has contributed to		2	1	2 (33%)	3	3	N/A
No. of PDEs monitored and evaluated showing improvement in procurement performance	#						N/A
% of capacity building budget spent on workshops					55%		N/A
No of stakeholders enrolled for e-learning	#	0	0	123 ¹¹	3,000		N/A
No of research studies	# of studies conducted	2	1	1 (50%)	2	3	N/A
8.To Strengthen internal PPDA capacity to deliver improved performance of public procurement							
% Achievement of set strategic goals against plan			69%	58%	85%	50%	
% Level of motivation as shown through internal stakeholder satisfaction survey		70%	54	N/A	80%	N/A¹²	N/A

11 The failure to meet the target is attributed to limited awareness, however the Authority is working on the modalities of popularizing e-learning.

12 No Internal stakeholder survey was done

Strategic Objectives / PPDA Indicators (outcome and Output)		2014/15 (Baseline)	2015/16	2016/17	2017/18		Results rating
					Target	Actual	
Budget Performance	Recurrent Budget	3.2B	3.2B	2.869B	3.1B	2.491B	N/A
	Development Budget	2.6B	2.3B	2.320B	2.3B	2.320B	N/A
	Staff Costs	4.9B	5.2B	9.020B	8.7B	8.591B	N/A
Priority areas funded (%)	Available funding/ required funding	78	80	57% ¹³	90%	73%	
Increase in funding to the Authority	% increase in GoU Funding	0%	22.08%	-5%	15%	-6% ¹⁴	
	% increase in Donor Funding	113%	0	0	15%	13%	N/A
Average staff appraisal rating	%	72	75%	79%	75%	79.5%	
% audit reports issued to OAG in a timely manner	%			41.6%	60%		N/A
Staff turn over	%	5	15%	1.6%	5%	4.8%	N/A
No of staff sanctioned due to poor performance	No	2	0	0	0		N/A
Number of confirmed corruption cases within PPDA	No	0	0	0	0		N/A
No of regional Offices established	no	1	1	0	1	0 ¹⁵	N/A
9.Leverage and Enhance PPDA's partnerships and collaborations							
No of objectives achieved through partnerships		3	2	4	3	3	N/A
No. of collaborative initiatives conducted in partnerships	#	5	5	5	5	4	N/A
No. of productive partnerships with MoUs	#	3	3	5	3	2	N/A

Key to Performance

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

¹³ The failure to meet the target is attributed to budget cuts.

¹⁴ It explains the decrease in the budget resulting from the budget cuts

¹⁵ No regional Office was opened due to limited funding

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 the 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	The Authority is mandated to 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 monitors, audits and ensures compliance of public procurement in order to ensure fairness, transparency, and efficiency.
4	Setting standards	PPDA is also responsible for 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, 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, six Non- Executive Directors and the Executive Director of the Authority who is an ex officio member. The Board is supported by the Board Secretary who provides administrative support to the operations of the Board and convenes Board meetings as directed by the Chairman of the Board. The Board Secretary provides legal guidance and advice on corporate governance principles and plans. The Board Secretary is an advocate of the high court in good standing.

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 2018:

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 Turamy:	Member

Board of Directors



Dr Simeon Wanyama
Chairman



Ms. Lydia Ochieng-Obbo
Member



Eng. Geoffrey Ssebugwawo
Member



Mr. Joseph Matsiko
Member



Mr. Godfrey Ssemugooma
Member



Dr Levi Kabagambe
Member



Mr Xavier Kyooma Akampurira
Member



Mr Benson Turamye
Ag. Executive Director

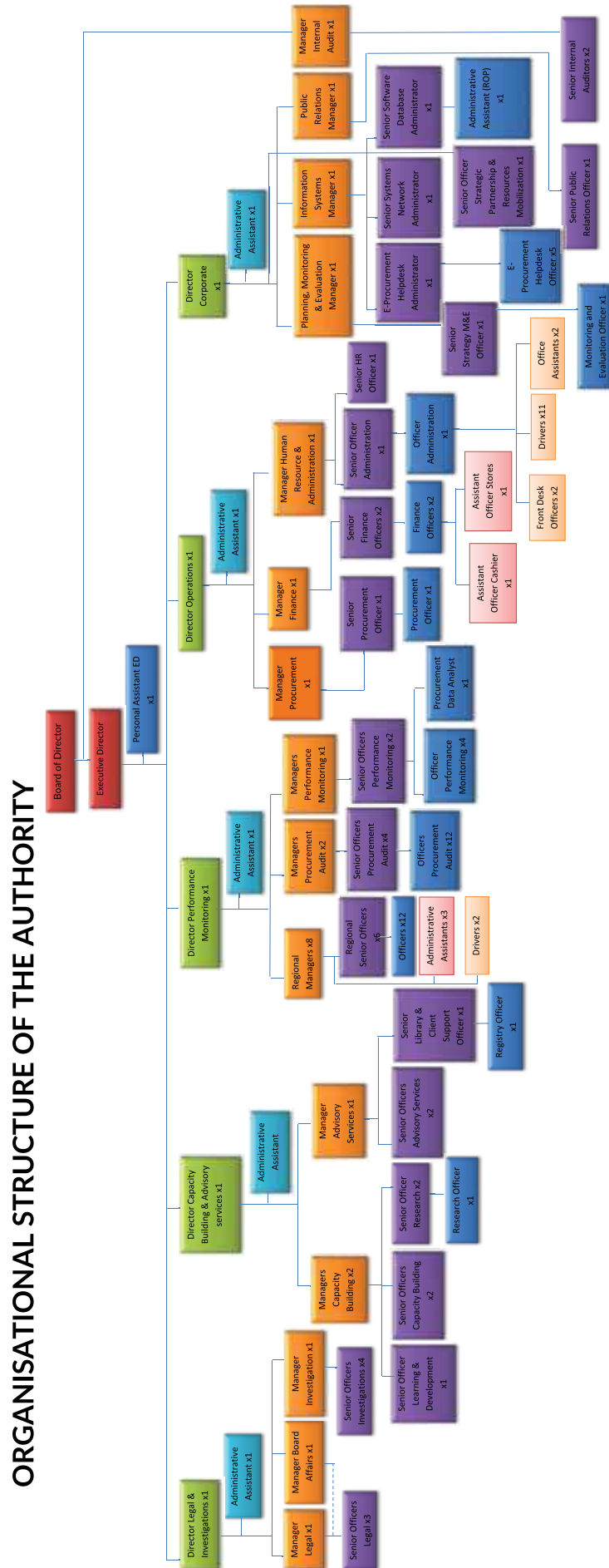
1.3.2 Directorates of the Authority

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

- i. Legal and investigations Directorate:** The Directorate adopts, adapts and upgrades the common specification standards as well as issuing guidelines for public procurement and disposal sector.
- ii. Performance Monitoring Directorate:** This Directorate is mandated to carry out procurement and disposal contract and performance audits.
- 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 2018, 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.

Figure 1: PPDA organogram



STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC PROCUREMENT

Chapter 2

2.0 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 Amendments of the PPDA Act, 2003

Stakeholder consultations were conducted during the year and Cabinet approved the principles for the amendment of the PPDA Act, 2003. The First Parliamentary Counsel submitted three drafts of the PPDA (Amendment) Bill, 2018 and the Ministry of Finance, Planning and Economic Development had to engage stakeholders on the proposals. The Authority was not in agreement with a number of proposals such as re-centralization of some of the critical operational functions back to the Ministry such as monitoring and evaluation of the procurement system, capacity building, common user prices, issuance of guidelines and accreditations; removal of the Authority from the Administrative Review process, procurement functions. The Authority raised the concerns with the Ministry for consideration in the subsequent drafts of the Bill before submission to Cabinet

2.2 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 PDEs. In fulfilment of the above mandate, , the Authority completed 84 (102%) out of the planned 82 audits in the FY 2017/18. The 84 Entities covered representative sample of procurement transactions carried out during the Financial Year 2017/18. 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 2017/2018 for the 84 audited Entities was 13,181 valued at UGX 4,917,488,653,320.51. The Authority sampled 2,444 contracts (18.54%) valued at UGX 3,659,605,131,640.81 (74.42%).

The performance of the Entities indicates that one (1) Entity (1.19%) was highly satisfactory, seventy (70) representing 83.33% were satisfactory while thirteen (13) representing 15.48% were unsatisfactory as indicated in Table 4. None of the Entities was rated as highly unsatisfactory.

Table 3: Overall Performance Rating of Entities

Category of Performance	FY 2016/17		FY 2017-18	
	Number of Entities	Percentage (%)	Number of Entities	Percentage (%)
Highly Satisfactory	1	0.9	1	1.19
Satisfactory	88	75.8	70	83.33
Unsatisfactory	25	21.3	13	15.48
Highly Unsatisfactory	2	1.7	Nil	Nil
Total	116	100	84	100

2.3 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 5 .

Table 4: Summary of Performance by Number of Contracts

Category of Performance	Value of Contracts (UGX)	Percentage (%)	Number of Contracts	Percentage (%)
Highly Satisfactory	437,509,645,626.86	16.48	272	11.13
Satisfactory	1,603,193,809,308	60.39	1,603	65.59
Unsatisfactory	607,685,364,816.55	22.89	507	20.74
Highly Unsatisfactory	6,507,568,406.4	0.25	61	2.50
Total	102,654,896,388,157.81	100	2,444	100

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

- a. The overall compliance level for the procurement system for all the assessed 84 Entities was **69.67%** thus, the system compliance of the Entities was Satisfactory. There were relatively higher compliance levels under the Contracts Committees, Accounting Officers and Internal Controls. However, lower compliance levels were noted for User Departments and Procurement and Disposal Units.
- b. The overall compliance level for the procurement process for all the assessed 84 Entities was 76.18% implying the process compliance of the Entities was Satisfactory. Relatively higher compliance levels under bidding process, bidding document, procurement contracting and procurement planning and initiation. However, they had relatively lower compliance levels under contract management.

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

- a. Conducting 162 procurements worth UGX 31,806,326,446 outside the Entities' approved procurement plans;
- b. Failure to implement preference schemes to promote capacity of local bidders in 992 procurements worth 569,671,243,055;
- c. Failure to nominate and appoint contracts supervisors/managers in 312 procurements worth UGX 31,685,658,952 to manage implementation of signed contracts;
- d. Poor contract management leading to delays, shoddy works or poor workmanship in contract execution in 246 procurements worth UGX 19,176,236,571;
- e. Failure to conduct market price reassessment in 378 procurements worth UGX 17,367,816,320 in which contracts were signed at prices above those estimated at initiation; and
- f. Poor record keeping especially of contract management and payment records which were not readily available on the Entity's procurement action files.

2.4 Investigations

In accordance with Section 8(c) of the PPDA Act 2003, the Authority is mandated to carry out investigations. The Authority handles complaints to strengthen transparency and accountability in the procurement process. This is in line with the Accountability Sector theme of budget absorption and accountability which feeds into the National Development Plan II objective 4 which articulates the ambition to "strengthen mechanisms for quality, effective and efficient service delivery".

The Authority registered 93 complaints during the period in addition to the 65 complaints that had been carried forward from the last Financial Year resulting into a total of 158 complaints. A total of ninety four (94) complaints were investigated and concluded excluding five (5) which were handled as contract audits. Forty six (46) representing 48.9% were related to procurements in Local Governments while forty eight (48) representing 51.1% were in respect to procurements undertaken by Central Government entities.

The complaints related to non-adherence to the evaluation criteria in the bidding document in the procurements for revenue collection and management in Local Governments and construction works in Central Government entities.

The Authority found merit in 36 (38.4%) complaints and did not find merit in 57 (61.4%) of the complaints. The Authority recommended corrective measures such as retendering and re-evaluation of bids. The corrective measures were implemented by the Ministries, Departments and Agencies and Local Governments.

The complaints handled under this mandate did not include Administrative Reviews and recommendations to suspend providers which are handled separately.

The ninety four (94) complaints related to procurements worth UGX. 1,291,995,423,765 mainly on non-adherence to the evaluation criteria in the bidding document.

The Authority recommended that the procurements where no merit was found worth UGX. 319,069,120,062 to proceed to conclusion and recommended corrective measures of retendering in procurements worth UGX. 11,036,013,200 and re-evaluation of bids worth UGX. 198,337,350.

The investigations found non-adherence to the evaluation criteria in the bidding document by the Evaluation Committee and the Authority recommended re-evaluation of the bids. The investigations also revealed cases where there was total non-adherence to principles of fairness and transparency and the entities were directed to cancel the procurements.

Constraints encountered during investigations

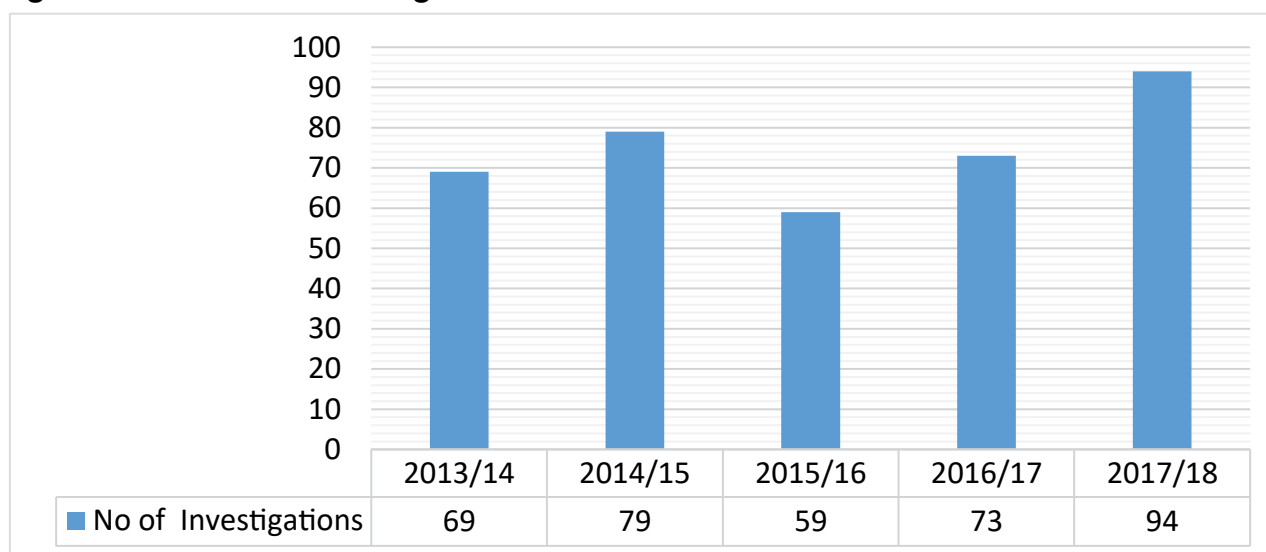
- a. Delay in submission of procurement files.
- b. Incomplete procurement files.
- c. Lack of additional evidence from anonymous complainants

Way forward

The Authority plans to undertake more field investigations than desk reviews to reduce the lead time of completion of investigations

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 investigation cases from 73 in the FY 2016/17 to 94 in the FY 2017/18, 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 Administrative Reviews

The Authority derives its mandate to conduct administrative reviews from Sections 8 (e) and 91 of the PPDA Act, 2003 and the PPDA (Administrative Review) Regulations, 2014.

The Authority received and concluded forty eight (48) applications for Administrative Reviews with a procurement value of UGX. 352,082,753,210. 31 applications representing 47.9% were

in respect to procurement by Central Government entities and 17 applications representing 35.4% related to procurements by Local Government entities. Twenty three (23) applications representing 47.9% were upheld, twenty two (22) applications representing 45.8% were rejected. Two applications were withdrawn and one application could not be handled since it was filed out of time.

The Authority found that the grounds raised were in respect to dissatisfaction with the evaluation process and failure to avail information on summary of the evaluation process as stipulated under the law.

Table 6 indicates the nature of the decisions and corrective action in the twenty three Administrative Reviews where the Authority found merit:

Table 5: Nature of decisions and corrective action in Administrative Reviews upheld

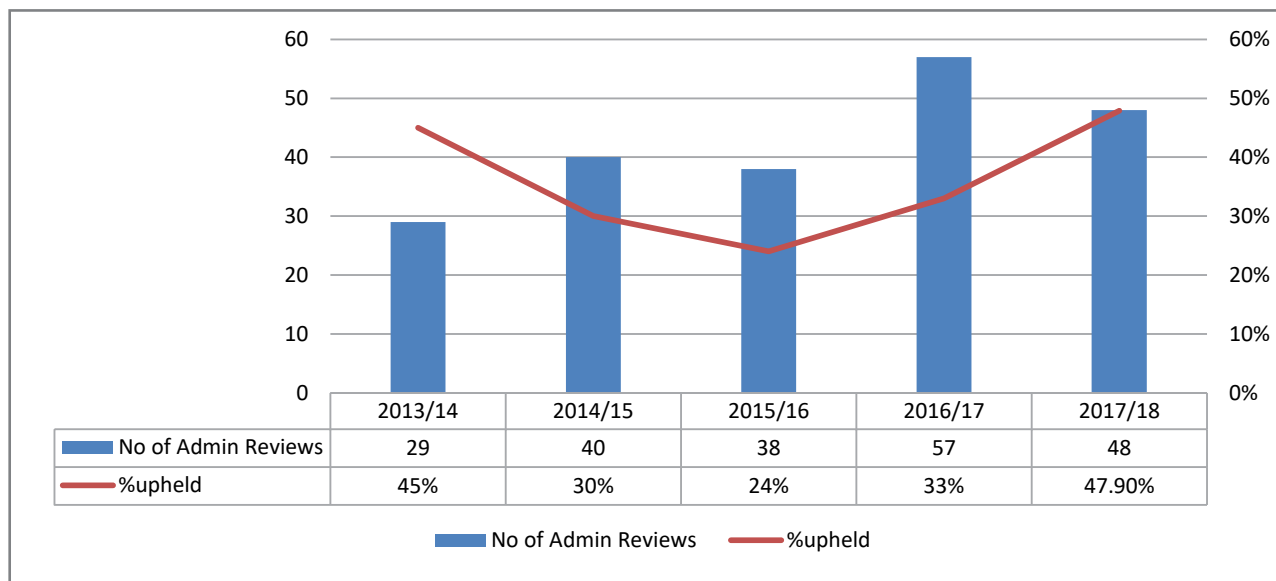
No.	Decision / Corrective Action	Number of Reviews and Percentage
1.	Re-tender	4 (17.3%)
2.	Re-evaluate	12 (52.2%)
3.	Accounting Officer to handle the review	3 (13%)
4.	Re-instate the best evaluated bidder	2 (8.7%)
5.	Contract signed and referred to the Tribunal	1 (4.3%)
6.	Cancel the procurement	1 (4.3%)
TOTAL		23

The Administrative Reviews increase confidence of the providers in the complaints mechanism since they are able to pursue the reviews at all levels which would increase the average number of bids submitted in a procurement process. Out of the 46 decisions issued, there were 19 appeals filed in the PPDA Appeals Tribunal. The Tribunal allowed 6 (31%) appeals and set aside the Authority's decision. It dismissed 12 (63.1%) appeals hence confirming the decisions of the Authority. 1 (5.2%) application was withdrawn by the Applicant.

With respect to implementation of the Authority's decisions on Administrative Reviews, out of the 46 decisions issued, thirty two (69%) were implemented by the entities, in three decisions (6.5%), two (4.3%) did not implement the decision and decided to re-tender the procurements while six (13%) were set aside by the Tribunal. Three (7.2%) decisions related to guidance to the bidders.

The Authority shall continue with the capacity building of the Accounting Officers and staff of the entities to comply with Section 89 (2) of the PPDA Act, 2003 on provision of information to providers lodging an Administrative Review and to adhere to the evaluation criteria in the bidding document. 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 33% in the FY 2016/17 to 47.9% in the FY 2017/18 while the applications for administrative review handled decreased from 57 to 48 over the same period. This is an indication that procurement irregularities are going down.

2.6 PPDA Appeals Tribunal

During the period under review, the Authority handled twenty four (24) applications in the PPDA Appeals Tribunal including two references. All the references were in respect of a breach by the Accounting Officers of signing contracts with providers during the Administrative Review period. The Tribunal upheld one reference against Uganda National Examinations Board (UNEB) and dismissed one reference against Uganda Cancer Institute when it found that there was no breach. The Authority received costs of UGX. 5 Million from UNEB. The Authority was ordered to pay costs of UGX. 3 Million in the matter of Obi Vendors SACCO Vs. PPDA.

The application allowed related to non-adherence to the Government Policy on Markets, clarifications, signing of contracts during Administrative Review period and not providing the best evaluated bidders a right to be heard.

The Authority shall strengthen its procedures relating to handling of Administrative Review and emphasise on according parties including the best evaluated bidders a right to be heard and to ensure that entities comply with the Government policies in place and the provisions of the Act and Regulations.

2.7 Court Cases

In a bid to strengthen contract management and performance, the Authority issues Administrative Review decisions with respect to the procurement process and suspends providers for unethical conduct. During the year, the providers challenged four (4) decisions of the Appeals Tribunal with respect to Administrative Reviews and suspension of providers to the High Court. Of these, two (2) were upheld against the Tribunal, one (1) was withdrawn and one was ongoing.

There were proceedings in respect to eleven (11) court cases previously filed against the Authority. Of these, two (2) were upheld, two (2) withdrawn on consent since they were overtaken by events, two (2) dismissed and five (5) were ongoing. The Authority did not pay any costs arising out of the cases upheld.

Out of the four cases upheld, in two of the cases, Steam Investments (U) Ltd Vs. PPDA, MUST and Yianjian Uganda Co. Ltd and Khalsa Developments Ltd Vs. PPDA, MUST and Yianjian Uganda Co. Ltd the Tribunal had not given the applicants a right to be heard before it and Court directed that the Tribunal retries the matter. In the matter of Seyani Brothers (U) Ltd Vs. PPDA, Roko Construction and National Drug Authority (NDA), Court of Appeal granted an interim order staying the implementation of the High Court orders against NDA. The Court in CATIC Vs PPDA found that the Management Advisory Committee of the Authority had no mandate to handle suspension matters. The Authority appealed against the decision and received a stay of execution against the orders.

The Authority had a total of seven (7) pending cases for determination in Court including the appeal by the Authority against the decision of the High Court in the case of Mary P. Ssozi Vs PPDA.

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)

FY 2017/18 was the third 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 2017/18, GPP was rolled out to 28 PDEs bringing the total number of Entities on the system to 195 (47% national coverage). The Authority was able to assess performance of the 195 PDEs which entered data on the Portal. The total number of contracts entered into the portal and analysed in the FY 2017/18 was 12,760 compared to 20,937 contracts in the FY 2016/17. However, there was an increase in the total value of procurements in the system from UGX 2.7 Tn in FY 2016/17 to UGX 3.3 Tn in FY 2017/18. The Authority noted that although this was an increase from the FY 2016/17, Entities such as UNRA, and KCCA failed to conclude some of their large procurements due to delays in the procurement process and large budget cuts respectively and as such, the figure should have been higher.

3.2 Bidder Participation in Public Procurement Process

3.2.1 Average number of bids received

On average only approximately two (2) bids were received which is about the same score for the FY 2016/17. This indicator measures the level of competition in public procurement. The Authority recommends in its strategic plan that each procurement process should attract a minimum of three (3) 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 7.

Table 6: Average number of bids per method of procurement

S/No	Method of Procurement	Average no. of bids
1	Open bidding	7.4
2	Restricted Bidding	4.3
3	Micro Procurements	1.5
4	Direct procurement	1

Source: Government Procurement Portal, 2018

3.2.2 Contracts by value subjected to open competition

In the Financial Year 2017/18, a total of 807 contracts were subjected to open competition. In the FY 2017/18, the proportions of contracts that have been awarded through open competition are 57.5% (UGX 1,669,487,971,344) by value and 6.3% (803 contracts) by number¹¹. There was a decline in the value of procurements that went through open competition from 71.8% in the FY 2016/17. This decline in performance was on account that many of the procurements undertaken were below the threshold for use of open competitive procurement methods. The value and number of procurement contracts by method of procurement is provided in Table 8.

¹¹ This data has been computed from the GPP where the total number of entries at the point of report compiling was 12,755 contracts worth UGX 2,904,137,889,481

Table 7: Average number of bids per method of procurement

No	Procurement Method	No. of Contracts	% by number	Contract Value	% by value
1.	Direct Procurement	1549	12.1%	345,876,915,019	11.9%
2.	Open Domestic Bidding	773	6.1%	861,927,013,073	29.7%
3.	Open International Bidding (OIB)	30	0.2%	807,560,958,271	27.8%
4.	Request for Quotations/Proposals (RFQ/P)	2115	16.6%	83,128,157,687	2.9%
5.	Restricted Domestic Bidding (RDB)	250	2.0%	110,426,722,761	3.8%
6.	Restricted International Bidding (RIB)	3	0.0%	648,202,005,238	22.3%
7.	Micro Procurements	7712	60.5%	20,378,640,331	0.7%
8.	Single Source for Consultants	7	0.1%	5,457,258,562	0.2%
9.	Short listing of consultants without expression of interest	33	0.3%	2,556,475,474	0.1%
10.	Short listing of consultants with Expression of interest	18	0.1%	12,131,435,132	0.4%
11.	Selective National Bidding	260	2.0%	6,405,869,949	0.2%
12.	Selective International Bidding	5	0.0%	86,437,984	0.0%
	Total	12,755		2,904,137,889,481	

3.3 Promoting Local Content in Public Procurement

One of the strategic objectives of the Authority is to increase competition and contributes to domestic industry development. During the period under review there was a proposal to amend the Guideline 2/2017 on reservation schemes to promote local content in public procurement due to a number of issues that had been raised by the providers/suppliers.

The Authority together with Ministry of Finance, Planning and Economic Development revised the guideline which was later gazetted and commenced on 15th February 2018. The Guideline was 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 guideline issued provides for a definition of the Resident provider which means a provider incorporated in Uganda for at least two years at the time of submission of the bid and who is not a national provider.

Reservation of public contracts by threshold to national and resident providers shall apply to procurements for supplies, works and services as per below; 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 are required to disclose in their Procurement Plans the procurements that are subjected to this reservation scheme and the Procurement plans should be displayed on their notice boards and the Authority's website. The effectiveness of these guideline would be supported by enhancing the capacity building of the local providers and simplification of bidding documentation for SMEs.

The Authority conducted a preliminary assessment on the status of implementation of this guideline on preference and reservation schemes in public procurement in the following nine (9) Procuring and Disposing Entities including Kampala Capital City Authority, Ministry of Defence and Veteran Affairs, National Medical Stores, National Water and Sewerage Corporation, Uganda Electricity Distribution Company Limited, Uganda Electricity Transmission Company Limited, Uganda National Roads Authority, Uganda Police Force and Uganda Prisons Service. The assessment also included feedback from sampled providers that were direct beneficiaries of the reservation schemes.

The assessment noted the following achievements in the implementation of the guideline:

- a. UNRA awarded contracts worth UGX 874,041,079,028 (24%) of the total procurement budget to local providers. Out of this UGX 450,844,675,280 (12.1%) was through reservation schemes and UGX 423,196,403,748 (11.4%) was through mandatory subcontracting by foreign providers in Financial Year 2017/18.
- b. The local industries reported increased utilization of installed capacity, increased consumption of electricity and increment in revenue as a result of the schemes.
- c. Uganda Police Force, Ministry of Defence and Veteran Affairs and Uganda Prisons Service procure all clothing materials and materials from local providers (Southern Range Nyanza Limited (SRNL) and Fine Spinners) except for ceremonial uniforms and accessories. For the Financial Year 2017/18, contracts worth UGX 8 billion were awarded to the local companies.
- d. UEDCL awarded contracts worth UGX 4,352,478,407 to local providers for procurement of cables transformers, transformer wiring and transformer repairing and electrical switch gear.
- e. NMS procured drugs and medical sundries worth UGX 156,056,848,952 (55%) from local manufacturers through their association, Uganda Pharmaceutical Manufacturers Association (UPMA) in Financial Year 2017/18.

The Assessment noted challenges including Lack of adequate capacity among the local providers, Lack of adequate finances to execute most contracts, Limited competition, Exploitation of sub-contractors through under-pricing the inputs required by the local companies, Delayed payments, inadequate enforcement mechanism, Overly restrictive requirements and Skewed definitions for eligibility of national vs. resident providers.

ENHANCING THE EFFICIENCY OF PUBLIC PROCUREMENT SYSTEM

Chapter 4

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 open domestic bidding. The average lead time taken to complete the procurement cycle under open domestic bidding method was 180 days (data from 792 contracts). This is above the indicative lead time frame for open domestic bidding which is 100 working days giving a variance of 80 days. There was no data for open international bidding because most of the procurements were not yet completed by the end of the financial year.

The Authority has noted that despite efforts to regulate previously unregulated time frames such as time taken during evaluation under the amendments to the PPDA Act, Entities are still taking longer than the recommended timelines. Other areas of concern remain the administrative timelines such as time between submission of bids and start of evaluation, and time taken between completion of evaluation and submission to the Contracts Committee. Time taken at these stages remains unnecessarily long. The Authority is working with PDEs to ensure that delays at these stages of the procurement process are minimized.

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 an improvement in the performance of this indicator from 43.7% in the FY 2016/17 to 61% in the FY 2017/18. The improvement in performance was due to the Authority's proactive insistence and guidance for Entity's to commence procurements early rather than waiting for releases of funds. The Authority however noted that although there was an improvement in the indicator, performance was still underwhelming due to the following reasons;

- a) Late initiation of procurements due to delays by user departments to come up with specifications
- b) a trend in the high spend Entities where procurements to be funded by development partners are included on the procurement plan before the financing agreements are finalized
- c) It was also observed that some Entities such as KCCA are no longer comfortable to initiate procurements before funds are released to them.
- d) There were also many cases of administrative delays
- e) The Authority also noted that Entities may be under reporting, especially in Entities that have projects that operate as though they are independent units.
- f) Poor procurement planning
- g) Some Entities also attributed the poor performance on budget cuts
- h) failure to raise projected local revenue in local Governments

4.3 Submission and Review of Procurement Reports and Plans

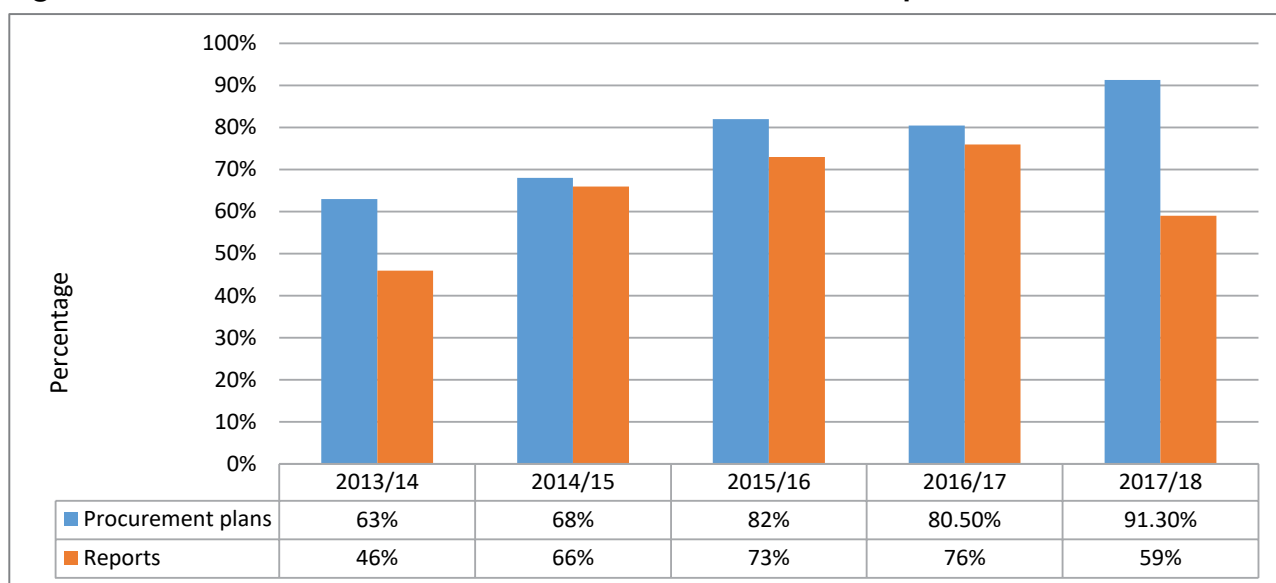
4.3.1 Submission of Procurement Plans and Reports

Under this performance area, the Entities' compliance is measured against the requirement to submit monthly and quarterly procurement and disposal reports to PPDA. Submission of reports to the Authority is a legal requirement and the purpose is to enable the Authority monitor implementation of procurement plans.

There was an improvement in submission of procurement plans from 80.5% in the FY2016/17 to 91.3% in the FY2017/18. With regards to the requirement to submit procurement reports, there was a staggered decline from 76% in the FY2016/17 to 59% in the FY 2017/18.

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 plans improved from 80.5% in the FY 2016/17 to 91.3% in the FY 2017/18. However compliance levels in submission of reports declined from 76% to 59%.The drop is due to non-submission of procurement reports by the new PDEs because they did not have their procurement structures fully filled for most of the year and therefore could not fully comply with the reporting requirements during the year.

4.4 High Spend Entities

The Authority is in the fourth year of implementing a strategic plan for the period FY 2014/15-2018/19. Among the key strategic initiatives adopted by the Authority to promote efficiency in the procurement process is; the identification of Entities critical for national service delivery with the highest procurement budgets and closely monitoring the performance of these identified Entities. Subsequently, the Authority identified fifteen (15) Procuring and Disposing Entities (PDEs) that have high procurement budget and are critical for service delivery.

The primary purpose of closely monitoring and working closely with the High Spend Entities is informed by the fact that whereas there are just over 360 Procuring and Disposing Entities (PDEs), the largest chunk of Government expenditure through public procurement is in a few agencies. Even in those agencies, out of the many procurements planned, only a few account for the largest expenditure.

Through this monitoring, there's been a general improvement in the absorption of funds dispersed with regard to the procurement plan implementation from 43.7% in the FY 2016/17 to 61% in the FY 2017/18.

There's also been a marked improvement in the submission of procurement plans from 87% in the FY2016/17 to 91.3% in the FY2017/18 as a result of this close monitoring of Entities.

4.5 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 2017/18, 2,095 new providers were registered on the register of providers and 4,703 existing providers

renewed their subscription. A total of UGX 632 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

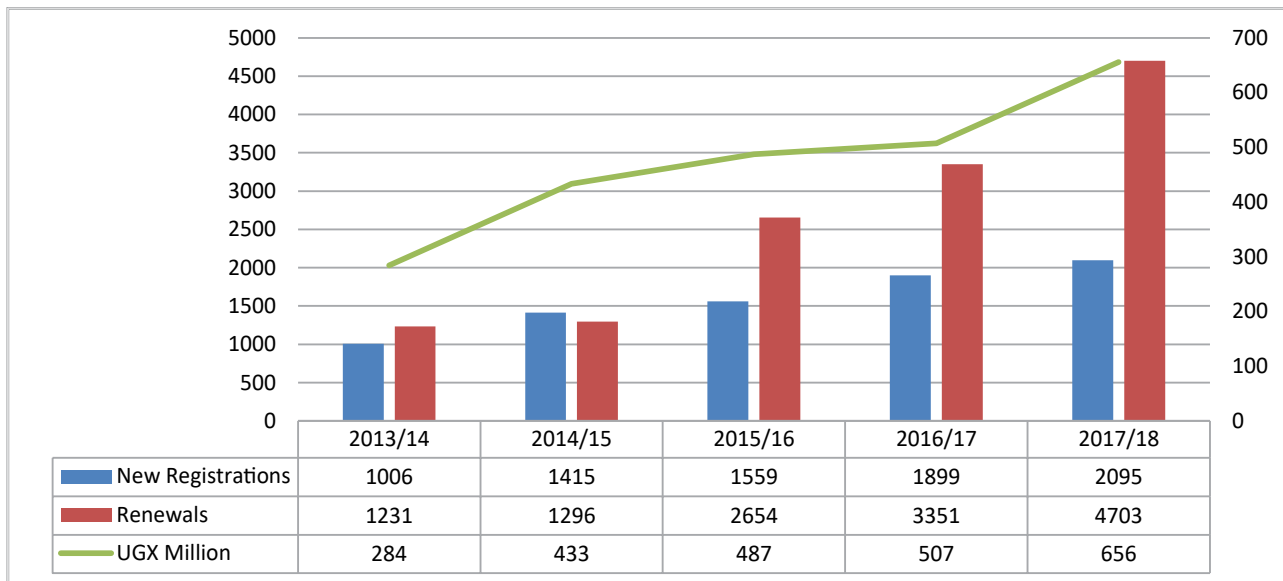


Figure 5 shows that the number of new providers accessing the register of providers has been steadily increasing from 1006 providers in FY 2013/14 to 2095 providers in FY 2017/18. The number of existing providers that renew their profiles on the register of providers has also been growing from 1231 providers in FY 2013/14 to 4703 providers in FY 2017/18. However this shows that many providers don't renew their subscription status on the RoP and this is due to some Entities that don't use the RoP certificate evaluation criteria thereby leaving no motivation for providers to renew their subscription on the RoP.

ENHANCING THE EFFICIENCY OF PUBLIC PROCUREMENT SYSTEM

Chapter 5

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 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 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 82% in the FY2016/17 to 90 % in the FY2017/18. In terms of value, the percentage of procurements implemented in accordance with the market improved from 76% in the FY2016/17 to 87 % in the FY2017/18.

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 decline in performance on this indicator on value could be attributed to poor planning on the part of Entities such that estimates at planning and initiation are not based on assessments of market prices as required under Section 26 (4) of the PPDA Act, 2003.

In a number of procurements, estimates are generated on the basis of old estimates or contracts without due consideration of extraneous factors such as inflation. Additionally, there was failure by some Entities to carry out any form of assessment. 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 increased from 43.12% in FY 2016/17 to 58.25% in FY 2017/18.

The decline in performance was due to failure by Entities to pay close attention to contract management. There was failure by Entities to appoint contract managers, failure by contract managers to prepare contract implementation plans and lack of funds to effect payments to providers thus causing delays. The Authority will continue through its capacity building function and regulatory tools to ensure contract management is strengthened in Entities.

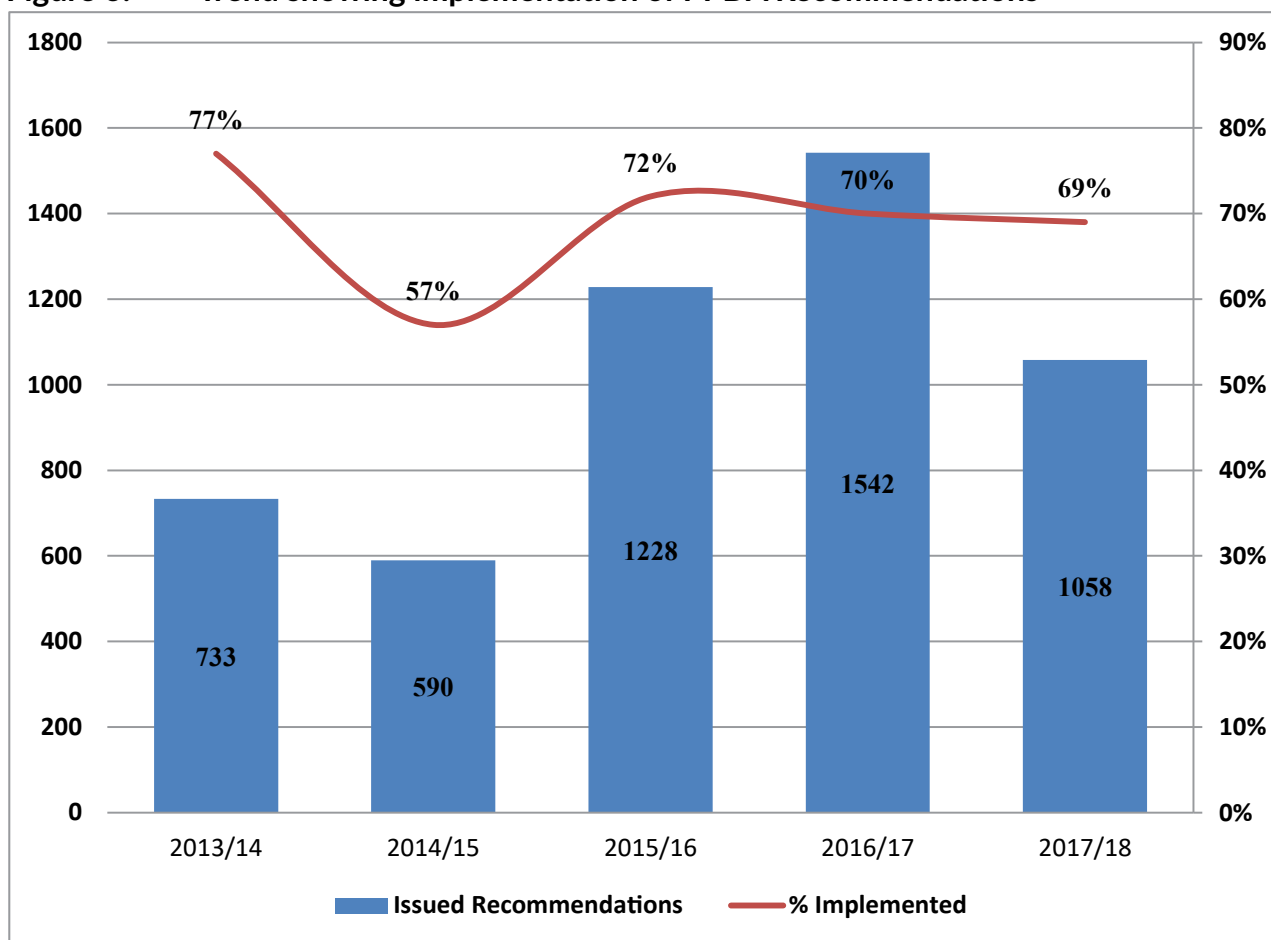
Though many Entities now appoint contract managers, there are still weaknesses in the way actual contract management is done. The Authority's audit reports for example continuously show that contract managers do not have contract implementation plans thus making it difficult for them to effectively monitor 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 2017/2018, the Authority conducted follow up activities in 85 PDEs out of the targeted 114 Entities to assess the status of implementation of audit and investigations recommendations made in the reports that the Authority issued in FY 2016/17 for procurement and disposal transactions conducted in FY 2015/16. The follow up activities were conducted in 30 Central Government PDEs and 55 Local Government PDEs. A total of 1,058 recommendations were reviewed and of these 726 recommendations (69%) were found to have been implemented and 332 recommendations (31%) were either partially implemented or not implemented. This was a decline from the 2016/17 performance where 70% 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 PDUs 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, MoFPED 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 was 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:

- i. Recommendations related to procurement planning made up 84 recommendations accounting for 26% of the unimplemented recommendations. These recommendations mainly involved failure by Entities to effectively conduct market assessment to come up with realistic estimates for procurement planning and failure by Entities to periodically update their procurement plans which resulted to procuring outside the procurement plan and low levels of implementation of procurement plans. This occurred in 51 Entities.
- ii. 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. There were 70 unimplemented recommendations accounting for 21%. This occurred in 50 Entities and the specific recommendations under this category include delayed payment to providers, appointment of contract managers and contracts that are not completed within contractual time.
- iii. Failure by Entities to implement recommendations related to evaluation of bids especially deviation from the evaluation criteria prescribed in the standard bidding document and communication of arithmetic errors to all participating bidders and issuing best evaluated

bidder notices to all participating bidders. This accounted for 9% of the unimplemented recommendations with occurrence in 25 Entities. This problem is more pronounced in local government Entities where PDU staff found it hard to find all the participating bidders.

- iv. 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 28 recommendations 9% of the unimplemented recommendations with occurrence in 27 Entities.
- v. Failure by Entities to implement recommendations related to the performance of key structures which accounted for 24 recommendations representing 9% of the unimplemented recommendations. The specific recommendations under this category included failure by Entities to fully implement previously issued recommendations and failure to fully constitute contracts committees.
- vi. 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 17 recommendations representing 5% of the unimplemented recommendations with occurrence in 17 Entities. However, the failure to post procurements to the government procurement portal was attributed to the fact that the system experienced many downtimes during the financial year.
- vii. 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 14 recommendations representing 4% of the unimplemented recommendations with occurrence in 30 Entities.
- viii. Failure by Entities to implement recommendations related to Facilitation of PDUs especially understaffing in PDUs which is rampant in local government Entities, failure to provide adequate storage space for documents generated by the procurement and disposal unit which leaves documents scattered which results to loss of documents and failure to have a sufficient allocation to facilitate operations of the PDU like internet and stationery. This accounted for 14 recommendations which represent 4% of the unimplemented recommendations with occurrence in 8 Entities.
- ix. 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 deteriorating through vandalism. This accounted for 12 recommendations which represent 4% of the unimplemented recommendations with occurrence in 12 Entities.
- x. Failure by Entities to implement recommendations related to efficiency of the procurement process especially avoidable delays in the procurement process which also results into delayed service delivery. This accounted for 10 recommendations representing 3% of the unimplemented recommendations with occurrence in 10 Entities. This problem is more pronounced in High Spend Entities which undertake complex procurement projects which delay at various stages of the procurement process.

- xi. 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 six (6) recommendations representing 2% of the unimplemented recommendations with occurrence in 12 Entities.
- xii. Failure by Entities to implement recommendations on refund of financial loss caused to government arising out of evaluation committees recommending for award providers who quote prices higher than the least priced compliant bidder This Accounted for 3 recommendations representing 1% of the unimplemented recommendations with occurrence in 3 Entities.
- xiii. Failure by Entities to implement recommendations related to retendering of procurements as a result of administrative reviews. This accounted for three (3) recommendations representing 1% of the unimplemented recommendations with occurrence in 3 Entities.
- xiv. Failure by Accounting Officers to implement recommendations on capacity building for procurement structures like the members of PDUs, Contracts Committees, Evaluation Committees, and user departments in the Entity that have gross capacity gaps in discharging their duties according to the procurement rules, regulations and procedures. This accounted for three (3) recommendations representing 1% of the unimplemented recommendations with occurrence in 3 Entities.

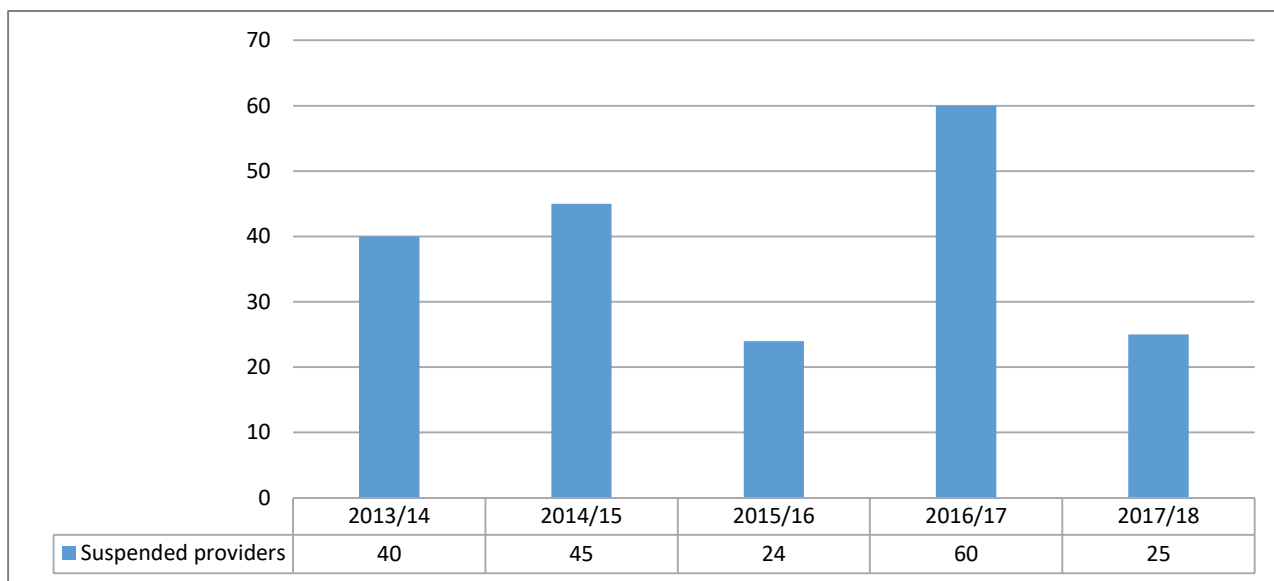
5.4 Suspension of Providers

The Authority derives its mandate to suspend providers under Section 94 of the PPDA Act, 2003 and Regulation 12 of the PPDA Regulations, 2014. The Authority received 46 recommendations to suspend providers during the period. Fifty seven (57) cases were carried forward from the previous financial year resulting into a total of 103 cases. A total of thirty six (36) recommendations were investigated and concluded, investigations on 6 recommendations were halted pending the outcome of the court proceedings and 3 were referred to the Criminal Investigation Department for handling. Out of the 36 cases concluded, 26 (72%) providers were suspended for different periods and 11 (30.5%) recommendations had no merit.

Providers were suspended for breach of the ethical code of conduct of providers in respect to fraudulent and corrupt practice, misrepresentation, and breach of contractual obligations. The documents forged most were completion certificates, income tax clearances, bid securities, powers of attorney and Register of Provider 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 decreased from the 60 providers in FY 2016/17 to 26 providers in FY 2017/18. The reduction in the number is due to the fact that some of the suspension investigations were halted due to court proceedings and others had no merit.

LEVERAGING TECHNOLOGY TO IMPROVE PROCUREMENT OUTCOMES

Chapter 6

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 2017/18.

6.1 Enhancing PPDA's Technology Infrastructure to Improve Human Capacity

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

The procurement of the systems vendor was completed and the contract was signed by European dynamics. A one week inception report training was conducted in which the system provider interfaced with the project implementation team from the piloting entities to get clarity on the procurement processes in Government of Uganda. Consultations were initiated to determine the systems specifications.

e-GP sensitization sessions were held on the value addition of e-GP as well as the project status to some of the stakeholders of e-GP namely; The Board of Directors of Uganda Manufacturers Association on Friday 5th Jan, 2018; Presentation to World Bank Team in a meeting held at PPDA on 13th February, 2018 and the 7th Local Government Cadre Forum on 23rd March, 2018. The project coordination team initiated the procurement process for the quality assurance consultant for electronic procurement and the technical evaluation report was submitted the World Bank Group.

The recruitment of the procurement system analyst was finalized and she reported to duty on 27th November, 2017. Procurement of the change management expert was finalized and the expert reported to duty on 23rd August, 2017. The key deliverables as per his terms of reference included; inception report, Entity Gap Analysis, Communications strategy implementation plan and final completion report.

The change management expert's inception report was received on 6th September, 2017. The key areas to note in the report were;

The terms of reference of the change management expert focused on managing of change that mainly focuses on creating the plans that will be integrated into the project activities and implementation of the plans. Preparing for change that focuses on assessing how much change is needed for a specific project as well as constitution of the change management teams were not catered for. It was therefore important for either the change management expert or the change management firm to take on this area otherwise sustaining change on the project would be difficult.

6.1.2 Disaster Recovery Solution

The Authority completed the process of acquiring an Integrated Virtualized Server and Storage solution to consolidate our IT services onto more robust infrastructure that is easier to manage and easier to backup offsite. The Authority acquired the final approval to co-locate our DR server at the NITA-U Data Centre at Statistics House. Preliminary tests for co-location were carried out by NITA-U and NCR (The providers of the storage equipment) in November 2017. Reports were made with recommendations to acquire extra routers for connectivity to the data centre. Hardware validations were being finalized.

6.1.3 PPDA Website Re-design

The Authority, with funding from GIZ, embarked on a project to re-design and re-organize its website. The PPDA website had been poorly structured with redundant information and non-user friendly navigation functionalities. This was re-structured to ease access of reports and PPDA documentation among others.

ENHANCING THE PERFORMANCE OF PUBLIC PROCUREMENT BEYOND COMPLIANCE

Chapter 7

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 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 2017/18, the Authority issued out two hundred thirty-nine (239) letters providing legal guidance/advice. Out of these, 113(47%) were from Central Government, 62 (26%) were from Local Government Entities and 64 (27%) from private companies.

The Authority also provides guidance and clarification according to the type of procurement. Out of the total 239 letters received seeking guidance, advice and or clarification, 37 (15%) were for works, 62 (26%) for supplies, 60 (25%) for services and general request for guidance were 80 (34%).

The main areas where legal guidance was sought were in respect to:

- Preparation and Use of Standard Bidding Documents (SBDs)
- 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

7.2 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 twenty one (21) applications for accreditation of alternative procurement procedures during the period. 17 applications were granted relating to procurement in investment securities, office premises,

construction materials, and research and aircraft overhaul/exchange services among others. The Authority found no merit in 3 applications and one application was pending consideration.

The procurement procedures accredited will lead to efficient procurement of the requirements and reduction of the lead time which would lead to improved budget absorption rate to better service delivery.

The following applications were granted to the respective Entities

- a) **BOU:** Request for renewal of accreditation
- b) **BOU:** Appeal against the Board decision rejecting accreditation to dispose by direct negotiations.
- c) **Pride Micro Finance:** Request for renewal of accreditation to conduct direct negotiations for business premises to be acquired in the future.
- d) **Pride Micro Finance:** Request for renewal of accreditation to request bidders who have passed the technical evaluation stage for best and final offer.
- e) **UNRA:** Request for concurrence with the proposed amendments to bidding and contract documents as one of the reform activities by the Uganda National Roads Authority
- f) **Post Bank:** Application for accreditation in respect to procurement thresholds, methods of procurement, bidding periods and best evaluated bidder notices
- g) **NEC:** Request for renewal of the accreditation to procure construction materials directly from manufacturers, quarries, sand pits and borrow pits
- h) **PIBID:** Request to renew accreditation that was granted by PPDA
- i) **Uganda Property Holdings Ltd:** Application for accreditation
- j) **Pride Micro Finance:** Request for accreditation to donate all low value fixed assets at various branches.
- k) **UCDA:** Request for renewal of accreditation for procurement and distribution of coffee seedlings guidelines.
- l) **Uganda Prisons Service:** Request for accreditation for the purchase of duty free shop materials.
- m) **East African Civil Aviation Academy:** Request for accreditation with respect to procurement of Aircraft parts services and engine factory exchange / overhaul.
- n) **Ministry of Defence:** Request for a meeting to discuss the proposal for accreditation in respect to procurement of food stuff and wood fuel.
- o) **NSSF:** Request for Management of service charge and selection of service providers.
- p) **UNRA:** Request for accreditation staff training.
- q) **NITA-U:** Request for accreditation to use alternative public procurement system for individual consultancy services.

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

- a) **National Enterprise Corporation:** Application for accreditation for NEC Uzima Ltd to procure raw materials (performs, caps, bottles, labels, security seals, packing boxes and factory service parts directly from manufacturers).
- b) **Uganda Development Corporation:** Application for accreditation to procure inputs for Soroti fruit factory directly from manufacturers.
- c) **Ministry of Public Service:** Request for guidance on hire of Civil Service College Uganda Facilities for provision of conference services.

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

- a) **UNRA:** Request to reinstate the application for accreditation of amendments to the Evaluation Criteria and contract document.

7.3 Deviations

Six (6) deviations from the use of standard bidding documents were granted by the Authority with respect to bidding documents for design and build works, information technology systems, and procurement of specialized works.

The granted deviations were based on best procurement practices in the adopted bidding documents based on multi national development bank documents.

All the applications were granted as below:

- a) **MoWT:** Request for approval of tender document, procurement method and shortlist of providers in respect to provision of procurement agency for specialized equipment services and works under the general framework contract for development of Bukasa Port.
- b) **MoFPED:** Request for approval of deviation from use of a standard document in respect to construction of a new office block using Design and Build approach
- c) **MoFPED:** Request for approval of deviation from use of a standard document in respect to procurement of an integrated human management system
- d) **Uganda Police Force:** Request to use a modified document for a modern aviation base, hanger and maintenance centre in Jinja.
- e) **NSSF:** Request for a deviation from the standard bidding documents was handled by the Authority during the period under review and granted
- f) **UNCC:** Request for a no objection to adjusted PPDA procurement document used for the PPP Transaction Advisor

8.0 Background

The Authority, under Section 6 (e) of the PPDA Act 2003, is mandated to conduct capacity building for PDEs. 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.

8.1 Open public dialogue with public procurement stakeholders in Mbale District

The Authority organized a public procurement dialogue for the communities in Mbale and Moroto districts. These were the 5th and 6th public procurement dialogues in the history of PPDA over the years. The previous dialogues were held in Tororo, Gulu, Kabarole and Jinja districts. The major objective of the open public dialogues is to generate feedback from the public and private players on how Government Entities are conducting the procurement and disposal processes. Stakeholders used this opportunity to express their dissatisfaction, give feedback to the District leaders; technocrats and proposed ways on how to improve service delivery. The dialogues attracted over 195 participants against a target of 200, representing 96% attendance.

8.2 Training for Internal Auditors from the selected MDAs and Local Government Entities on the PPDA Law compliance requirements

The Authority sensitized Internal Auditors in a two days' training from selected MDAs and Local Government Entities on compliance requirements in the procurement and disposal process. The training was held on the 5th and 6th of December, 2017 at Colline Hotel, Mukono. The overall objective of the training was to build capacity of the internal audit function with the relevant knowledge and skills required to enhance the level of quality assurance in the procurement and disposal process in the respective government entities. The training attracted 33 Internal Auditors from both the central and local government entities.

8.3 Induction of CC members in CG PDEs and selected LG PDEs

The Authority conducted an induction training for the Contracts committee in 22 LG¹² and 39 CG¹³ Entities. The training aimed at equipping the Contracts Committee Members of the newly created districts, municipalities and the newly approved CC members in the Central Government entities. In total, the Authority trained 362 contract committee members from both the CG and LG Entities.

12 MakindyeSsebagaba, Lugazi MC, Njeru MC, Nasana MC, Kiira MC, MSMC

13 CMA, MoWE, UPF, MoSTI, ERA, PML, UNMA, CCA, BoU, JSC, MoH, Judiciary, UCC, Post Bank, DEI, MFSC, UNOC, UNBS, UNRA, MoLG, MoPS, UIA, NSSF, NMS, UPIK, NCHE, NDA, AHPC, UNMEB, MoW

8.4 Sector Specific Skilling

The Authority conducted a training of nineteen (19) technical staff and PDU staff of the eight-energy sector PDEs¹⁴ in the procurement and disposal process at Simba Hall, Ridar Hotel, Seeta-Mukono. The objective of the training was to equip technical staff and members of the PDU in the Energy Sector with the new developments in the Law of public procurement. The training was helpful to the Authority to take note of and expeditiously address specific challenges in the sector to increase compliance.

8.5 Build capacity of 200 CSOs/media in contract Management and reporting

The Authority organized and conducted training for Civil Society Organizations and Media from selected districts¹⁵ in the procurement and disposal process. The objective of the training was to appraise CSOs and the media fraternity of the roles and responsibilities of key stakeholders in the procurement process and their involvement in procurement and contract monitoring. The training also introduced to participants the guidelines on reservation schemes to promote local content in public procurement.

8.6 Capacity building for members of the bidding community

The Authority in collaboration with Ministry of Finance Planning and Economic Development/ FINMAP conducted capacity building workshops for the bidding community in Lango Sub region (Lira), Ankole Sub region (Mbarara) and Central Region (Kampala). The objective of the training was to enhance providers with skills to prepare responsive bids, increase competition, reduce bidder collusion, and discuss the emerging issues in public procurement. The training further sought to enlighten bidders with the tax compliance issues affecting service provider's operations. The workshop attracted 371 participants representing their organizations.

8.7 User Departments of PDEs trained in Northern Region

The PPDA received funds from Government of Uganda and organized trainings for local government entities¹⁶ for contracts committee members and heads of department in public procurement, contracts supervision and monitoring. The objective of the training was to improve performance of the User Departments and other stakeholders in the Procurement and Disposal Process in local governments. The training focused on Procurement and Disposal Planning, roles and responsibilities of different stakeholders in the Procurement and Disposal Process, evaluation of bids, and Contracts Management.

8.8 Demand driven training programmes

The Authority conducted demand driven trainings in forty-one (41) PDEs, of which thirty-six (36)¹⁷ were Central Government Entities, three (3)¹⁸ were Local Government Entities and two (2) schools¹⁹. A total of 817 participants were trained in various aspects of procurement and disposal of public assets under the demand driven intervention.

14 UEDCL, UEGCL, UETCL, MoEMD, REA, ERA, AEC and UECC

15 Hoima, Mbarara, Mukono, Arua, Mbale, Moroto and Gulu Districts

16 ZomboDLG, Nwoya DLG, Kitgum MC, Koboko, Njeru MC, Luwero, Nakaseke, Namisindiwa, Kween, Rukiga, and Oyam
17 CAA, BoU, JSC, MoWE, MEACA, AEC, MoH, Judiciary, DEI, Post Bank, MFSC, UNOC, UNBS, UNRA, MoLG, MoPS, UIA, NSSF, NMS, UPIK, NCHE, NDA, NSSF, AHPC, Bukalasa Agricultural College, UNMEB, MoW, BoU, MoWE, UPF, CMA, MoSTI, ERA, PML, UNMA.

18 Kalangala DLG, Hoima DLG and Mubende DLG

19 MT St Mary's College Namagunga, St Henrys College Kitovu

8.9 Stakeholder dissemination/consultations on the amendments to the PPDA Regulations

The Authority in collaboration with MoFPED/FINMAP organized two (2) Procurement cadre forums for the Central Government and Local Government. The CG procurement cadre forum was a 2-day non-residential held at Brovad Hotel in Maska District while the LG Cadre forum was a 2-day residential held at Collins Hotel, Mukono District. The main objective of the forum was to disseminate and consult the procurement cadres from CG and LGs on the proposed amendments under the theme strengthening procurement capacity for effective service delivery. Both forums attracted a total of 245 (120 for CG and 125 for LG) HPDUs/representatives and presenters from PPDA, Insurance Regulatory Authority, MoFPED, FINMAP and discussants from BOU and MoWT.

8.10 Summary of Capacity Building Activities

In total, 2050 participants were skilled in the various training activities organised by the Authority during the period July 2017 – June 2018. Table 9 presents the targeted number of participants and the actual number of participants who attended the various trainings.

Table 8: Summary of Training Activities

No	Activity	Planned	Actual Participants trained
1	Demand driven	817	783
2	Supply driven	1439	1267
	Total	2256	2050

8.11 Research

8.11.1 Common User Items and Average Prices Survey

The Authority in collaboration with the Makerere University School of Statistics and Planning is conducted a survey to update the list and average prices of common user items in Northern Region (Gulu), Western Region (Mbarara) Eastern Region (Mbale) and Central Region (Kampala). This enabled stakeholders to access the updated indicative market rates and prices which would help them make the right decisions on value based pricing of goods, works, and services. The detailed list of the average prices can be accessed on the PPDA website.

8.11.2 Study on the Existing Opportunities and Barriers to Participation of Women Enterprises in Public Procurement

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 facilitated a study on the existing opportunities and barriers to participation of women enterprises in public procurement and to recommend measures that can be taken to strengthen the involvement of women and economic development.

The findings from this study would guide the discussions in addressing these challenges and in ensuring increased participation of women in public procurement in Uganda and also offer tools that stimulate increased entrepreneurial activity by women owned businesses (WOBs). The study revealed that the barriers for women participation include lack of adequate capacity, financial constraints, information accessibility constraints and regulatory and bidding constraints.

The study made the following recommendations;

- a. Procurement Policy and legal frameworks: There is a need to have appropriate legal and policy procurement affirmative action framework supported by top level commitment. The ongoing PPDA amendments should be used as a perfect opportunity for crafting an appropriate legal and policy framework that integrates gender and youth issues at the heart of the public procurement laws.
- b. Preferential policies: There is need for clear policy position on affirmative action initiatives. The exact percentage should be agreed upon at policy level considering the comparative ranges and the specific type of preference scheme appropriate for Uganda. There will be need to foster an equitable participation of rural and indigenous women, and social enterprises, increasing their access to opportunities.
- c. Procurement spend reporting per entity indicating the type and volume of procurement being allocated to WBOs in a financial year.
- d. Production of success stories by PDEs through publishing reports from PDEs on stories of successful women suppliers who were involved in public procurement in selected entities. The nature of contracts won, the sectors, and the amounts involved should be key performance metrics.
- e. Affirmative action-oriented reporting through generating disaggregated data that indicates the contracts won by WOBs and in the sectors.
- f. Rewards for commitment: Procurement mechanisms should reward commitments made to gender. The criteria for fulfilling a tender should have a clear gender component that the applicant can respond to.
- g. Incentivizing the private sector to invest in the empowerment of women throughout their business operations, supply chains, senior management and decision-making roles, and corporate social responsibility programs can also be supported.
- h. Research and needs assessment: There is need for regular research and needs assessment to identify where technical assistance is required and the adoption of more inclusive public procurement training programmes could help build the specific capacity of small and medium women enterprises to gain greater access as identified by the needs assessment.
- i. Frameworks for assessment and solution mapping: There is need to develop appropriate comprehensive frameworks at government level, regulatory level and PDE level to assess country gaps in supporting gender equality, including women's participation. This will require applying an ecosystem approach to encourage collaboration and enable women's entrepreneurship.

The Authority with support from the UN Women conducted a validation workshop to present and discuss the study findings. In attendance were representatives from key stakeholder institutions including the UN Women office, PPDA, MoFPED, MTIC, Uganda Women Entrepreneurs Association Limited (UWEAL), MoGLSD, academic institutions among others. The detailed report has been posted on the PPDA website.

8.11.3 Study to Enhance Government of Uganda Understanding of Corruption in Procurement

Strengthening Uganda's Anti-Corruption Response Technical Advisory Facility (SUGAR TAF) in collaboration with PPDA and IG conducted a study on increasing the understanding of procurement corruption in Uganda. The objective of this study was to fill some of the knowledge gaps on procurement corruption and to support the formulation of appropriate responses to control it. The study intended to shed light mainly on the nature and form of corruption, in order to allow relevant entities to address vulnerabilities to corruption in the procurement cycle, further strengthen the anti-corruption chain, and coordinate more closely across this chain.

Key Highlights of the Study Findings

- i. The study revealed that procurement corruption risks are spread across the stages of the procurement cycle but the most significant levels of vulnerability and risk are identified at the Evaluation of Bid, and Contract Execution stages. It is at these stages that the process of acquiring products or services transition from internal to interfacing with external providers. The research findings indicate that unfair or altering evaluation criteria is the most prevalent theme accounting for over one third of schemes.
- ii. The study noted that corruption is orchestrated through manipulation of the value chain by internal stakeholders and external, often- syndicated actors from initiation through to the end of the procurement contract. This involves collaboration between entity staff and providers as well as politicians. The findings suggest that where entity staff and providers collude in developing statements of requirement, inappropriate or unsuitably designed bidding documents or draft contracts, or technical inspection of work, it becomes very difficult to detect the corruption.
- iii. The study noted that from the cases reviewed and the stakeholder interviews it seems that the sector most prone to procurement corruption is Works followed by procurement of revenue collection.
- iv. The study concluded that the involvement of external stakeholders in suspected corruption schemes throughout the procurement cycle indicates that there is a level of collusion between internal and external actors. This suggests that the various procurement roles within PDE's are not able to effectively serve as checks and balances of each other. Effective prevention of procurement corruption should thus, in addition to the functions performed by PPDA and IG, include efforts to strengthen internal controls within PDEs.
- v. The study recommended that PPDA and IG should have commonly agreed criteria for what constitutes suspicion of corruption or a protocol for tracking of suspected cases. Having this would likely increase coordination and collaboration between the two institutions. The report further recommended strengthening information management systems within and between the institutions to manage suspicions of corruption and case files may help intelligence gathering and strengthen any administrative sanction process or prosecution undertaken.

8.11.4 Study on the Causes of Low Competition in Public Procurement.

The Authority conducted a study to establish the barriers to competition for government contracts and recommend mechanisms that can enhance competition in public procurement. The study targeted providers that were registered on the PPDA RoP, providers that participated in the training of the bidding community in Lira and Mbarara districts and prequalified providers in Mbale, Jinja and Arua. The participants were required to complete a semi-structured questionnaire that was delivered physically, by email and in some cases administered by telephone. A total of 700 respondents completed the survey. The study sought to establish the barriers hindering the business community from participating in public procurement. In summary, 54% of the bidders cited delays in payments, 53% cited corruption and 46% reported high cost of bidding as the leading reasons for their low participation in public procurement.

The report cited recommendations that included, though not limited to;

- Strengthen compliance of PDEs to the payment terms as stipulated in the PPDA Act.
- The Authority should put in place sanctions for the responsible staff that delay payments
- The introduction of E-procurement will reduce physical interface between providers and the officials responsible for procurement; hence, reducing the space for negotiating corruption.
- Sensitize bidders on the existing complaints handling mechanisms and encourage them to report corrupt tendencies.
- E-procurement will foster easier and faster access to information, lower transaction costs, participation of a larger pool of firms from broader markets, and a faster bidding process.

The report was further validated at the bidding community workshop at Uganda Manufacturers Association (UMA).

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 2017/18 were financed from different sources as contained in Table 10.

Table 9: Funding available during FY 2017/18

No	Source	Amount UGX Bn	Uses
1	Government of Uganda	13.402	Recurrent expenditure, staff costs and capital development
2	FINMAP III	0.54	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. The budget allocation for FY 2017/18 from the Government reduced to 13.4 billion from 14.21 Billion appropriated in FY 2016/17. This budget cut, coupled with under releases negatively affected the operations of the Authority.

9.1.1 GOU Budget Performance

During the FY 2017/18, the Authority was funded by the Government of Uganda to the tune of UGX 13.26 Billion out of the approved budget of UGX 13.4 Billion. The Authority utilized UGX 13.2 Billion for the Financial Year. Table 11 gives the overview of the budget performance of the Authority for the FY 2017/18. The financial performance of the Authority is shown in Table 11.

Table 10: Government of Uganda Budget Performance FY 2017/2018

No.	Particulars	Approved Budget (UGX)	Released Funds (UGX)	Funds' Utilization (UGX)	
				Amount (UGX)	Percentage (%)
1	Recurrent Budget	2,491,275,306	2,474,719,306	2,456,429,230	99.3%
2	Development Budget	2,320,000,000	2,320,000,000	2,319,701,775	99.8%
3	Staff Costs*	8,591,685,338	8,468,826,288	8,425,462,630	99.5%
Total Budget		13,402,960,644	13,263,545,594	13,201,593,635	99.5%

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

9.1.2 Non Tax Revenue

Non-Tax Revenues (NTR) of UGX 656,661,763(Gross) was collected as at end of quarter four of FY 2017/2018. This was 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 so as to ensure compliance and timely completion of procurements. The procurements are handled in accordance with the procurement plan.

The Ministry of Finance and Economic Development handled the procurement for provision of Consultancy Services by a Third Party Agent (De-point) on behalf of PPDA at an estimated cost of UGX. 40,000,000 VAT inclusive for a period of one (1) year.

The Authority handled procurements worth UGX. 1,548,430,573 in F/Y 2017/2018; macro procurements worth UGX.1,013,648,760 were handled by the Agent during the period. Micro procurements worth UGX. 231,991,891 and call off orders worth UGX.52,204,229 were handled in house. Direct procurements worth UGX 250,585,693 were handled by both De-point and PPDA's PDU as indicated in Table 12.

Various obsolete items worth UGX. 14,785,200 were disposed off.

Table 11: Summary of Procurements handled in FY 2017/18

Method of procurement	Total contract amount (UGX)	%age total contract amount	No. of Procurements	%age no. of procurements handled
Open Domestic Bidding	-	-	-	-
Restricted Domestic Bidding	738,690,985	47.7	5	2.4
Request for Quotations	274,957,775	18	19	9
Direct procurement awarded	250,585,693	16.18	7	3.32
Micro procurements	231,991,891	15	161	76.3
Framework contract –Call offs (stationery)	52,204,229	3.1	19	9
Grand Total	1,548,430,573	100	211	100

9.3 Human Resources

9.3.1 Recruitment

During the year, the Authority filled 10 vacant positions after successful completion of interviews and confirmation of appointments by Management and the Board of Directors. The Authority filled the following staff positions during the period, these included; Senior Officer Capacity Building (1), Office Assistant in charge of mails (1), Officer Procurement Audit (1), Research Officer (1) and Manager Board Affairs (1), Manager Human Resource(1), Senior Human Resource Officer(1) Senior Officer investigations(1), Administrative Assistant(1) and Front Desk Officer(1).The recruitment process for the positions of Executive Director(1), Director Corporate Affairs(1), Manager Finance and Administration(1), EGP Support Officers(10) and Driver(1) is ongoing.

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 10% of the staff obtained training during FY 2017/18 as detailed in Table 13.

Table 12: Staff Development during FY 2017/18

No	Course	Profession	Location	No of participants
1.	Continuous Professional Development Programs	Accountants	Kampala	7
2.	PGD M & E	N/A	Kampala	1
3.	PGD Procurement	N/A	Kampala	1
4.	Management of E procurement	Procurement	Korea	1
	Total			10

9.3.2 Annual Staff Performance Appraisals and Board Evaluations

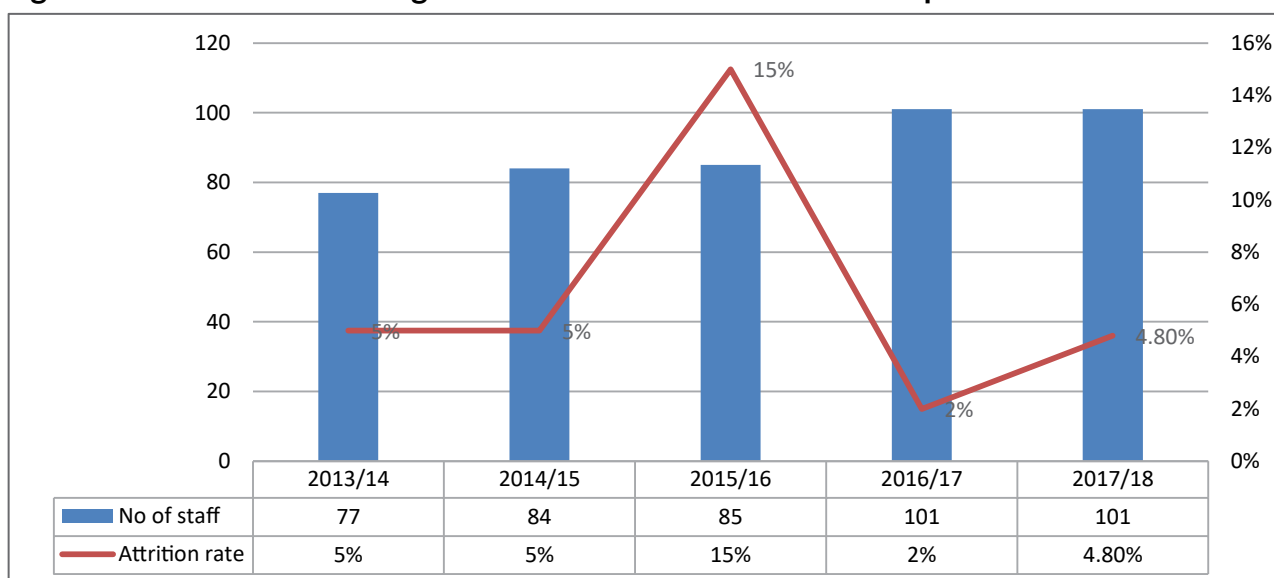
Performance management is a continuous process in the Authority where staff are assessed on agreed performance targets/standards. The objective is to improve performance.

During the period, fifteen (15) staff who completed their probation were appraised and confirmed. Fifty three staff from the Authority underwent annual performance appraisals by the end of FY 2017/18 and the performance on average was 79.5%. The rest of staff had not completed their appraisals at the time of compilation of this report.

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, wellness programmes among others. The staff turnover rate for the year was 4.8%. The low staff turnover rate is attributed to the favorable remuneration and a conducive working environment in the Authority. The staffing levels and attrition rate is illustrated in Figure 8.

Figure 8: Trend of staffing levels and Attrition Rates over the past 5 Years



9.4 Risk Management and Internal Controls

The Board of the Authority takes overall responsibility for ensuring systems of internal control are established and for reviewing and evaluating its effectiveness. The day to day responsibility for implementation of these systems and for ongoing monitoring of risks and the effectiveness of controls rests with Management.

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 control. The systems which have been put in place and operated during the financial year include the following:

1. There is an established internal audit function that reviews the effectiveness of financial, operational systems, and controls. The internal audit reports to the Audit and Risk Committee of the Board.
2. There is a risk management function in place to make sure controls are in place to identify, evaluate and manage risks. Internal audit provides independent assurance on the risk management function in the Authority.
3. Management review and monitoring of budget performance on a weekly basis.

The Audit and Risk Committee discharged its oversight responsibilities during the financial year 2017/2018 by specific focus on matters of financial management, accountability and reporting, internal control and compliance with relevant laws, regulations and procedures.

The Committee;

- i. Reviewed the work of internal audit through quarterly reports of audit findings and recommendations and made recommendations for further strengthening and improvement of the internal audit function.

The annual internal risk based audit plan for 2018/2019 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, coding of expenditure, budget performance, procurement reporting and outsourcing function, accountability for funds, and payroll management.
- 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 risk reports where the Committee provided scrutiny and direction.
- iv. The Committee on quarterly basis reviewed progress made by Management to implement audit recommendations.

LEVERAGING AND ENHANCING PARTNERSHIPS AND COLLABORATIONS

Chapter 10

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.

This chapter presents the key activities that were implemented in first half of the year to leverage and enhance partnerships and collaborations.

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 the period, the Authority participated in a number of committees and taskforce activities as below:

- a) **Stakeholder Engagement:** The Authority held consultative meeting with members from the Development partners and Finance Committee of parliament on the status of Public Procurement. The Authority also participated in the EAC regional conference in Arusha Tanzania to discuss the findings of the onsite national level assessments on fight against corruption in public procurement.
- b) **Accountability Sector:** The Accountability sector working group to which PPDA is a member organised the Accountability Joint Annual Review meeting on 31st August 2017- 1st September 2017. The highlights of the undertakings of ASJAR included the following;

Audit/Anticorruption thematic area: includes undertakings such as enhancing the function of coordination and communication within the investigation of grand syndicated corruption cases; Operationalizing the Leadership code tribunal; Making the NIN compulsory in IGG declarations and linking it to the TIN; Building capacity & skills with in the implementing agencies with the aim of improving detection, Investigation and prosecution; Conducting a study on the impact of increasing number of LGs; Conducting a joint result based inspection to synergize efforts of accountability institutions; Establishing the Inter-ministerial Committee to enforce the Anti-Pornography Act 2016; Redesigning the school curriculum to address National Ethical Values; Strengthening community development to promote morality in society; Integrating Ethics & Integrity in the Civil Service college induction programme; formalizing and operationalizing District Integrity Promotion Forum(s) in all districts; Developing a National Policy to monitor and regulate religious & faith based organisations; formulating measures for increased independency of internal audit function and reviewing & strengthening the performance management tools and mechanism across Government.

- i) Budget Execution and Accountability thematic area:** includes undertakings such as implementing Budgets as appropriated; Operationalizing the contingency fund; aligning the sector plans to NDP II; Automating assets register across all MDAs; Enforcing compliance to existing Asset Management Policies, laws and regulations; Establishing an integrated projects data bank; providing adequate counterpart funds; rationalizing and harmonizing Salary; Amending the PPDA legal frame work; Implementing the National Public-Sector Procurement Policy Intents; Implementing the Local content strategy; Implementing E-procurement; Reviewing and enforcing service delivery standards; Implementing Sanctions/ rewards in line with Public Service Rewards and Sanctions Framework; Implementation of oversight recommendations; Integrating/Interfacing of Systems and Rolling out systems to all Government entities (IFMS, IPPS, PBS, e-GP etc.)
- ii) Resource Mobilisation and Allocation thematic area:** includes undertakings such as Developing a Medium Term Revenue Strategy; Developing the National Revenue Policy; Continuous Tax education and financial literacy to all stakeholders; Developing a financial inclusion strategy; Prioritizing resource allocation to revenue collection entities both CG and LG; Streamlining the tax exemption and incentive regime; Reviewing and harmonizing the different Government taxes regarding multiplicity of taxes; Developing systems to support revenue collection in LGs; Strengthening the Internal Audit and inspection function in tax collection (training, resources, equipment); Integrating systems across government institutions for information sharing and tracking of income, revenue and leakages; Providing long term finance to boost agricultural sector; Developing and implementing a communication strategy for people to appreciate the link between service delivery and revenue mobilization; Implementation of Programme Based Budgeting (PBS) and PBS in LGs; Re-thinking of the decentralization policy to provide sufficient revenue; Evaluating the Decentralization policy to inform decision; Implementing the NDP II recommendation of allocation to LGs (30% direct transfer and Grants) and Building capacity in MDALGs that do not have strategic plans.
- iii) Economic Management thematic area:** includes undertakings such as more research on crypto currency; Expediting/amending the pension reforms schemes for every formal employee to participate in a pension scheme; Encouraging establishment of sector wide micro pension schemes to cover the informal sector and boost voluntary savings; Expediting the drafting of the investment policy; Strengthening capacity of SMEs; Using existing tax policy as an engine for growth; Capitalising UDB to address issues of affordable capital; Regulating Consumer's protection Act; Lowering commercial bank interest rates and Implementing a Cabinet resolution of having statistical units in all MDAs and HLGs.

a) 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 2017/18, the existing memoranda of understanding where the Authority is party are detailed in Table 14.

Table 13: 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 Hosting of 10th East African Procurement Forum.

The Authority conducted the 10th East African Procurement Forum (EAPF) from the 01st-03rd November, 2017. The theme of the forum was; “Leveraging Technology for improved procurement outcomes”. The resolutions of the forum were as indicated in Table 15.

Table 14: Key Resolutions of the Forum

No.	Resolutions	Action Party	Time frame
1.	The East African Community should issue report(s) on consultancies undertaken to address e-procurement, green procurement and harmonization of the procurement curriculum in the East African Region.	EAC Secretariat	November 2018
2.	The East African Procurement Forum recommends to the East African Community Secretariat to expedite the approval of the harmonized East African Public Procurement Policy and Legislation through its structures in accordance with the provisions of the East African Common Market Protocol and the East African Monetary Union.	EAC Secretariat	November 2018
3.	The EAC should facilitate research on “Collaborative Cross Border Public Procurement” intended to create an environment that encourages innovation, competitiveness and stimulate new businesses in the region.	EAC Secretariat	November 2018
4.	Regulatory authorities should create a plat form/ website for delegates to follow up on the status of implementation of forum resolutions.	Regulatory bodies	January 2018
5.	Partner states should submit reports on the implementation of previous outstanding forum resolutions by end of June 2018 that shall be tabled in the next forum.	Regulatory bodies	April 2018
6.	Partner states should support e-Government Procurement in their respective countries through the provision and prioritization of funding to these projects. The system should also be able to integrate with other existing e-government programs.	Regulatory bodies	November 2018
7.	Regulatory authorities should develop mechanism or initiatives that increase transparency and fight against corruption in public procurement	Regulatory bodies	November 2018
8.	Partner states without a legal framework on procurement professionalism should expedite the process.	Regulatory bodies	November 2018
9.	Partner states should promote capacity building of local SMEs and special groups to participate in public procurement.	Regulatory bodies	November 2018
10.	Next host of the EAPF is Kenya.	Regulatory bodies	November 2018

It was unanimously agreed that the 11th edition of the East African Procurement Forum shall be hosted by the Public Procurement Oversight Authority of the Government of Kenya.

Figure 9: 10th East African Procurement Forum



Members who attended the 10th East African Procurement Forum

10.3 Benchmarking Visit to Ghana on Local Content Implementation

A 3-man team from the Authority visited Ghana to benchmark on the implementation of local content in public procurement on 13-17 November 2017. The main objectives of the study visit were to:

- a) To examine the Ghanaian legal framework that currently supports the use of public procurement in local content implementation participation.
- b) To assess the level of access of public contracts by locally owned businesses in Ghana and ascertain what implications there are for Uganda.
- c) To identify the approaches used in Ghana to promote the maximization of value-addition and job creation through the use of local inputs and any implications for Uganda.
- d) Study the institutional and incentives framework for the implementation of local content in public procurement.
- e) To familiarize with the sectors in Ghana where local content initiatives are promoted.
- f) To assess how other stakeholders like CSOs are involved in local activities in Ghana.
- g) To assess any challenges faced by the Ghanaian local enterprises in accessing public contracts so that Uganda can avoid them when devising her initiatives.
- h) To identify specific interventions that can be put in place to enhance local businesses in accessing public contracts in Uganda.
- i) To understand the M&E tools and any reporting mechanisms put in place for local content implementation in Ghana.

The study team held consultations with the following Ghanaian agencies: Public Procurement Authority, Volta River Authority (Energy), Ministry of Trade and Industry (Lead institution in the country), National Petroleum Corporation, Association of Ghanaian Contractors, among others. The team also visited a research agency to share experiences in implementing local content across Africa especially on the extractive and primary sectors. The team further met a cross section of delegates that were participating in Ghana Industrial Summit and Exhibition, which presented a good platform for the team to appreciate the Ghanaian products and the industrialists' opinions on the adequacy of the local content legal and monitoring framework currently in force in Ghana. Some of the findings from the study visit are outlined under:

- a) Foreign firms may be eligible for domestic preference if they subcontract 30% or more of the value of the works to a domestic contractor (a Ghanaian citizen company).
- b) Achieve a least 90 percent local employment and in-country spend in the oil and gas industry value chain within a decade of the start of every petroleum license or contract, in the provision of such supplies and services that are determined by the LCC to be of high priority to Ghana.
- c) There is no specific institution tasked with monitoring, evaluating and reporting on the local content performance unlike other jurisdiction (i.e. Nigeria that has the Nigeria Local Content Monitoring Board).
- d) Luckily for Ghana, a national competition policy is in place unlike Uganda. Competition policy is usually very effective in well-functioning markets (strong supply side of the market) and is implemented through a set of policies and enforcement of competition laws that seek to ensure that competition in the market place is not restricted to the extent of reducing economic welfare. Competition policy prevents conducts that interfere or lessen competition in the market, such conducts include but not limited to restrictive agreements, in particular cartels, anti-competitive mergers or abuse of dominance.

10.4 Anti-Corruption Day, 2017

The Authority in partnership with IG, DEI, OAG and JLOS organized and participated in activities to commemorate the international anti-corruption day 2017 under the theme "Restoring Integrity in Public Service; Regaining Public Trust in the Anti-Corruption fight." The theme emphasizes the need to curb corruption by educating civil servants about its effects and ensuring that maladministration, which if not dealt with results into impunity and ultimately corruption is dealt with seriously. The International Anti-corruption day which falls on 9th December every year marks the adoption of the United Nations Convention against Corruption in 2003. The day is dedicated to raising awareness about the dangers of corruption and reminding citizens about their responsibility to the fight against it. The activities were launched by the 2nd deputy prime Minister on 28th November and included Board room sessions, spot checks, radio talk shows and barazas.

Anti-Corruption Day, 2017



Anti-corruption walk being led by Director Capacity Building

11.1 Main Challenges Encountered and Proposed Way Forward

11.1.1: System Challenges

- a) **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.
- b) **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.
- c) **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.
- d) **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.
- e) **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.

- 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 2017/18 was 69%. 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.

11.1.2 Institutional Challenge

- a) Slow Progress of the PPDA/URF Office Project: This was caused by the inadequate budget and delayed approval of excavation works by KCCA.
- b) 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.
- c) Delays in amendments to the Local Government PPDA Regulations: The amendment process of the Local Governments (PPDA) Regulations was halted; pending the finalisation of the review of the PDPA Act. It is now planned that the review of the PPDA Regulations and Local Government (PPDA) Regulations, 2006 shall be reviewed at the same time for a harmonised position. This delay in the amendments of the Local Government (PPDA) Regulations, 2006 may continue to hamper efficiency in the Local Government procurements.

11.2 Key Activities Planned for FY 2018/19

- a) Strengthening Transparency and Accountability in Public Procurement: This will be done through development and piloting of the e-procurement system as part of the National E-Government Framework of e-governance in various sectors of Government. The Authority will also 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 also monitor the use of frame work contracts.

- d) Strengthening Contract Management and Performance: This will be done by identifying capacity gaps in contract monitoring and reporting through procurement and contract audits and recommend measures to address the gaps.
- e) Leveraging Technology to Improve Procurement Outcomes: This will be done through piloting of the e-procurement system to selected entities and conducting system wide training on the use of the system.
- f) 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.
- g) PPDA/URF Office Project: The Authority will continue to pursue the activities that will lead to successful completion of the project. The excavation works were ongoing.
- h) Opening Regional Office in Eastern Uganda: In order to bring the PPDA oversight role closer to the eastern Uganda regional Entities, the Authority will open a regional office in Mbale to cater for the Entities domiciled in eastern Uganda.

Annex I: Providers Suspended by the Authority

No	Provider	Reason for recommendation of suspension	Duration of suspension
1	Multi Best Consult Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate	Two years effective 12 th October 2017 to 11 th October 2019
2	Central H. Investment	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate	Two years effective 12 th October 2017 to 11 th October 2019
3	Robson Construction Co. Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate	Two years effective 12 th October 2017 to 11 th October 2019
4	Landen Company Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate.	Three years effective 12 th October 2017 to 11 th October 2020.
5	Kheny Technical Services Limited	Breach of contractual obligations in respect to the contract for construction of government offices in Bundibugyo	One year effective 12 th October 2017 to 11 th October 2018
6	Fathil International Projects Limited	Breach of contractual obligations in respect to the contracts for supply of seals and tags for revenue collection; and Design, printing and supply of corporate timeless notebooks	One year effective 12 th October 2017 to 11 th October 2018
7	Green House Construction Limited	Abandonment of the construction site at Aloii Secondary School which amounted to failure to perform contractual obligations	Three years effective 12 th October 2017 to 11 th October 2020
8	Victron Solar Company (U) Ltd	Breach of the code of ethical conduct of providers following misinterpretation by submitting an invoice for 57 solar PV Systems yet it had no contract with the Rural Electrification Agency.	Six (6) Months effective 21 st November 2017 to 20 th May 2018
9	Visible Investments Limited	Breach of the code of ethical conduct of providers following submission of a forged transaction Tax clearance certificate.	Two (2) Years effective 21 st November 2017 to 20 th November 2019

No	Provider	Reason for recommendation of suspension	Duration of suspension
10	Ox Foundation Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate	Three years effective 18 th May 2018 to 17 th May 2021
11	Jamara Company Limited	Breach of the code of ethical conduct of providers following submission of a forged RoP Certificate	Two years effective 18 th May 2018 to 17 th May 2020
12	Restore Green Cover Uganda Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate	Three years effective 18 th May 2018 to 17 th May 2021
13	Batania Investment Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate.	Three years effective 18 th May 2018 to 17 th May 2021
14	Ilodo Holdings Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate	Three years effective 18 th May 2018 to 17 th May 2021
15	Ambrose Construction Company Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate	Two years effective 18 th May 2018 to 17 th May 2020
16	Millennium Agencies Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate	Three years effective 18 th May 2018 to 17 th May 2021
17	Amach Producers and Marketing Cooperative Society	Breach of the code of ethical conduct of providers following submission of a forged Trading License Clearance Certificate	Two years effective 18 th May 2018 to 17 th May 2020
18	Elgon Interiors and Consultancy Co. Ltd	Failure to perform contractual obligations.	Two years effective 18 th May 2018 to 17 th May 2020
19	SoluxIngenieria SA	Failure to perform contractual obligations.	Three years effective 18 th May 2018 to 17 th May 2021 Power and Water Products Limited

No	Provider	Reason for recommendation of suspension	Duration of suspension
21	Power and Water Products Limited	Breach of the code of ethical conduct of providers following submission of a forged Transaction Tax Clearance Certificate and Trading License	Three years effective 18 th May 2018 to 17 th May 2021
22	Emmy Ways Engineering Construction Limited	Breach of the code of ethical conduct of providers following misrepresentation of facts in a bid submitted. The provider claimed construction works at Lorretoh Senior School in Mukono District which it did not perform	Two years effective 18 th May 2018 to 17 th May 2020
23	Universal for General Construction and Trading Company Limited	Breach of the code of ethical conduct of providers following Misrepresentation of facts in a bid submitted. The provider altered the contractual amounts in the contract for the construction works performed for the International Organization for Immigration Mission in South Sudan.	Two years effective 18 th May 2018 to 17 th May 2020
24	Top Brands Ltd	Breach of the code of ethical conduct of providers following misrepresentation of facts in its bid submitted for construction of facilities at various secondary schools Lot 4. Top Brands Limited indicated that it had undertaken works for UNHCR Sub Office Mbarara at the field unit in Kyaka II in 2016	Two years effective 18 th May 2018 to 17 th May 2020
25	Odamah & Brothers (U) Limited	Breach of the code of ethical conduct of providers following submission of a forged bank statement	Three years effective 18 th May 2018 to 17 th May 2021
26	Engineering Trade Links Limited	Breach of the code of ethical conduct of providers following submission of a forged certificate of completion	Two years effective 18 th May 2018 to 17 th May 2020

(Footnotes)

- 1 To improve the performance, the Authority will first track the activities which lead to implementation of EGP.
- 2 Not handled because it was filed out of time
- 3 There are still administrative inefficiencies in the procurement process which cause delays resulting into failure to implement the procurement plans.
- 4 No data is available as most of the procurements were not completed by the end of the FY
- 5 The failure to meet the target is attributed to limited awareness, however the Authority is working on the modalities of popularizing e-learning.
- 6 No Internal stakeholder survey was done.
- 7 The failure to meet the target is attributed to budget cuts
- 8 It explains the decrease in the budget resulting from the budget cuts
- 9 No regional Office was opened due to limited funding
- 10 Variance of UGX 1,004,708,743,483 between the sampled value of contracts of UGX 3,659,605,131,641 and rated value of contracts of UGX 2,654,896,388,157.81 was due to two (2) procurements sampled under the Ministry of Works and Transport which by the time of the audit of the Entity had not had contracts signed and thus were unrated.

Auditor General's Report



THE REPUBLIC OF UGANDA

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2018**

**OFFICE OF THE AUDITOR GENERAL
UGANDA**

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GOVERNMENT OF THE REPUBLIC OF UGANDA



PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY

Reports and Financial Statements for the Year Ended 30 June 2018

For Accounting Officers of the Central Government

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Public Procurement and Disposal of Public Assets Authority (PPDA)

Statement of Responsibilities of the Accounting Officer

The financial statements set out on pages 7 to 35 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 and non-produced assets and liabilities are recognized and presented in these financial statements.

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.

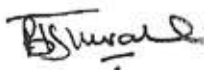
Section 45 (3) of the Act require the Accounting Officer to enter into an annual budget performance contract with the Secretary to the Treasury which shall bind the Accounting Officer to deliver on the activities in the work plan of the vote for a financial year.

Sections 50 and 51 of the Act respectively require me to prepare and submit half-yearly 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 Turamye

Accounting Officer

27.11.28

Date

Public Procurement and Disposal of Public Assets Authority (PPDA)

Commentary on the Financial Statements by the Accounting Officer

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.

Principal Activity of the Vote

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

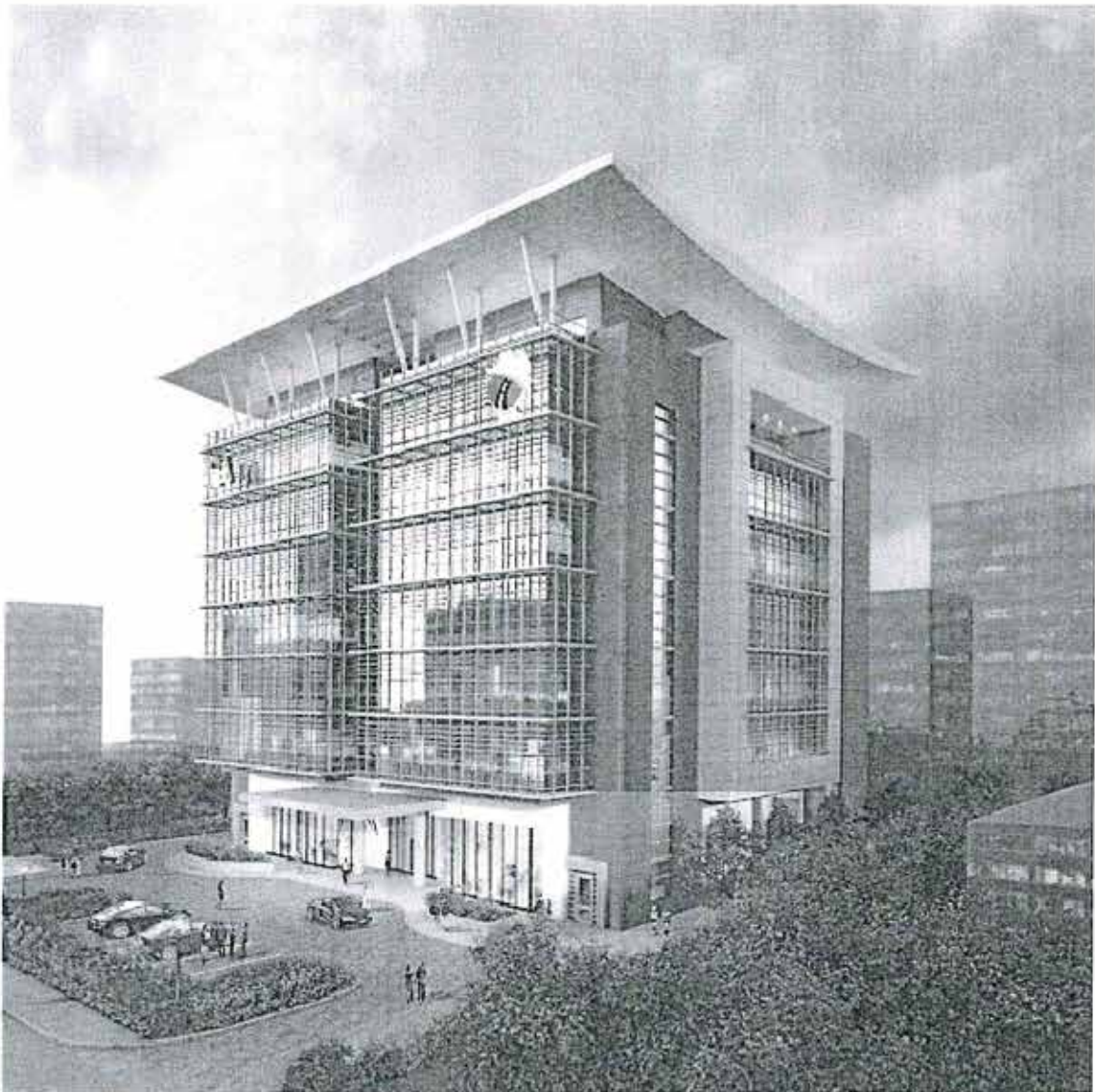
Entity's main responsibilities

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.

Key Performance highlights

During the reporting period, the consultant completed building designs and submitted them to Kampala City Council Authority for approval. The proposed offices will house Public Procurement and Disposal of Public Assets Authority (PPDA) and Uganda Road Fund (URF)

Public Procurement and Disposal of Public Assets Authority (PPDA)



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.

Public Procurement and Disposal of Public Assets Authority (PPDA)

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 2017/2018 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.

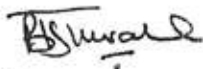
Action on Parliamentary Recommendations

During the FY 2016/2017, the Authority had one audit query from the Office of the Auditor General namely:

Low absorption of the development budget,

The recommendation will be fully implemented by the end of the financial year following the signing of a construction contract with Seyani brothers limited, Parbat Siyani construction Ltd JV.

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

Benson Turamye 
Accounting Officer
27-11-2018
Date

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. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined the matters described below to be key audit matters communicated in my report.

- **Implementation of the Budget Approved by Parliament**

Section 45 (3) of the Public Finance Management Act 2015, states that "An Accounting Officer shall 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, submitted under Section 13 (15)" of the said Act. It has been observed over the years that planned and budgeted for activities of several Government entities are not implemented thereby affecting service delivery.

During the overall office wide planning, I assessed risks of inadequate release of funds, and failure to undertake budget monitoring and supervision that are likely to be the causes of failure to implement entity planned activities. The focus was put on the planned major outputs of the entities which greatly impact on the wellbeing of communities. Consequently, I developed specific audit procedures which included the evaluation of the financial and annual physical performance by analysing government releases, testing consistency of planned outputs with the approved budget and verifying the accuracy and completeness of the reported actual outputs.

Based on the procedures performed, I observed that a total of UGX.13,402,960,644 was budgeted to cater for the Public Procurements and Disposal of Public Assets Authority's activities. However, by the close of the financial year, UGX.13,203,225,626 (99% of the approved budget) had been received resulting into a budget shortfall of UGX.199,735,018 (1%). I noted that the short fall affected implementation of some planned activities such as payment for rent and procurement of goods and services, leading to creation of domestic arrears.

Besides I observed that the strategic plan of the Authority is not aligned to the National Development Plan (NDP) II 2015-2020 in terms of the time frame. This led to the issuance of a certificate of non-compliance by the National Planning Authority due to

failure by PPDA to align the time horizon of its strategic plan (2014/15–2018/19) and the NDP II (2015/16– 2019/20). Failure to align the strategic plan timelines to the NDP may undermine progress of implementation of NDP II under Vision 2040.

The Accounting Officer stated that PPDA's budget release is guaranteed at 90% which depends on the performance of the government's revenue collection and other economic factors. Regarding the strategic Plan, the Authority is going to extend its current strategic planning period by one year so that the next strategic planning period is aligned to the strategic planning period of the NDP II.

I advised the Accounting Officer to liaise with the concerned stakeholders, especially MoFPED in order to ensure that all appropriated funds are released to the Authority to facilitate implementation of planned activities, and to also accordingly align its strategic plan period to that of the NDP II.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the following matter presented in the financial statements that, in my judgement, is of such importance and fundamental to users' understanding of the financial statements;

- **Outstanding Payables**

A review of the payables position revealed that an amount of UGX.97,765,859 relating to domestic arrears was disclosed in the commentary to the accounts but only UGX.55,820,379 of this total was reported in the statement of financial position and the balance of UGX.41,945,480 was not presented in the statement of financial position and statement of outstanding commitments as at the end of the financial year. Under the circumstances, the Authority's liability position was understated by UGX.41,945,480. This was caused by the directive from Ministry of Finance Planning and Economic Development, which restricted Accounting Officers to only recognise payables of rent and utilities.

Creation of payables is contrary to the government commitment control system. Besides, failure to reflect the full liability position of the Authority may mislead the users of the financial statements. I advised the Accounting Officer to avoid committing the Authority beyond the availed funds.

Other Matter

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

- **Under Staffing**

According to Section 18(2) of PPDA Act 2003, the Executive Director, on directive by the Board, shall appoint other staff as may be required for the performance of the functions of the Authority on terms and conditions of service determined by the Authority.

A review of the PPDA staffing position indicated that the Authority had 101 (80%) staff members out of 132 approved positions, leaving 27 (20%) positions vacant. Among the vacant positions were critical posts including that of Executive Director that has not been filled substantively since expiry of the contract of the former Executive Director in March 2017. Understaffing negatively affects implementation of planned activities and is likely to curtail the Authority from effectively delivering on its mandate.

The Accounting Officer acknowledged the observation and explained that the wage ceiling allocated to the Authority is not sufficient to fill all the staff gaps. I advised the Accounting Officer to liaise with the relevant stakeholders including the Ministry of Finance Planning and Economic Development, with a view of obtaining the necessary funding to fill the vacant positions.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises the statement of responsibilities of the Accounting Officer and the commentaries by the Head of Accounts and the Accounting Officer, and other supplementary information. The other information does not include the financial statements and my auditors' report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially consistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a

material misstatement of this other information, am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Accounting Officer for the Financial Statements

Under Article 164 of the Constitution of the Republic of Uganda, 1995 (as amended) and Section 45 of the Public Finance Management Act, 2015, the Accounting Officer is accountable to Parliament for the funds and resources of the Public Procurement and Disposal of Public Assets Authority.

The Accounting Officer is also responsible for the preparation of financial statements in accordance with the requirements of the Public Finance Management Act 2015, and the Financial Reporting Guide, 2018, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Authority's ability to continue delivering its mandate, disclosing, as applicable, matters related to affecting the delivery of the mandate of the Public Procurement and Disposal of Public Assets Authority, and using the Financial Reporting Guide 2018 unless the Accounting Officer has a realistic alternative to the contrary.

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

Auditor General'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 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 judgement and maintain professional scepticism 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 my 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 Directors' 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 Authority's 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 the Authority 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 Directors 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 Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them 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 Directors, 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.

Other Reporting Responsibilities

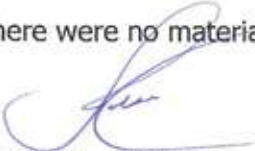
In accordance with Section 19 (1) of the National Audit Act (NAA) 2008, I report to you, based on my work described on the audit of Financial Statements, that;

- The activities, financial transactions and information reflected in the financial statements that have come to my notice during the audit, are in all material respects, in compliance with the authorities which govern them.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

In accordance with Section 13 of the NAA, 2008, I have a responsibility to report material findings on the compliance of the Public Procurement and Disposal of Public Assets Authority with specific matters in key legislations. I performed procedures to identify findings but not to gather evidence to express assurance.

There were no material non-compliance findings that came to my attention during the audit.

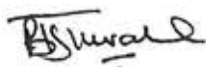

John F.S. Muwanga
AUDITOR GENERAL
KAMPALA
17th December 2018

Public Procurement and Disposal of Public Assets Authority (PPDA)

Statement of Financial Performance

[Based on classification of expenditures by nature]

	Note	Actual 30 June 2018 (Shs)	Actual 30 June 2017 (Shs)
OPERATING REVENUE			
Revenue			
Taxes	2		
External Grants Received	3		
Transfers received from the Consolidated Fund	4	13,203,225,626	11,513,045,143
Transfers from the Contingencies Fund	5		
Transfers received from Other Government units	6		
Non – Tax revenue	7	658,375,045	540,199,325
Total operating revenue		13,861,600,671	12,053,244,468
OPERATING EXPENSES			
Employee costs	8	8,791,162,630	8,538,972,434
Goods and services consumed	9	2,075,382,947	2,402,360,276
Consumption of property, plant & equipment	10	2,319,701,775	524,368,668
Subsidies	11		
Transfers to other Organizations	12		
Interest expense	13		
Social benefits	14		
Other operating expenses	15	1,369,000	3,000,000
Total operating expenses		13,187,616,352	11,468,701,378
Excess of revenue over expenditure from operating activities		673,984,319	584,543,090
Foreign exchange loss (Gain)	16		
Finance costs	17		
Transfers to Treasury	18	-658,375,045	-540,199,325
Excess of Revenue over expenditure for the year		15,609,274	44,343,765



Benson Turamye.....
Accounting Officer

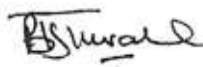
Public Procurement and Disposal of Public Assets Authority (PPDA)

Statement of Financial Position

	Notes	30 June 2018 (Shs)	30 June 2017 (Shs)
ASSETS			
Cash and cash equivalents	18		0
Receivables	19		12,314,825
Inventories	20		
Investments	21		
Non-Produced Assets	23		
Total Assets		0	12,314,825
LIABILITIES			
Borrowings	23		
Payables	24	-55,820,379	
Pension Liability	25		
Total Liabilities			
Net assets (liabilities)		-55,820,379	12,314,825
REPRESENTED BY:-			
Net Worth		-55,820,379	12,314,825

Statement of Changes in Equity (Net Worth)

	Schedule	30 June 2018 (Shs)	30 June 2017 (Shs)
At 1 July - Net worth Last Year (B/F)		12,314,825	26,504,678
Less: Transfers to the UCF account (Previous Year Balances)			0
+/- Adjustments (Cash and cash equivalents)			-3,604,000
Payables adjustments (See statement of outstanding commitments)		-15,609,274	0
Adjustments in the receivables		-7,226,097	0
Revaluation reserve		-60,909,107	-54,929,618
Add: Excess of revenue over expenditure for the Year		15,609,274	44,343,765
Closing Net Financial Worth		-55,820,379	12,314,825

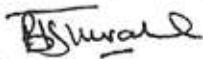


Benson Turanye.....
Accounting Officer

Public Procurement and Disposal of Public Assets Authority (PPDA)

Cash flow Statement for the year ended [Direct Method]

	30 June 2018 (Shs)	30 June 2017 (Shs)
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue from Operating activities		
Taxes		
External Grants Received		
Transfers received from the Consolidated Fund	13,203,225,626	11,513,045,143
Transfers from the Contingencies Fund	0	0
Transfers received from Other Government units	0	0
Non – Tax revenue	658,375,045	540,199,325
Deposits received	0	0
Advances recovered	0	0
Less Transfer to Treasury (Balances and NTR)	-658,375,045	-540,199,325
Total Operating revenue	13,203,225,626	11,513,045,143
PAYMENTS FOR OPERATING EXPENSES		
Employee costs	8,791,162,630	8,538,972,434
Goods and services consumed	2,075,382,947	2,402,360,276
Subsidies	0	0
Transfers to Other Organizations	0	0
Social benefits	0	0
Other expenses	1,369,000	3,000,000
Foreign exchange loss/(gain)	0	0
Net Advances paid	0	12,314,825
Domestic arrears paid during the year	15,609,274	32,028,940
Pension Arrears paid during the Year	0	0
Losses of cash	0	0
Letters of Credit receivable	0	0
Total payments for operating activities	10,883,523,851	10,988,676,475
Net cash inflows/(outflows) from operating activities	2,319,701,775	524,368,668
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	2,319,701,775	524,368,668
Purchase of non-produced assets	0	0
Proceeds from sale of property, plant and equipment	0	0
Purchase of investments	0	0
Proceeds from sale of investments	0	0
Net cash inflows/(outflows) from investing activities	2,319,701,775	524,368,668
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


 Benson Turanye.....
 Accounting Officer

Public Procurement and Disposal of Public Assets Authority (PPDA)

Cash flow Statement for the year ended (continued)

Reconciliation of movement of cash during the year

	Notes	30 June 2018 (Shs)	30 June 2017 (Shs)
At the beginning of the year		0	0
Less: Transfers to the UCF account (Previous Year Balances)		0	0
Add/ (Less): Adjustments to the opening balance		0	0
Add/ (Less): Adjustments in cash and cash equivalents		0	0
Net increase (decrease) of cash from the <i>Cash flow Statement</i>		0	0
At the end of the year		0	0

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

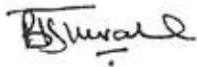
		30 June 2018 (Shs)	30 June 2017 (Shs)
Cash and bank balances	19	0	0
Less bank overdrafts	20	0	0
Cash and bank balances		0	0


 Benson Turamye.....
 Accounting Officer

Public Procurement and Disposal of Public Assets Authority (PPDA)

Statement of Appropriation Account [Based On Services Voted]

	Initial Approved Budget 30 June 2018 (Shs) (a)	Revised Approved Budget 30 June 2018 (Shs) (b)	Warrants 30 June 2018 (Shs) (c)	Actual 30 June 2018 (Shs) (d)	Variance 30 June 2018 (Shs) (b-d)
RECEIPTS					
Taxes					
Non – Tax revenue				658,375,045	658,375,045
Transfers received from the Consolidated Fund	13,402,960,644		13,203,225,626	13,203,225,626	13,203,225,626
Transfers from the Contingencies Fund					
Grants Received					
Transfers received from Other Government units					
Total receipts	13,402,960,644		13,203,225,626	13,861,600,671	13,861,600,671
EXPENDITURE- by services as per appropriation					
Headquarters	11,082,960,644	11,082,960,644		10,867,914,577	215,046,067
Development Expenditure	2,320,000,000	2,320,000,000		2,319,701,775	298,225
Total Expenditure	13,402,960,644	13,402,960,644	13,203,225,626	13,187,616,352	215,344,292
Net Receipts/Payments				673,984,319	

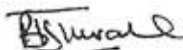


Benson Turamy.....
Accounting Officer

Public Procurement and Disposal of Public Assets Authority (PPDA)

Statement of Appropriation Account [based on nature of expenditure]

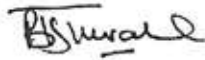
	Initial Approved Budget 30 June 2018 (Shs) (a)	Revised Approved Budget 30 June 2018 (Shs) (b)	Warrants 30 June 2018 (Shs) (c)	Actual 30 June 2018 (Shs) (d)	Variance 30 June 2018 (Shs) (b-d)
RECEIPTS					
Taxes					
Non – Tax revenue				658,375,045	658,375,045
Transfers received from the Consolidated Fund	13,402,960,644		13,263,545,594	13,203,225,626	13,203,225,626
Transfers from the Contingencies Fund					
Grants Received					
Transfers received from Other Government units					
Total receipts	13,402,960,644	13,402,960,644	13,263,545,594	13,861,600,671	13,861,600,671
EXPENDITURE-by nature of expenditure					
Employee costs	8,959,185,338	8,959,185,338		8,791,162,630	168,022,708
Goods and services consumed	2,090,166,032	2,090,166,032		2,075,382,947	14,783,085
Consumption of property, plant & equipment	2,320,000,000	2,320,000,000		2,319,701,775	298,225
Subsidies					
Transfers to other Organizations					
Social benefits					
Other expenses	18,000,000	18,000,000		1,369,000	16,631,000
Domestic arrears paid	15,609,274	15,609,274			15,609,274
Finance costs					
Total expenditure	13,402,960,644	13,402,960,644	13,263,545,594	13,187,616,352	215,344,292
Net Receipts/Payments				673,984,319	


 Benson Turamy.....
 Accounting Officer

Public Procurement and Disposal of Public Assets Authority (PPDA)

Reconciliation between total expenditure per Appropriation Accounts and per Statement of Financial Performance

	Actual 30 June 2018 (Shs)	Actual 30 June 2017 (Shs)
Total expenditure per Appropriation Account	13,187,616,352	11,468,701,378
Add:		
Letters of credit receivable prior year but delivered during the year		
Less:		
Letters of credit receivable at year-end		
Domestic Arrears paid		
Total Expenditure per Statement of Financial Performance	13,187,616,352	11,468,701,378



Benson Turanye.....
Accounting Officer

Public Procurement and Disposal of Public Assets Authority (PPDA)

Notes to the Financial Statements

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 is a reporting entity of the Government of the Republic of Uganda and is domiciled in Uganda the principal address of the entity is:

The principal address of the entity is:

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 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.

4) The Contingencies Fund

Public Procurement and Disposal of Public Assets Authority (PPDA)

Established by Section 26 of the Public Finance Management Act, 2015, which in every financial year, shall be replenished with an amount 0.5% of the appropriated annual budget of the Government of the previous financial year without consideration of any supplementary budget. The Fund shall provide funding for natural disasters.

5) Classified expenditures

Classified expenditures are included under supply of goods and services in the Statement of Financial Performance and are audited separately. The money appropriated for classified expenditure shall only be used for defense and national security purposes. A committee of Parliament comprising the chairpersons of the committees responsible for budget; defense and internal affairs; and another member appointed by the Speaker will be responsible for scrutiny of classified expenditure budget.

6) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the requirements of the Public Finance Management Act, 2015 [the Act] and comply with generally accepted accounting principles. The Financial Statements have consistently been prepared using the modified cash basis of accounting except where stated otherwise. The modified cash basis of accounting recognizes revenue when cash is received and expenses (except for expenses approved to be accrued) when incurred but within the approved budget.

7) Going concern consideration

The financial statements have been prepared on a going concern basis.

8) Presentation currency

The reporting and presentation currency is the Uganda Shilling (Shs), which is the functional currency of the Republic of Uganda. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

9) Reporting Period

The reporting period for these financial statements is from 1 July 2017 to the next 30 June 2018. Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format in the current year's financial statements.

10) Appropriation

The initial approved budget is the original forecast as presented and approved by Parliament. A revised budget is the initial approved budget adjusted by a supplementary or reallocations/ virements.

11) Revenue

Revenue represents cash and grants in kind received by the entity during the financial year and comprise; taxes, transfers from the Consolidated Fund, transfers from the Contingency Fund, grants received and non-tax revenue. Revenues are recognized as follows;

i) Tax revenues

Tax revenue is recognized when received. Taxes are levied with the authority of Parliament subject to Article 152 of the Constitution of the Republic of Uganda. Payment of tax does not necessarily result into an entitlement to the taxpayer to receive equivalent value of services or benefits.

ii) Grants

Public Procurement and Disposal of Public Assets Authority (PPDA)

Grants are received by the entity either as cash or in-kind. All grants (aid assistance) are recognized as income when received. In-kind receipts (donations) are recognized at fair value.

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.

12) Expenses

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

13) 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.

14) 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.

15) 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 equipment are not recognized in the financial statements.

16) 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.

Public Procurement and Disposal of Public Assets Authority (PPDA)

17) 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.

Escrow Account balances are to be recognized in the Financial Position of the responsible entity and expensed through the Financial Performance in the period when funds are utilized.

18) Receivables

(i) Advances and other receivables

Receivables are carried at historical cost and are written down by recovered receipts or write –off of unrecoverable amounts (bad debts are written-off with the approval of Parliament, when identified in the Statement of Changes in Equity).

(ii) Letters of credit

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

19) Inventories

Comprise consumable supplies expensed in the period when acquired. Inventories that qualify for recognition must be initially reflected at cost. Where they are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

20) Investment properties

Investment property principally comprises land, office, commercial and residential buildings, and other physical assets, which is held for long-term rental income and is not occupied internally. Investment property is treated as a long-term investment and is carried at cost.

21) Investments

Investments are classified into three groupings, namely: **investments held for trading; investments held-to-maturity; and investments available-for-sale.**

Investments that are acquired principally for the purposes of generating profit from short-term fluctuations in price are classified as “trading investments”, and are, therefore, current assets and are treated as monetary assets.

Investments with fixed maturities and there is an intention and ability to hold them to maturity dates are classified as “**Investments held-to-maturity**”, and are, therefore, non-current assets, and are treated as non- monetary assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as “**investments available-for-sale**” and are therefore non-current assets and regarded as non-monetary assets. However, if there is an expressed intention to sell these within 12 months, then these are treated as current assets and are monetary assets.

Appropriate classification of investments at the time of purchase and re-evaluation of such designation are carried out on a regular basis but any resulting reclassifications are rare and cannot be made from “trading investments” to “investments held to maturity”

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All investments in the balance sheet are carried at historical cost. Non-financial assets are measured at net worth. For investments quoted in foreign currency, the historical cost is translated at the closing rate.

22) Projects expenditure

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.

23) 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.

24) Employee benefits

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

25) 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 neither recognized nor disclosed.

26) 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-cancelable 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 to the extent of the appropriation.

27) 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.

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Other 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 June 2018	30 June 2017
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 June 2018 (Shs)	30 June 2017 (Shs)
Local Services Tax		
Land fees		
Business Licenses		
Other tax revenues		
Total taxation revenues		

Note 3: External Grants received

	30 June 2018 (Shs)	30 June 2017 (Shs)
Grants from foreign governments		
Grants from International Organizations		
Total Grants		

Note 4: Transfers Received from the Treasury – Consolidated Fund

	30 June 2018 (Shs)	30 June 2017 (Shs)
Transfers from the treasury- current	10,883,523,851	11,513,045,143
Transfers from the treasury- capital	2,319,701,775	0
Total Transfers	13,203,225,626	11,513,045,143

Note 5: Transfers Received from the Treasury- Contingencies Fund

	30 June 2018 (Shs)	30 June 2017 (Shs)
Response to natural crisis – location A		
Response to natural crisis- location B		
Total Transfers for the Year		

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Note 6: 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 recognized by treasury but transferred to other executing MALGS, etc

	30 June 2018 (Shs)	30 June 2017 (Shs)
Transfers received from other Gov't Units- Current		
Transfers received from other Gov't units- Capital		
Total		

Note 7: Non-Tax Revenues

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

	30 June 2018 (Shs)	30 June 2017 (Shs)
Investment income		
Dividends		
Rent		
Other property income (disposal of assets)		
Sale of goods and services		
Administrative fees and licenses	632,156,723	505,918,758
Court fines and Penalties	0	0
Other fines and Penalties	0	0
Miscellaneous Revenue	26,218,322	34,280,567
Total Non-Tax Revenue	658,375,045	540,199,325

Note 8: Employee Costs

Employee costs principally comprise:

	30 June 2018 (Shs)	30 June 2017 (Shs)
Wages and salaries	6,871,928,142	6,487,659,663
Social contributions	533,999,039	554,053,487
Other employment costs	1,385,235,449	1,497,259,284
Total employee costs.	8,791,162,630	8,538,972,434

Note 9: Goods and Services

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

	30 June 2018 (Shs)	30 June 2017 (Shs)
General expenses	633,373,300	779,824,362
Communications	159,839,999	136,305,521
Utility and property expenses	686,345,999	639,145,995
Supplies and services	36,000,000	39,737,771
Professional services	46,599,998	110,599,920
Insurances and licenses	186,787,482	202,579,555
Travel and transport	242,570,763	389,908,127
Maintenance	83,865,406	104,259,025
Inventories (goods purchased for resale)	0	0
Total cost of goods and services	2,075,382,947	2,402,360,276

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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.

	30 June 2018 (Shs)	30 June 2017 (Shs)
Non-Residential buildings	1,900,000,001	43,015,000
Residential buildings	0	0
Roads and bridges	0	0
Transport equipment-	349,701,777	229,941,755
Machinery and equipment	42,999,999	233,647,313
Furniture and fittings	26,999,998	17,764,600
Other fixed assets	0	0
Total value of property, plant and equipment expensed	2,319,701,775	524,368,668

Note 11: Subsidies

Subsidies paid during the year are summarized as below:

	Actuals 30 June 2018 (Shs)	Actuals 30 June 2017 (Shs)
To public corporations		
To private enterprises		
To private individuals		
Total subsidies for the year		

Note 12: Transfers to Other Organizations

Transfers made during the year are summarized as below:

	Actuals 30 June 2018 (Shs)	Actuals 30 June 2017 (Shs)
Transfer to foreign Governments		
Transfers to International Organizations		
Transfers to other government units		
To resident non-government units		
Total transfers		

Note 13: Social Benefits

Social benefits paid during the year comprise:

	Actuals 30 June 2018 (Shs)	Actuals 30 June 2017 (Shs)
Pensions		
Employer Social benefits		
Total social benefits		

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Note 14: Other Operating Expenses

These comprise:

	Actuals 30 June 2018 (Shs)	Actuals 30 June 2017 (Shs)
Property expenses other than interest		
Miscellaneous other expenses- current	1,369,000	3,000,000
Miscellaneous other expenses- capital		
Total other operating expenses	1,369,000	3,000,000

Note 15: Foreign Exchange Gains and Losses

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

	30 June 2018 (Shs)	30 June 2017 (Shs)
Realized loss (gain) (SFP)		
Un/realized loss (gain) (SCE)		
Net foreign exchange (gains)/ losses		

Note 16: Finance costs

	Schedule	30th June 2018 (Shs)	30 June 2017 (Shs)
Interests on external debts (external borrowings)			
Interests on other domestic borrowings			
Total finance cost			

Note 17: 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 June 2018 (Shs)	30 June 2017 (Shs)
Non Tax revenue	658,375,045	540,199,325
Unspent Salary balances		
Expenditure account balances		
Total for the year.	658,375,045	540,199,325

Note 18 Cash and cash equivalents

	30 June 2018 (Shs)	30 June 2017 (Shs)
DOMESTIC		
Revenue accounts		
Expenditure accounts		
Project accounts		
Collection accounts		
Cash in transit		
Cash at hand- Imprest		
Others		
Sub-total cash and bank balances- domestic		
FOREIGN		
Revenue Accounts		
Project Accounts		

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	30 June 2018 (Shs)	30 June 2017 (Shs)
Expenditure accounts		
Collection accounts		
Cash in transit		
Cash at hand- Imprests		
Others		
Sub-total cash and bank balances- foreign		
Total cash and bank balances		

Any over drafts should be included under the respective bank accounts

Note 19: Receivables

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

	30 June 2018 (Shs)	30 June 2017 (Shs)
DOMESTIC		
Loans (short-term) -others		
Advances	0	12,314,825
Outstanding letters of credit		
Other accounts receivable		
Total domestic receivables		
FOREIGN		
Loans (short-term) -others		
Advances		
Other accounts receivable		
Total foreign receivables		
Total receivables		
Less provisions against doubtful accounts		
Net receivables	0	12,314,825

Note 20: Inventories

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

	30 June 2018 (Shs)	30 June 2017 (Shs)
Strategic stock-petroleum products		
Other inventories (goods purchased for re-sale)		
Total inventories		

Note 21: Investments

Comprise investments as follows:

	30 June 2018 (Shs)	30 June 2017 (Shs)
Securities other than shares (long-term)-domestic		
Shares and other equity-domestic		
Securities other than shares-foreign		
Total investments		

Note 22: Non Produced Assets

	30 June 2018 (Shs)	30 June 2017 (Shs)
Land		

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Cultivated Assets		
Other Naturally occurring Assets		
Total Non-Produced Assets		

Note 23: Borrowings

	30 June 2018 (Shs)	30 June 2017 (Shs)
DOMESTIC		
Loans from commercial banks		
Interest payable on bank loans/borrowings		
Other		
Total domestic borrowings		
FOREIGN		
Loans from commercial banks		
Interest payable on bank loans/borrowings		
Other		
Total foreign borrowings		
Total borrowings		

Note 25: Payables

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

	30 June 2018 (Shs)	30 June 2017 (Shs)
Payables	55,820,379	
Trade Creditors		
Sundry Creditors		
Committed Creditors		
Accountable advances		
Withholding tax payable		
Deposits received		
Advances from other Government units		
Miscellaneous accounts payables		
Total payables	55,820,379	

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	55,820,379	0	0	55,820,379
Rent				
Contributions to International Organizations				
Court Awards & Compensations				
Taxes and other deductions				

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Goods and services Consumed				
Non Produced Assets				
Others				
Total Payables	55,820,379			55,820,379

Note 25: 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 June 2018 (Shs)	30 June 2017 (Shs).
Former employees in Public Service		
Former employees in Military Service		
Former employees of the Education Service		
Gratuity Arrears		
Total		

The aging of the pension liabilities is as below; -

	Incurred in the current Financial Year Shs	Incurred in the Previous Financial Year Shs	Other Financial Years Shs	Total Shs
Pensions				
Gratuity				
Total				

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