



Public Procurement and Disposal of Public Assets Authority



**ANNUAL PERFORMANCE
REPORT**

JULY 2018 – JUNE 2019





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ACRONYMS

Acronyms	Meaning
ASSIP	Accountability Sector Strategic Investment Plan
BEB	Best Evaluated Bidder
BUBU	Buy Uganda Build Uganda
CC	Contracts Committee
CG	Central Government
CSO	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
NTR	Non Tax Revenue
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

Acronyms	Meaning
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
SG	Solicitor General
SMEs	Small and Medium Enterprises
SUGAR	Strengthening Uganda's Anti-Corruption Response
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

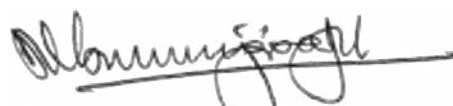
MESSAGE FROM THE BOARD CHAIRMAN

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 16th Annual Report of the Authority for the Financial Year (FY) 2018/19. This was the fifth 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 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. The Authority, working with MoFPED 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 2019/20, 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-GP 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 staff, management, government, development partners and other stakeholders for their support in improving efficiency and effectiveness in Public Procurement.



Julius K. Ishungisa

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 which ended in FY 2018/19 and extended to FY 2019/20.

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; and
- e) build procurement and disposal capacity in Uganda.

The Annual Report for Financial Year 2018/19 highlights the key achievements of the Authority, the challenges faced during the implementation of activities and the main activities planned for the Financial Year 2019/20 based on the priorities extended to the 6th year.

Key Highlights in FY 2018/19

a) Strengthening Transparency and Accountability in Public Procurement

Amendments of the PPDA Act, 2003; Stakeholder consultations were conducted in which members of the Authority contributed proposals for amendment of the PPDA Act, 2003. The draft PPDA (Amendment) Bill 2018 was submitted to Cabinet and was approved. The Bill was subsequently gazetted on 3rd May 2019 as Bill No. 12 of 2019. The first reading of the PPDA (Amendment Bill) 2019 was undertaken on 31st July 2019. The Bill was referred to the Committee on Finance, Planning and Economic Development which was soliciting views from various stakeholders by the end of the FY 2018/19.

Revision of the Standard Bidding Documents: The Authority commenced on the revision of the standard bidding documents to incorporate changes following the issuance of guidance on reservation schemes and Health, Social and Environmental Safety requirements. Draft standard bidding documents for design and build works, frame work contracting, supply and installation of Information Technology Systems were also developed and are pending finalisation in FY 2019/20.

Procurement Audits: The Authority completed 136 (90.7%) audits out of the planned 150 audits in the FY 2018/19. The audits conducted include eighty-nine (89) performance audits and forty-seven (47) contract audits. The audit findings revealed that only 43.58% of the planned procurements were procured within the planned timelines implying that Entities failed to deliver 56.42% of their procurements within the planned timelines. There is a slight improvement when compared to 40% for FY 2017/18. Failure to meet the timelines slows down the implementation of contracts. In addition, 48.92% of the contracts signed

were not completed within the contractual period while 37.61% of the signed contracts were not paid on time.

The Authority also undertook a total of ninety-one (91) compliance inspections. The inspections carried out included forty-six (46) Central Government Entities with 448 sampled contracts worth UGX 143,743,646,556 and forty-five (45) Local Government Entities with 434 sampled contracts worth UGX 32,813,101,121. The findings revealed that overall the compliance level of the Entities for the procurement system was satisfactory with a score of 66.67%; the overall compliance level for the procurement process was satisfactory with a score of 71.62%, and a disposal compliance rating of 87.32%.

Investigations: The Authority investigated and issued seventy-three (73) reports on complaints worth UGX 1,354,658,219,178. Of the issued reports, 27 (37%) were in respect to complaints carried forward from the FY 2017/18 and 46 (63%) complaints were received during the FY 2018/19. The Authority found merit in 29 (39.7%) complaints on procurements worth UGX 1,056,805,854,048 and no merit in 44 (60.3%) complaints on procurements worth UGX 297,852,365,130. There was an increase in the proportion of complaints on merit from 38.4% in FY 2017/18 to 39.4% in the FY 2018/19. The Authority recommended disciplinary action to the staff in the PDEs responsible for the irregularities and ordered retender of the procurement process.

Applications for Administrative Reviews: The Authority received and handled sixty-two (62) applications for Administrative Review by bidders not satisfied with the evaluation process and the decisions of Accounting Officers. Two (2) applications were withdrawn and one (1) application could not be handled because the Entity failed to submit the procurement file. The estimated cost of the procurements that were subjected to administrative reviews was UGX 567,199,272,636.55. Forty-one (41) applications representing 66% were in respect to procurements by Central Government Entities and twenty-one (21) applications representing 34% related to procurements by Local Government Entities. Twenty (20) applications representing 34% were upheld, thirty-nine (39) applications representing 66% were rejected. There was a reduction in the proportion of cases upheld from 49.7% in the FY 2017/18 to 34% in the FY 2018/19. This implies that procurement irregularities are going down.

However, out of the 59 decisions issued, fourteen (14) were appealed against before the PPDA Appeals Tribunal representing 23%. The Tribunal upheld the Authority's decisions in eight (8) applications representing 57% and allowed six (6) applications representing 43%.

PPDA Appeals Tribunal: The Authority handled twenty-one (21) applications before the PPDA Appeals Tribunal. The applications arose from thirteen (13) procurements (some procurements attracted more than one application). Of these, 18 applications were in relation to Administrative review decisions while three (3) were from suspension decisions. One (1) application was withdrawn on consent of the parties. Out of the twenty-one (21) applications heard on merit, the PPDA Appeals Tribunal dismissed ten (10) applications representing 48% and allowed seven (7) applications representing 33%. The proportion of applications dismissed reduced from 52% in the FY 2017/18 to 48% in the FY 2018/19.

Court Cases: In FY 2018/19, the Authority was represented in twelve (12) matters at the High Court and Court of Appeal. Seven (7) of the matters were brought forward from the previous years. Three (3) of the cases were appeals against the PPDA Appeals Tribunal decisions, three (3) were appeals at the Court of Appeal against the decision of the High Court, two (2) were applications for taxation of the costs awarded by court. Out of the twelve (12) matters, seven cases were finally determined without costs to the Authority compared to the 2 cases which were determined in the FY 2017/18.

b) Increasing Competition and Hence Contributing to Domestic Industry Development

Roll out of the Government Procurement Portal (GPP): In the FY 2018/19, the total number of Entities on the system to 213 representing a coverage of 56.95%. The Authority was able to assess performance of the 102 PDEs which entered data on the Portal. The total number of contracts entered into the portal and analysed in the FY 2018/19 was 11,318 compared to 12,760 contracts in the FY 2017/18. However, there was a decline in the total value of procurements in the system from UGX 3.3 Tn in FY 2017/18 to UGX 1.8Tn in FY 2018/19. The reduction was attributed to failure by High Spend Entities such as UNRA, MoWE and KCCA 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.

Bidder Participation in the Procurement Process: In the Financial Year under review, the average number of bids received per procurement process improved from 2 bids in FY 2017/18 to 3.8 bids. This indicator is a measure of the level of competition in public procurement. The Authority recommends in its strategic plan that each procurement process should attract at least 5 bids for competition to be deemed sufficient. The improvement in competition is attributed to the Authority and PDEs' interaction with bidders through bidder conferences, the Authority encouraging the use of bid securing declarations to ease the financial burden on bidders for low value procurements and PDEs holding pre bid meetings to clarify or answer bidders' questions which has also led to an improvement in the quality of bids submitted.

Contracts by Value Subjected to Open Competition: In the Financial Year 2018/19, 71.9% of the total value of contracts were procured using open bidding. There was a significant improvement in the value of procurements that were procured by open competition from the FY 17/18 when the value through open bidding accounted for 57.5% of contracts. This significant improvement in performance was on account of several high value infrastructure projects that were procured by open bidding procedures. i.e. the design and build of Masindi - Biiso, Kabale - Kiziranfumbi, and Hohwa - Nyairongo - Kyarusheha - Butole Road upgrading project (97km) by UNRA that was worth UGX 504,861,701,717. In terms of numbers, the percentage of contracts that was subjected to open competition was only 5% compared to 6% in the FY2017/18. Whereas the value of procurements that go through open bidding is significantly high, they are fewer in number. The lower value but repetitively procured items account for the bigger number of procurements.

Promoting Local Content in Public Procurement: This indicator is intended to gauge the participation of local firms in the public procurement market. Since the public procurement market accounts for a significant proportion of the economy, it is important that for local economic development local firms get a significant share of the market. The total number of contracts awarded to local providers remained at a high 99%, as has been the case in the previous Financial Years. This is because the overwhelming number of procurements is small in value and done by local providers. However, in terms of value, 72% (UGX 1,226,365,730,825) of the value of procurements were awarded to local firms in the Financial Year under review. This means that whereas the number of contracts done by foreign providers are very few in number, in terms of value, they are high. Many of the large contracts continue to be executed by foreign providers. This was because the change in definition of foreign firms as per the amended Guideline on Reservation Schemes allowed the firms to continue dominating the large infrastructure projects in the works, energy, education and health sectors.

c) Enhancing the Efficiency of the Public Procurement Process

Average time taken to complete the Procurement Cycle: This indicator measures the procurement lead times against indicative time lines that were issued by the Authority. The system calculates the time the procurement process takes from initiation to contract signature. Performance under this indicator improved slightly for open domestic bidding. The average lead time taken to complete the procurement cycle under open domestic bidding method was 172 days which is an improvement from 180 days for FY 2017/18. This is above the indicative lead time frame for open domestic bidding which is 100 working days giving a variance of 72 days. The average lead time taken to complete the procurement cycle under open international bidding was 320 days which is above the indicative lead time frame for open international bidding which is 110 working days giving a variance of 210 days.

Procurement Plan Implementation: This indicator that was previously referred to as procurement budget absorption rate 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 for all Entities. In the FY 18/19, there was a slight improvement in performance under this indicator with 64% of the total procurement value being implemented within the year. This was an improvement from the performance in FY 17/18 which was 61%. The improvement in performance under this indicator is as a result of some administrative efficiencies in the procurement process within the PDE and the Authority's close working relationship with especially the high spend PDEs that culminates into improved implementation of the procurement plans. This improvement by Entities in implementing procurement plans contributes to improved service delivery. It is therefore important that the implementation of procurement plans is closely monitored by the PDEs themselves and the Authority in a bid to improve service delivery.

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 a slight reduction in submission of procurement plans from 91.3% in the FY2017/18 to 88.9% in the FY2018/19. With regards to the requirement to submit procurement reports, there was a slight improvement from 59% in the FY2017/18 to 60.3% in the FY 2018/19.

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. The Authority, with support from UN Women embarked on a project to re-design the Register of Providers in readiness for electronic procurement and the new system was launched during the period under review. The new and improved system is secure, faster, more reliable and a lot easier to use than the previous version and is expected to improve compliance with the ROP registration process and also increase ROP NTR. The new system is able to capture gender disaggregated data especially on ownership of companies registered on the system. In the Financial Year 2018/19, 3458 new providers were registered on the register of providers and 5288 existing providers renewed their subscription. A total of UGX 657 million was generated from the Register of Providers.

d) Strengthening Contract Management and Performance

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 was 93.1%, an improvement from FY 17/18 where performance under this parameter was at 90%. By value, the percentage of procurements implemented in accordance with the market price was 78.2%, a decline from 87% in the previous Year. The improvement in performance by number can be attributed to the enforcement by the Authority of the requirement for Accounting Officers to conduct market assessments before commencement of the procurement process and before signing of contracts. This has been a key interest of the Authority during the conduct of its various audits. However, the decline in value evidences the fact that this is emphasized for mostly low value procurements.

Contracts Completed within 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 agreed period in the contract. The indicator is scored by calculating the time taken to execute the contract against the original time-lines in the contract. There was a significant improvement under this indicator. In terms of number, the performance improved from 58% in FY 2017/18 to 71% in FY 2018/19. In terms of value, there was improvement in performance as 73% of the total value of procurements were completed within the original contract time. This is a significant improvement from the previous Financial Year where the performance was 58.25%. The performance shows that Entities are now paying close attention to contract management as emphasized by the Authority.

Implementation of PPDA Recommendations: The Authority conducted follow up activities in 86 PDEs to assess the status of implementation of audit and investigations recommendations made in the reports that the Authority issued in FY 2017/18 for procurement and disposal transactions conducted in FY 2015/16. The follow up activities were conducted in 22 Central Government PDEs and 64 Local Government PDEs. A total of 1284 recommendations were reviewed and of these 842 recommendations (66%) were found to have been implemented and 442 recommendations (34%) were not implemented. This was a decline from the 2017/18 performance where 69% of the recommendations were implemented.

Suspension of Providers: The Authority received fifty-three (53) recommendations to suspend providers in the Financial Year in addition to the fifty (51) complaints that were carried forward from the previous financial year resulting into a total of one hundred four recommendations. The Authority found merit in the recommendations and suspended twenty-three (23) providers. Six (6) providers were not suspended since no merit was found in the recommendations. Twelve (12) recommendations were deferred pending the outcome of court cases related to the investigation, two (2) matters were referred to the Criminal Investigation Directorate for further investigation and two (2) recommendations were withdrawn by the Entities. Fifty-nine (59) cases were still under investigation. The suspended providers were found to have failed to substantially perform contracts or breached the code of ethics of providers following forgery of documents such as completion certificates, income tax clearance, bid guarantees, bid securities, Powers of Attorney and previous experience.

e) Leveraging Technology to Improve Procurement Outcomes

Enhancing PPDA's Technology Infrastructure

Disaster Recovery Solution

Power faults in the server room arising from a faulty inverter system caused malfunctioning of the server and storage infrastructure in FY 2017/18 and a new power inverter was procured and installed to mitigate re-occurrence of the same. The process for buying extra hard disks, re-formatting, re-initialising and re-configuring the server and storage systems to roll back the malfunctioning was completed. The Authority also set up a leased line from the Head office to the National Data Centre. The secondary (backup) servers were transferred to the Data centre to establish a Primary-Secondary link so as to complete the process of setting up the Disaster Recovery Solution. This DR solution will ensure that the Authority has a seamless disaster recovery and business continuity plan for all its data and ICT services.

Extension of the National Backbone Infrastructure (NBI) Internet to Mbale Office

The National Information Technology Authority (NITA) embarked on a project to rollout the NBI internet services to all PDEs in FY 2015/16. The Mbale regional office was connected to the NBI service in December 2018 and PPDA established a leased line connection between the head office and the regional offices to enable a wide area network for seamless resource sharing between headquarters and the regions. The Authority completed the setup of the Mbale network to be able to have seamless access to the network and all network resources at head office. This effort is meant to ensure that there is seamless collaboration and data access from the regional offices to head offices and vice-versa.

Progress of E-Government Procurement under RCIP: During the period, the e-GP project team successfully worked with the vendor and mapped out the requirements from the bid document visa vie what was provided in the system requirements specification document thereby moving the systems requirements specifications document from 69% accuracy to 90%. The integration of platforms of IFMS, URSB, NSSF,URA, E-payment gateway and SMS notification gateway were completed.

f) Enhancing the Performance of Public Procurement beyond Compliance

Advice to Entities: A total of one hundred and ninety-six (196) requests for legal guidance/advice were handled during the financial year 2018/19. Out of these, 106(54%) were from Central Government, 47(24%) were from Local Government and 43(22%) were from Private Companies.

Accreditations: 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 eleven (11) applications for accreditation of alternative procurement procedures during the period under review. Six (6) applications were granted relating to procurement of bulls for Meat Export Support Services Project (MESSP) directly from farmers, disposal of furniture and assorted office equipment, low cost sealing trial contracts for small contractors, procurement and disposal of auto parts and service suppliers and operation of the Mary Hill bakery funded by AVSI/SKY Foundation and procurement processes for acquisition of aircrafts and other services. Three (3) applications were closed for lack of information and two (2) applications were pending conclusion. The procurement procedures accredited will lead to efficient management of the procurement requirements and reduction of the lead time which would lead to improved budget absorption and better service delivery.

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

The Authority conducted trainings for 1,294 participants out the planned 2000 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.

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 of average prices of common user items in Northern Region (Gulu), western Region (Mbarara) Eastern Region (Mbale) and Central Region (Kampala). This will enable stakeholders to access the updated indicative market rates and prices to help them make the right decisions on value based pricing of goods, works, and services. Though the list does not cover all items that are subject of public procurement, it contains the major items for services, works and supplies. The detailed list of the average prices can be accessed on the PPDA website. The survey recommended that there is need to conduct further research on the utilization of these prices so as to generate feedback on the improvements desired by the users.

Other Research Areas: The Authority conducted studies on; Profiling Key Sectors of the Economy and Identify Existing Capacities in the Country; Mainstreaming the Independent Parallel Bid Evaluation Mechanism; Challenges of Implementing Complex/High Value Projects; and Factors Affecting the Disposal of Public Assets.

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

Financial Budget Performance: During the FY 2018/19, the Authority was funded by the Government of Uganda to the tune of UGX 22.82 Billion (91.8% of approved budget) out of the approved budget of UGX 24.85 Billion. The Authority utilized UGX 22.7 Billion for the Financial Year representing 95%.

Non Tax Revenue: Non-Tax Revenues (NTR) of UGX 730,234,283 out of an annual target of 700M was collected representing 104% as at 30th June 2019. 90% of the total was attributed to registration fees on the Register of Providers (ROP) portal and 10% of the total was miscellaneous receipts arising from asset disposals.

Off budget Support

European Union (EU-JAR Sector Reform Grant)

The Authority received UGX 650 million from the European Union. The funds were spent on Procurement Audits, follows-ups on PPDA recommendations and capacity building of staff.

Governance, Accountability, Participation, and Performance Program (GAPP)

The Authority also received funding from GAPP amounting to UGX 33,000,000 to facilitate the auditing of twelve (12) Local Governments Entities. GAAP directly pays staff to conduct the audits.

Regional Communication and Infrastructure Program (RCIP)

The Authority received USD\$630,000 cumulatively from RCIP under the National

Information and Technology Authority of Uganda (NITA-U) for the development of the Electronic Government Procurement (e-GP) System. NITA-U directly pays staff and suppliers for the goods and services procured using World Bank funding.

The Financial Management and Accountability Program III (FINMAP III)

The Authority received UGX 667,725,140 from FINMAP III for the FY 2018/19. The funds were spent on consultancy activities which were carried over from the previous FY 2017/18.

Recruitment: During the year, the Authority filled 21 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; Manager Internal Audit (1), Senior Human Resources Officer (1), Director Corporate Affairs (1), Regional Manager, Mbale (1), Manager Finance and Administration (1), Senior Officer Investigations (1), E- GP Support Officer-Procurement (5), E- GP Support Officer- Information Technology (5), Administrative Assistant (2) and Driver (2).

PPDA/URF Office Project: The Authority has continued to implement the activities the lead to successful implementation of PPDA/URF joint project. The proposed head office building for URF and PPDA is a modern government office tower with two separate wings each housing one of the two government bodies. The building is 12 levels comprising of 3 basement levels for parking and building services, ground and Mezzanine floor levels for the levels.

The two wings are connected by a central circulation core that consists of common facilities such as lifts, the main staircase, lavatories and pantries. Other shared facilities such as the staff cafeteria, Day Care Centre, general reception lobby, and conference hall are provided in the building. The overall progress of the project was 23% as at 30th June 2019 which is on target as compared to 22% planned for the period. The projected completion date is 30th March 2021.

i) Leveraging and Enhancing PPDA's Partnerships and Collaborations

Leveraging Partnerships: The Authority maintained the existing strategic relationships with various stakeholders including the European Union (EU-JAR Sector Reform Grant, GIZ, Africa Freedom for Information Centre (AFIC, SUGAR and World Bank Trust Fund. Through these partnerships, the Authority will be able to raise additional support to contribute to the achievement of the objectives of the Authority.

Participation in the 11th East African Procurement Forum: The Authority participated in the 11th East African Procurement Forum that was held in Nairobi Kenya in November 2018. The EAPF brings together all key stakeholders in public procurement in the East African region. The Forum had representation from the academics, policymakers, civil society, regulators, and the private sector among others. The theme of the Forum was around improving transparency in public procurement in the East African region.

In summary, overall 58% of the outcomes have been achieved which is a slight increment from 50% for FY 2017/18. Table 1 presents the performance against planned targets of selected output indicators and outcomes for the Financial Year 2018/19.

¹ 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 2018/19

Strategic Objectives / PPDA Indicators (outcome and Output)		2015/16 (baseline)	2016/17	2017/18 Target	2018/19		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% ²	
Procurement Audits	In-house	114 (81%)	116 (97%)	84 (93%)	150	136 (91%)	
	Completed	98% (N=59)	73 (122%)	94	80	73	N/A
Administrative Reviews	Rejected	29	18	22	N/A	39	N/A
	Upheld	9	37	23	N/A	20	N/A
	Withdrawn			2	N/A	2	N/A
	Not handled ³			1	N/A	1	N/A
PPDA Appeals Tribunal	% Cases upheld by Tribunal	53% (n=24)	68% (n=19)	52% n=23	100%	59% n=22	
2. To increase competition and hence contribute to domestic industry development							
% by value of contracts awarded to local contractors		58%	53%	54%	55%	72%	
Average number of bids received	# of bids	2.1	2 (40%)	2.16	5	3.8	N/A
% of contracts subjected to open competition	By Number	5.5%	4.4%	6.3%	15%	5%	N/A
	By value	45.5 %	71.8%	57.5%	80%	71.9%	
No. of domestic producers awarded tenders on the basis of preference schemes	No of providers	1 (5%)		N/A	20	N/A ⁴	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	1	5	N/A	5	N/A	N/A
3. To Enhance the Efficiency of the Public Procurement Process							
Procurement plan implementation rate		43.6%	43%	61%	97%	64% ⁵	
Procurement lead time (OIB)		144	278	87 ⁶	110	320	N/A
Procurement lead time (ODB)		159	164	180	100	172	N/A
Contracts completed within contractual time	% of contracts	50%	66%	58%	95%	73%	
No. of Entities compliant with submission of reports	LG (quarterly)	420 (79%)	77%	46.4%	100%	65% n=668	
	CG (monthly)	1384 (73%)	77%	73.8%	100%	59% n=2100	

² To improve the performance, the Authority will first track the activities which lead to implementation of EGP.

³ Not handled because it was filed out of time

⁴ No data was captured but the audit tools have been revised to capture the information in future

⁵ There are still administrative inefficiencies in the procurement process which cause delays resulting into failure to implement the procurement plans.

⁶ There was only one procurements under Open International Bidding whose details were entered into the system

Strategic Objectives / PPDA Indicators (outcome and Output)		2015/16 (baseline)	2016/17	2017/18 Target	2018/19		Results rating	
					Target	Actual		
No. of Entities compliant with submission of plans	# LG	104 (83%)	87%	95%	100%	96% n=96		
	# CG	131 (81%)	87%	76.5%	100%	91% n=175		
Registrations of Providers	# New	1,559 (108%)	1,899 (95%)	2095	2,440	3458	N/A	
	# Renewals	2,654 (184%)	3,351 (112%)	4703	4,440	5288	N/A	
4. To Strengthen Contract Management and Performance.								
% of contracts rated satisfactory		90%	95%	92.8%	90%	63.11% ⁷		
Procurements completed according to market price	Value	63.1%	79%	87%	95%	78.2%		
Suspensions of Providers	Number of providers suspended	24 (n=103)	60 (n=142)	25 (n=36)	N/A	23 n=53	N/A	
Follow up on PPDA recommendations	# of Entities followed up	109 (91%)	108 (90%)	108	120	86	N/A	
	% implemented	72% (n=1231)	70%	69%	80%	66%		
Procurement Integrity rating for agencies with e-Procurement	%	N/A	N/A	N/A	60%	EGP behind schedule	N/A	
% increase in tenders and award notices published in e-Procurement Portal	%	N/A	N/A	N/A	10%	EGP behind schedule	N/A	
5. To enhance the performance of public procurement beyond compliance								
% of Entities rated satisfactory from audits		79.8% (n=114)	77% (n=116)	83.33% n=84	100%	70.9% ⁸ n=89		
Accreditations	Rejected	3 (n=5)	3	3	N/A	3	N/A	
	Upheld	2 (n=5)	6	17	N/A	6	N/A	
	Under consideration			1		2	N/A	
No of Entities issued with formal guidance	#	167 (84%)	148 (74%)	239	200	196	N/A	
Deviation from use of SBDs	#		18	6	N/A	7	N/A	
6. To enhance the effectiveness of capacity building, research and knowledge management								
No of personnel trained in basic and specialized procurement skills		1,531 (55%)	1,584	2050	2,000	1,294 ⁹	N/A	
No of research studies that PPDA has contributed to		1	2 (33%)	3	3	3	N/A	
No of stakeholders enrolled for e-learning		#	0	123	48	300	55 ¹⁰	N/A

⁷ The failure to attain the target is due to contracts which were not completed within contractual time.

⁸ Not all entities were rated satisfactory due to poor procurement planning and irregularities in evaluation

⁹ The failure to meet the target is attributed to the fall in funding especially on FINMAP funds.

¹⁰ The failure to meet the target is attributed to limited awareness, however the Authority is working on the modalities of popularizing e-learning through collaboration with public universities offering procurement courses.

Strategic Objectives / PPDA Indicators (outcome and Output)		2015/16 (baseline)	2016/17	2017/18 Target	2018/19		Results rating
					Target	Actual	
No of research studies	# of studies conducted	1	1 (50%)	3	3	3	N/A
7. To Strengthen internal PPDA capacity to deliver improved performance of public procurement							
% achievement of set strategic goals against plan		69%	58%	50%	85%	58%	
% level of motivation as shown through internal stakeholder satisfaction survey		54	N/A	N/A ¹¹	80%	N/A	N/A
Budget Performance	Wage	3.677bn	6.55bn	6.55bn	9.476bn	8.718bn	N/A
	Non Wage	4.788bn	5.34bn	4.318bn	4.381bn	4.155bn	N/A
	Development	2.257bn	2.32bn	2.32bn	10.994bn	9.829bn	N/A
Increase in funding to the Authority	% increase in GoU Funding	22.08%	72%	-5% ¹²	15%	85%	
	% increase in Donor Funding	0	0	-6%	15%	92%	
Staff turn over	%	15%	1.6%		5%	3.5%	N/A
No of regional Offices established	no	1	0		1	1	N/A
Progress on construction of PPDA Home		N/A	N/A	15%	22%	23%	N/A
8. Leverage and Enhance PPDA's partnerships and collaborations							
No of objectives achieved through partnerships		2	4	3	3	3	N/A
No. of collaborative initiatives conducted in partnerships	#	5	5	4	5	3	N/A
No. of productive partnerships with MoUs	#	3	5	2	3	3	N/A

Key to Performance

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

¹¹ No Internal stakeholder survey was done.

¹² It explains the decrease in the budget resulting from the budget cuts

CHAPTER 1

ORGANIZATION OVERVIEW

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 2019:

1. Mr Julius K. Ishungisa : Chairman of the Board of Directors
2. Ms Rita Namakiika Nangono : Member
3. Eng. George William Bwanga : Member
4. Arch. Dorothy Abola : Member
5. Mr. Godfrey Ssemugooma : Member
6. Mr. Xavier Kyooma Akampurira : Member
7. Dr. Levi Kabagambe (PhD) : Member
8. Mr. Benson Turamye : Member

Board of Directors



Mr Julius K. Ishungisa
Chairman



Arch. Dorothy Abola
Member



Dr. Levi Kabagambe (PhD)
Member



Ms Rita Namakiika Nangono
Member



Mr. Godfrey Ssemugooma
Member



Mr Xavier Kyooma Akampurira
Member



Eng. George William Bwanga
Member



Mr Benson Turamywe
Member

1.3.2 Directorates of the Authority

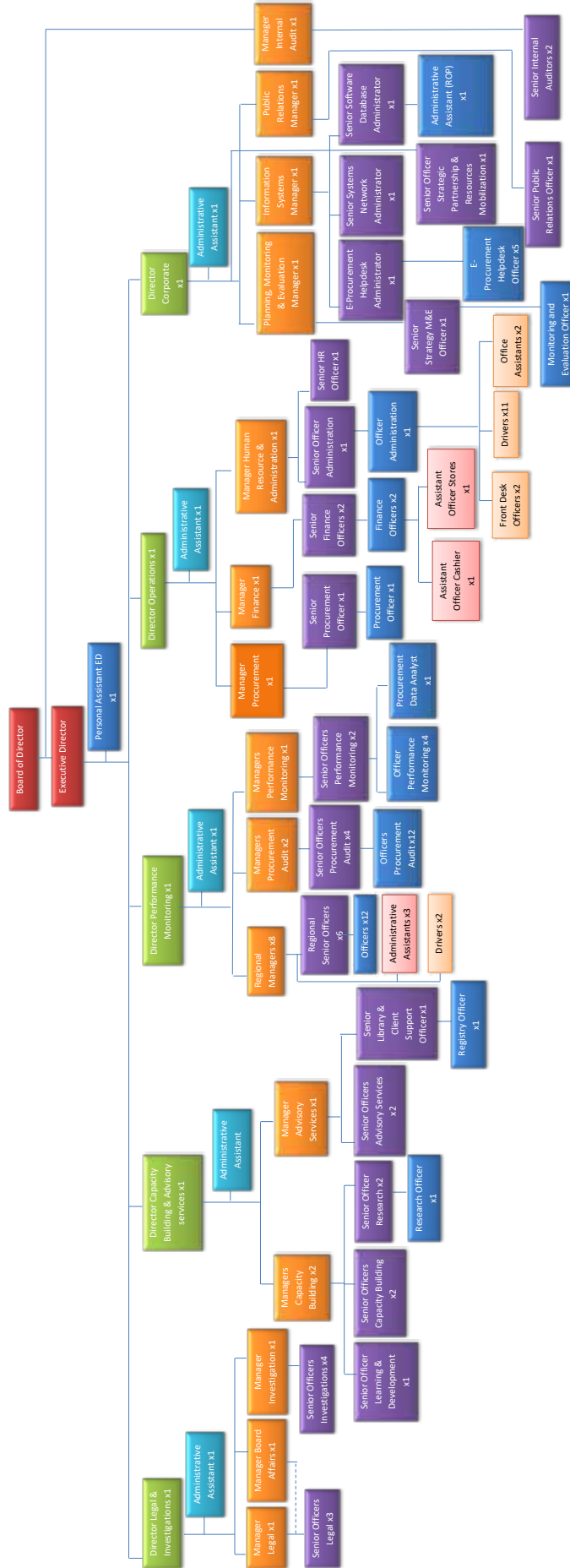
The Executive Director, who is the Accounting Officer, is responsible for the day to day Affairs of the Authority and is in charge of the overall planning in the organization, coordination of other departments and coordination with other government agencies, Public relations, research activities among 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 2019, the Authority had a staff complement of 115(88%) out of the 131 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

ORGANISATIONAL STRUCTURE OF THE AUTHORITY



CHAPTER 2

STRENGTHENING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC PROCUREMENT

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 in which members of the Authority contributed proposals for amendment of the PPDA Act, 2003 under the Technical Working Group under the leadership of the Ministry of Finance, Planning and Economic Development. The draft PPDA (Amendment) Bill 2018 was submitted to Cabinet and was approved. The Bill was subsequently gazetted on 3rd May 2019 as Bill No. 12 of 2019. The Bill was presented to the Clerk to Parliament to be listed on the order paper for consideration by Parliament.

2.2 Revision of the Standard Bidding Documents

The Authority commenced on the revision of the standard bidding documents to incorporate changes following the issuance of guidance on reservation schemes and Health, Social and Environmental Safety requirements. Draft standard bidding documents for design and build works, frame work contracting, supply and installation of Information Technology Systems were also developed and are pending finalisation.

2.3 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 fulfillment of the above mandate, the Authority completed 136 (90.7%) audits out of the planned 150 audits in the FY 2018/19. The audits conducted include eighty-nine (89) performance audits and forty-seven (47) contract audits. The total number of contracts awarded in Financial Year 2017/2018 for the eighty-nine (89) Entities in which performance audits were conducted was 14,208 valued at UGX 3,163,011,882,637.4. The Authority sampled 2,304 (16.23%) contracts valued at UGX 1,986,699,914,147.4 (62.81%). The eighty-nine (89) Entities in which the performance audits were conducted, included thirty-one (31) Central Government Entities with 950 contracts worth UGX 1,786,923,082,755 and fifty-eight (58) Local Government Entities with 1,354 contracts worth UGX 199,776,831,392.4. The forty-seven (47) contract audits were carried out in twenty-three (23) Entities with an aggregate value of UGX 594,557,330,422.1, USD 242,861,626.84 and EURO 243,746,610.23. The audit findings revealed that only 43.58% of the planned procurements were procured within the planned timelines implying that

Entities failed to deliver 56.42% of their procurements within the planned timelines. There is a slight improvement when compared to 40% for FY 2017/18. Failure to meet the timelines slows down the implementation of contracts. In addition, 48.92% of the contracts signed were not completed within the contractual period while 37.61% of the signed contracts were not paid on time.

The performance of the Entities under performance audits indicates that three (3) Entities (3.37%) were highly satisfactory, sixty-three (63) (70.79%) were satisfactory, twenty-two (22) (24.72%) were unsatisfactory and one (1) (1.12%) was highly unsatisfactory Entity as indicated in Table 3.

Table 3: Overall Performance Rating of Entities

Category of Performance	FY 2017/18		FY 2018-19	
	Number of Entities	Percentage (%)	Number of Entities	Percentage (%)
Highly Satisfactory	1	1.19	3	3.37
Satisfactory	70	83.33	63	70.79
Unsatisfactory	13	15.48	22	24.72
Highly Unsatisfactory	Nil	Nil	1	1.12
Total	84	100	89	100%

2.4 Performance by value and number contracts

Of the 2,304 sampled procurements, UGX106,018,378,475 (5.34%) were highly satisfactory by value and 117 (5.08%) were highly satisfactory by number, UGX 1,564,928,471,158.64 (78.77%) were satisfactory by value and 78.77 (63.11%) were satisfactory by number, UGX 309,977,034,183 (15.60%) were unsatisfactory by value and 621 (26.95%) were unsatisfactory by number while UGX 5,776,030,331 (0.29%) were highly unsatisfactory by value and 112 (4.86%) were highly unsatisfactory by number as indicated in Table 4 & 5.

Table 4: Summary of Performance by value of Contracts

Category of Performance	FY 2017/18		FY 2018/19	
	Value of Contracts (UGX)	Percentage (%)	Value of Contracts (UGX)	Percentage (%)
Highly Satisfactory	437,509,645,626.86	16.48	106,018,378,475	5.34
Satisfactory	1,603,193,809,308	60.39	1,564,928,471,158.64	78.77
Unsatisfactory	607,685,364,816.55	22.89	309,977,034,183	15.60
Highly Unsatisfactory	6,507,568,406.4	0.25	5,776,030,331	0.29
Total	2,654,896,388,157.81¹³	100	1,986,699,914,147.64	100

¹³ 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.

Table 5: Summary of performance by number of contracts

Category of Performance	FY 2017/18		FY 2018/19	
	Number of Contracts (UGX)	Percentage (%)	Number of Contracts	Percentage (%)
Highly Satisfactory	272	11.13	117	5.08
Satisfactory	1,603	65.59	1,454	63.11
Unsatisfactory	507	20.74	621	26.95
Highly Unsatisfactory	61	2.50	112	4.86
Total	2,444	100	2,304	100

Compliance inspections

The Authority also undertook a total of ninety-one (91) compliance inspections. The inspections carried out included forty-six (46) Central Government Entities with 448 sampled contracts worth UGX 143,743,646,556 and forty-five (45) Local Government Entities with 434 sampled contracts worth UGX 32,813,101,121. The inspections involved a review of procurement systems, procurement processes, asset disposal processes, and the procurement performance indicators. The findings revealed the following;

- a. The overall compliance level for the procurement system for all the assessed 89 Entities was 66.27%. 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 89 Entities was 71.62% 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. Poor procurement planning which led to failure to deliver 56.42% of the sampled procurements within the planned timelines were mainly caused by administrative delays in Entities. This leads to low budget absorption and delayed service delivery;
- b. Failure to conduct proper market price assessment which led to awarding 28.87% of the sampled contracts outside the initial cost estimates. This leads to creation of domestic arrears;
- c. Low procurement budget absorption whereby 24.47% of the procurement budget was not absorbed by the Entities which affects service delivery;
- d. Low bidder participation evidenced by receipt of less than 3 bids in 48.92% of the sampled procurements. This is due to low bidder confidence in the public procurement system caused by late payments;
- e. Conducting 74 procurements worth UGX 17,010,856,354 outside the procurement plan for the Financial Year under review;
- f. Unjustified use of the direct procurement method in 47 procurements worth UGX 145,342,005,238;
- g. Irregularities during evaluation of bids in 210 procurements worth UGX 363,685,864,177.24 and USD 2,876,779.26;

- h. Signing contracts above the estimated market price at initiation in ninety-nine (99) procurements worth UGX 41677847469.82 and USD 1,005,323.68 without evidence of reassessment of market prices or confirmation of additional funding for the procurements;
- i. Issuance of inadequate solicitation documents to bidders in two hundred eighty-seven (287) procurements worth UGX 326,900,866,359.6;
- j. Failure by providers to adequately meet contractual obligations leading to completion of contracts outside stipulated contractual periods, shoddy works and abandoned works in one hundred one (101) procurements worth UGX 90,647,713,029; and
- k. Irregular payments to contractors such as payment of advance without advance payment guarantees, payments of contingency without justification and payments effected after miscalculation of statutory tax obligations in thirty-nine (39) contracts worth UGX 26,222,187,410 and EURO 364,970.

2.5 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 42 complaints that had been carried forward from the last Financial Year resulting into a total of 135 complaints.

The Authority investigated and issued reports to 73 complaints on procurements worth UGX 1,354,658,219,178. Of the issued reports, 27 (37%) were in respect to complaints carried forward from the last Financial Year and 46 (63%) complaints were received during the Financial Year. Five (5) complaints were handled as contract audits while one complaint was withdrawn by the complainant.

Of the reports issued, the fifty-one (69.9%) complaints related to procurements by the central Government entities while twenty-two (30.1%) complaints were in respect to procurements from Local Government entities. Twenty-nine (29) complaints were on works, fourteen (14) related to supplies, seventeen (17) related to services, nine (9) related to local revenue and four related disposal of assets.

The Authority found merit in 29 (39.7%) complaints with procurements worth UGX 1,056,805,854,048 and no merit in 44 (60.3%) complaints with procurements worth UGX 297,852,365,130 and recommended corrective measures such as disciplinary action to the responsible staff in the PDEs and retendering of the procurement process.

The complaints related to alleged lack of transparency in the procurement process by Entities, delays in conclusion of the procurement process, conflict of roles between the Contracts Committee and Procurement and Disposal Unit, non-adherence to the evaluation criteria in the bidding documents issued.

The investigations by the Authority found:

- i. Non-adherence to the evaluation criteria and ordered a re-evaluation of the bids.
- ii. Total non-adherence to principles of fairness and transparency and directed entities to cancel and retender the procurements.

- iii. Irregularities in the bidding process such as:
 - a) Award of contract to bidders with expired bid validity periods and securities;
 - b) Failure to notify all providers to extend bid securities and bid validity periods;
 - c) Signing contracts with bidder who did not submit a bid;
 - d) Contracting above the assessed market price at the commencement of the procurement.
- iv. Unjustified delay at evaluation and award of the contracts.
- v. Poor contract management.

Challenges during investigations

- i. Increasing number of complaints from anonymous complainants who cannot be contacted to substantiate the complaints.
- ii. Poor record keeping by the entities leading to delays in submission of procurement files and repeated requests to provide documents.

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 drop in investigation cases from 94 in the FY 2017/18 to 73 in the FY 2018/19.

2.6 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 handled sixty-two (62) applications for Administrative Review by bidders not satisfied with the evaluation process and the decisions of Accounting Officers. Two (2) applications were withdrawn and one (1) application could not be handled because the Entity failed to submit the procurement file. The estimated cost of the procurements that were subjected to administrative reviews was UGX 567,199,272,636.55. Forty-one (41) applications representing 66% were in respect to procurements by Central Government Entities and twenty-one (21) applications representing 34% related to procurements by Local Government Entities.

Twenty (20) applications representing 34% were upheld, thirty-nine (39) applications representing 66% were rejected.

Out of the 59 decisions issued, fourteen (14) were appealed against before the PPDA Appeals Tribunal representing 23%. The Tribunal upheld the Authority's decisions in eight (8) applications representing 57% and allowed six (6) applications representing 43%.

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

Table 6: Nature of decisions and corrective action in Administrative Reviews upheld

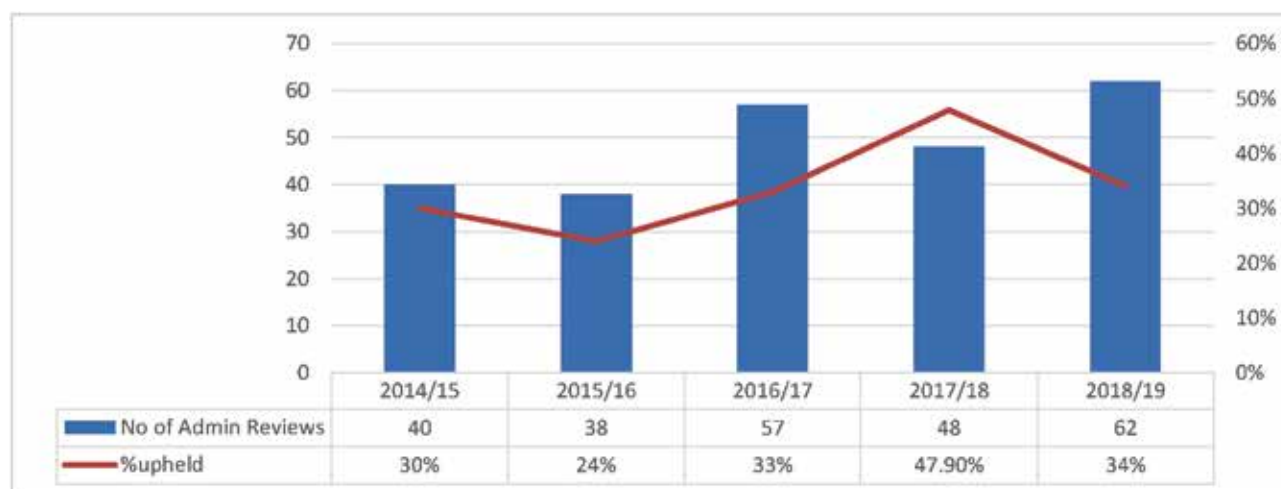
No.	Decision / Corrective Action	Number of Reviews and Percentage	Appeals Allowed
1.	Re-tender	13 (22%)	6(10%)
2.	Re-evaluate	7 (12%)	-
3.	Proceed with procurement	39 (66%)	-
TOTAL		59	

The Authority found the following from the Administrative Reviews:

- i. Non-compliance with the evaluation criteria in the bidding documents issued.
- ii. Failure by entities to request all the bidders to extend the bid validities and securities resulting into unfair treatment of the bidders. The Authority ordered cancellation of the procurement process in such cases.
- iii. Non usage of the standard bidding document issued by the Authority in the preparation of the bidding documents for issuance to bidders.
- iv. Award of contracts to bidders with expired bid validity periods or securities.
- v. Non adherence by Entities to provide bidders seeking Administrative Review with information under Section 89 (2) of the PPDA Act, 2003.

The increased number of reviews depict continued confidence of the providers in the complaints mechanism. This would in turn enhance the average number of bids submitted in a procurement process. 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 decreased from 47.9% in the FY 2017/18 to 34% in the FY 2018/19 while the applications for administrative review handled increased from 48 to 62 over the same period.

2.7 PPDA Appeals Tribunal

The Authority handled twenty-one (21) applications before the PPDA Appeals Tribunal. The applications arose from thirteen (13) procurements (some procurements attracted more than one application). Of these, 18 applications were in relation to Administrative review decisions while three (3) were from suspension decisions. One (1) application was withdrawn on consent of the parties. Out of the twenty-one (21) applications heard on merit, the PPDA Appeals Tribunal dismissed ten (10) applications representing 48 % and allowed seven (7) applications representing 33%.

Three (3) applications related to the Administrative Review decision with respect to construction of the Inspectorate of Government Headquarter building, two (2) applications related to the procurement of 170 tractors and matching implements by the National Agricultural and Advisory Services Secretariat and two (2) application related to the procurement design, supply, implementation and commissioning of an integrated Human Capital Management System.

The Tribunal set aside the suspension of one firm and confirmed the suspension decision in two applications.

2.8 Court Cases

In a bid to strengthen the complaints handling mechanism and contract management, the Authority issues Administrative Review decisions and suspends providers engaged in unethical conduct and who have failed to substantially perform contracts respectively.

The Authority was represented in twelve (12) matters at the High Court and Court of Appeal. Seven (7) of the matters were brought forward from the previous years. Three (3) of the cases were appeals against the PPDA Appeals Tribunal decisions, three (3) were appeals at the Court of Appeal against the decision of the High Court, two (2) were applications for taxation of the costs awarded by court.

Out of the twelve (12) matters above, the following seven cases were finally determined without costs to the Authority:

- i. Seyani Brother (U) Ltd Vs Roko Construction (U) Ltd, PPDA and National Drug Authority
- ii. PPDA Vs. Steam Investments (U) Ltd, Mbarara University of Science and Technology and Yanjin
- iii. Complaint Vs PPDA¹⁵
- iv. Ronald Ssegawa Gyagenda Vs PPDA
- v. Hellenar's Restaurant and Bar Ltd Vs. PPDA and 3 others
- vi. Steam Investments (U) Ltd Vs PPDA, MUST and Yanjian
- vii. Roko Construction Ltd Vs. PPDA, Seyani Brothers (U) Ltd and National Drug Authority

The following five (5) cases are ongoing and await hearing and determination:

- i. Complaint Vs PPDA¹⁶
- ii. PPDA Vs Complant¹⁷
- iii. Akaaba Enterprises Ltd Vs PPDA
- iv. PPDA Vs Basiima Consult Ltd
- v. Mary P. Ssozi Vs PPDA

¹⁵ High Court Civil Suit No. 682 of 2016

¹⁶ Judgment delivered with costs to PPDA. The Authority appealed against the judgment.

¹⁷ Court of Appeal Civil Appeal No. 244 and 245 of 2018

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)

The FY 2018/19 was the fourth 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.

The Portal is being rolled out to PDEs in a phased manner, starting with a pilot of 97 PDEs in FY 2015/16. In the Financial Year 16/17, the Portal was rolled out to a total of 169 PDEs; all the PDEs that had remained on the PPMS in the previous year were migrated onto the GPP. Currently the portal has been rolled out to a total of 213 PDEs (56.95% coverage). The Portal is part of the broader strategic objective of adopting an e-Government procurement system. It is hoped that it will introduce Entities to some features of an e-Government system and thus contribute to the readiness for its adoption.

The Authority was able to assess performance of the 102 PDEs which entered data on the Portal. The total number of contracts entered into the portal and analysed in the FY 2018/19 was 11,318 compared to 12,760 contracts in the FY 2017/18. However, there was a decline in the total value of procurements in the system from UGX 3.3 Tn in FY 2017/18 to UGX 1,810,685,899,962 in FY 2018/19. The reduction was attributed to failure by High Spend Entities such as UNRA, MoWE and KCCA 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

In the Financial Year under review, the average number of bids received per procurement process improved from 2 bids in FY 2017/18 to 3.8 bids. This indicator is a measure of the

level of competition in public procurement. The Authority recommends in its strategic plan that each procurement process should attract at least 5 bids for competition to be deemed sufficient.

The improvement in competition is attributed to the Authority and PDEs' interaction with bidders through bidder conferences, the Authority encouraging the use of bid securing declarations to ease the financial burden on bidders for low value procurements and PDEs holding pre bid meetings to clarify or answer bidders' questions which has also led to an improvement in the quality of bids submitted.

When disaggregated according to the different methods of procurement, the performance is as indicated in the table 7. It shows that the average number of bids reduces with the level of competitiveness of the procurement method.

Table 7: Average number of bids per method of procurement

S/No	Method of Procurement	Average no. of bids
1	Open Domestic bidding	9
2	Restricted Domestic Bidding	6.9
3	Open International Bidding (OIB)	5.8
4	Selective International Bidding (SIB)	3
5	Request for Quotations/Proposals (RFQ/P)	2.9
6	Expression of Interest	2.5
7	Selective National Bidding	1.6
8	Restricted International Bidding (RIB)	1.6
9	Short listing of Consultants without Expression of Interest	1.5
10	Micro Procurement	1
11	Direct Procurement	1

Source: Government Procurement Portal, 2018

2.1.2 Contracts by value subjected to open competition

In the Financial Year 2018/19, 71.9% of the total value of contracts were procured by open bidding. There was a significant improvement in the value of procurements that were procured by open competition from the FY 17/18 when the value through open bidding accounted for 57.5% of contracts. This significant improvement in performance was on account of several high value infrastructure projects that were procured by open bidding procedures. i.e. the design and build of Masindi - Biiso, Kabale - Kiziranfumbi, and Hohwa - Nyairongo - Kyarusheha - Butole Road upgrading project (97km) by UNRA that was worth UGX 504,861,701,717.

In terms of numbers, the percentage of contracts that was subjected to open competition was only 5%. Whereas the value of procurements that go through open bidding is significantly high, they are fewer in number. The lower value but repetitively procured items account for the bigger number of procurements. The value and number of procurement contracts by method of procurement is provided in Table 8.

Table 8: Value and number of procurement contracts per method of procurement

No	Procurement Method	FY 2017/18		FY 2018/19	
		No. of Contracts	Contract Value	No. of Contracts	Contract value
1.	Direct Procurement	1549	345,876,915,019	1058	295,807,630,211
2.	Open Domestic Bidding	773	861,927,013,073	464	565,970,226,909
3.	Open International Bidding (OIB)	30	807,560,958,271	41	655,193,781,194
4.	Request for Quotations /Proposals (RFQ/P)	2115	83,128,157,687	2183	113,945,227,012
5.	Restricted Domestic Bidding (RDB)	250	110,426,722,761	203	36,681,742,400
6.	Restricted International Bidding (RIB)	3	648,202,005,238	5	445,207,741
7.	Micro Procurements	7712	20,378,640,331	6060	18,832,060,725
8.	Single Source for Consultants	7	5,457,258,562	10	7,871,532,883
9.	Short listing of consultants without expression of interest	33	2,556,475,474	17	1,094,282,273
10.	Short listing of consultants with Expression of interest	18	12,131,435,132	11	3,173,460,132
11.	Selective National Bidding	260	6,405,869,949	202	4,254,073,107
12.	Selective International Bidding	5	86,437,984	1	16,512,670
	Total	12,755	2,904,137,889,481	10,255	1,703,285,737,257

3.3 Promoting Local Content in Public Procurement

This indicator is intended to gauge the participation of local firms in the public procurement market. Since the public procurement market accounts for a significant proportion of the economy, it is important that for local economic development local firms get a significant share of the market. The total number of contracts awarded to local providers remained at a high 99%, as has been the case in the previous Financial Years. This is because the overwhelming number of procurements is small in value and done by local providers. However, in terms of value, 72% (UGX 1,226,365,730,825) of the value of procurements were awarded to localW firms in the Financial Year under review. This means that whereas the number of contracts done by foreign providers are very few in number, in terms of value, they are high. Many of the large contracts continue to be executed by foreign providers. This was because the change in definition of foreign firms as per the amended Guideline on Reservation Schemes allowed the firms to continue dominating the large infrastructure projects in the works, energy, education and health sectors.

CHAPTER 4

ENHANCING THE EFFICIENCY OF PUBLIC PROCUREMENT SYSTEM

4.0 Background

In order to reduce the bottlenecks that delay procurement processes, the Authority is focusing on highlighting and addressing the contributing factors. This ensures 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 improved slightly for open domestic bidding. The average lead time taken to complete the procurement cycle under open domestic bidding method was 172 days which is an improvement from 180 days for FY 2017/18. This is above the indicative lead time frame for open domestic bidding which is 100 working days giving a variance of 72 days. The average lead time taken to complete the procurement cycle under open international bidding was 320 days which is above the indicative lead time frame for open international bidding which is 110 working days giving a variance of 210 days.

The following PDEs had the highest procurement lead times under open international bidding for the procurements indicated in table 9

Table 9 Highest procurement lead times under open international bidding

No.	Entity	Subject of Procurement	Contract Value (UGX)	Date of procurement initiation	Date of contract signature	Lead time
1.	MEMD	Supply of equipment for petrology, minerology, gemology and sample reception at dgs m	1,530,963,830	04/09/2018	16/04/2019	224
2.	NWSC	Supply of bulk water meters under framework contract for a period of 18 months	628,942,600	25/09/2018	26/6/2019	274
3.	UNRA	Supply, delivery, training and commissioning of 1 no. self-propelled road marking machine	1,477,282,596	02/02/2018	11/10/2018	251

Performance under this indicator has continued to be poor despite several efforts to reduce procurement lead times, including the regulation of evaluation timelines and guidance from the PS/ST that Entities should commence their procurement processes before funds are released to them. The data shows that there are a lot of administrative delays in the procurement process e.g. long delays continue to be experienced at the

different approval stages. Despite the legislative measures introduced to regulate the evaluation timelines, there are still delays at the evaluation stage. There are also delays by the Contracts Committees to approve documents. Though Entities, and to some extent public discussion, has tended to attribute the delays to Administrative Reviews, seeing that the number of administrative reviews handled in the FY 2018/19 has risen to 62 from 48 in FY 2017/18, to explain the lengthy time taken to complete the procurement process.

In a number of PDEs, the lengthy lead times were attributed to the early start of procurement processes that are not completed until funds are actually released. A number of PDEs noted that their lead times seem longer than is the case because they start their procurement processes early and stop at award stage until funds are released to them. The calculation of the lead times does not take into account administrative delays that occur during the procurement process for example from the time of completion of evaluation to the time of contract signature, as Entities wait for release of funds.

Table 10 shows the average time taken to complete a procurement process from initiation to contract signature under each of the methods of procurement. It compares the time taken by Entities against the indicative times as recommended by the Authority.

Table 10: Average time taken for procurements against the maximum indicative time frame

No.	Procurement Method	Maximum Indicative Time frame (days)	Average Time frame (days)	Variance between Maximum Indicative & Actual Time frames (days)
1.	Direct Procurement	40	28.8	11.2
2.	Open Domestic/National Bidding	100	172.2	-72.2
3.	Open International Bidding (OIB)	110	320	-210
4.	Request for Quotations / Proposals (RFQ/P)	65	79.3	-14.3
5.	Restricted Domestic Bidding (RDB)	92	126.1	-34.1
6.	Selective National Bidding	90	122.8	-32.8

4.2 Procurement Plan Implementation

This indicator that was previously referred to as procurement budget absorption rate 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 for all Entities. In the FY 18/19, there was a slight improvement in performance under this indicator with 64% of the total procurement value being implemented within the year. This was an improvement from the performance in FY 17/18 which was 61%. The improvement in performance under this indicator is as a result of some administrative efficiencies in the procurement process within the PDE and the Authority's close working relationship with especially the high spend PDEs that culminates into improved implementation of the procurement plans.

This improvement by Entities in implementing procurement plans contributes to improved service delivery. It is therefore important that the implementation of procurement plans is closely monitored by the PDEs themselves and the Authority in a bid to improve service delivery.

4.3 Submission and Review of Procurement Reports and Plans

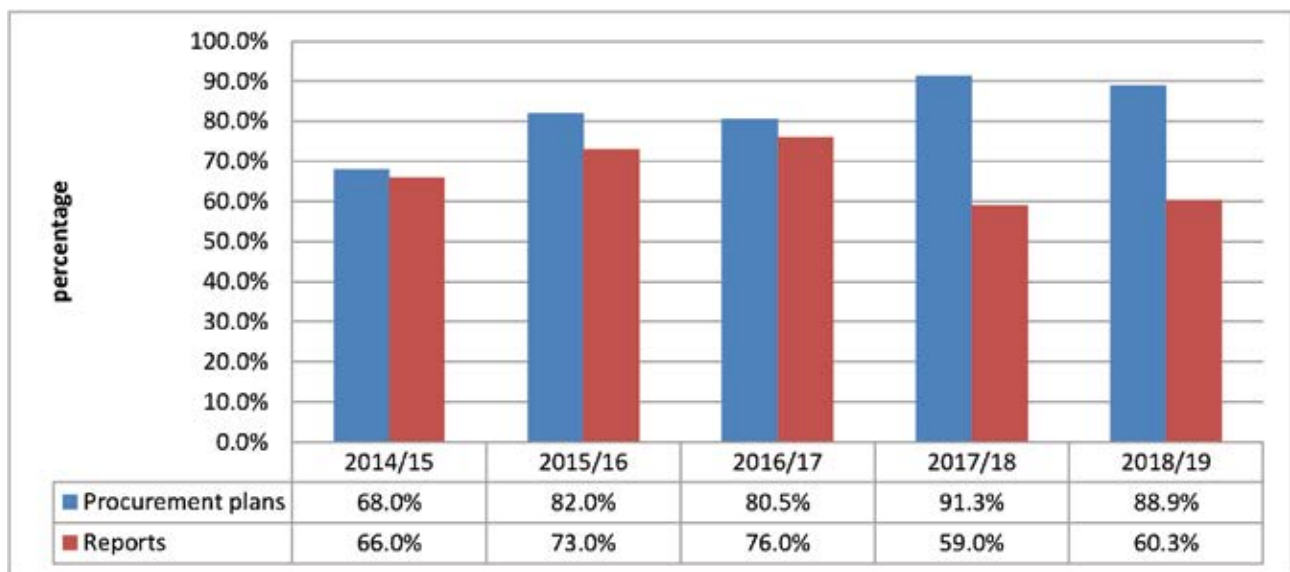
4.3.1 Submission of Procurement Plans and Reports

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 a slight reduction in submission of procurement plans from 91.3% in the FY2017/18 to 88.9% in the FY2018/19. With regards to the requirement to submit procurement reports, there was a slight improvement from 59% in the FY2017/18 to 60.3% in the FY 2018/19.

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 declined from 91.3% in the FY 2017/18 to 88.9% in the FY 2018/19. However compliance levels in submission of reports slightly increased from 59% to 60.3%.The low submission of reports 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. 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.

The Authority, with support from UN Women embarked on a project to re-design the Register of Providers in readiness for electronic procurement and the new system was launched during the period under review. The new and improved system is secure, faster, more reliable and a lot easier to use than the previous version and is expected to improve compliance with the ROP registration process and also increase ROP NTR. The new system is able to capture gender disaggregated data especially on ownership of companies registered on the system.

In the Financial Year 2018/19, 3458 new providers were registered on the register of providers and 5288 existing providers renewed their subscription. A total of UGX 657 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

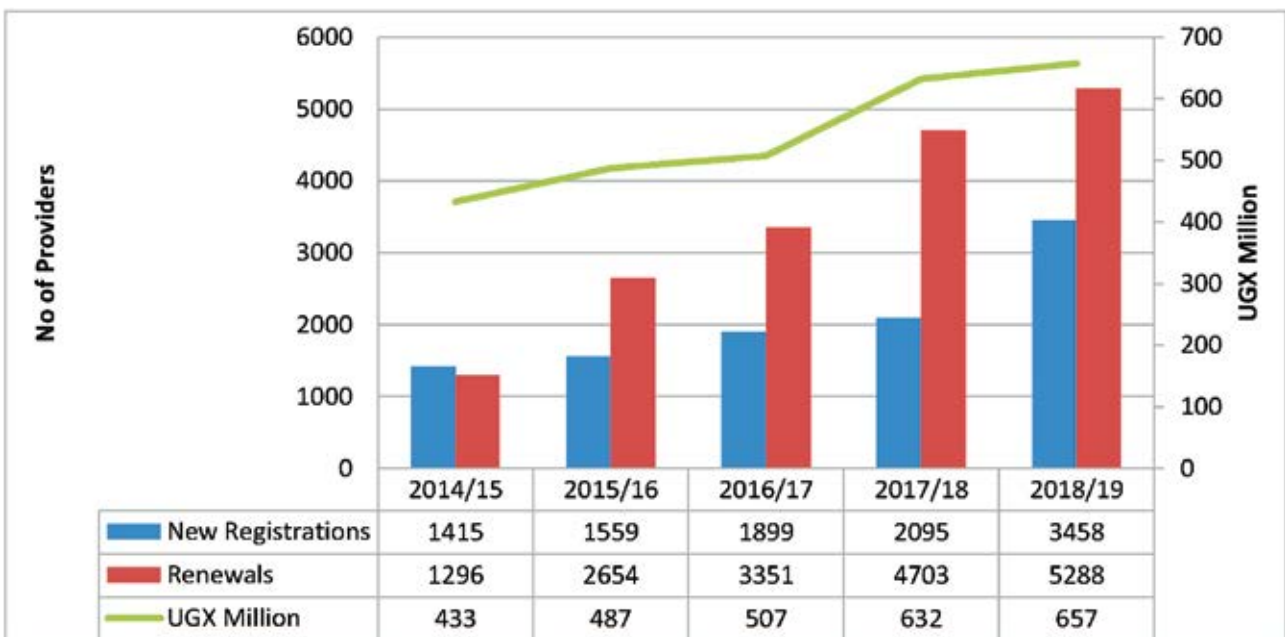


Figure 5 shows that the number of new providers accessing the register of providers has been steadily increasing from 1415 providers in FY 2014/15 to 3458 providers in FY 2018/19. The number of existing providers that renew their profiles on the register of providers has also been growing from 1296 providers in FY 2014/15 to 5288 providers in FY 2018/19. 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.

CHAPTER 5

STRENGTHENING CONTRACT MANAGEMENT AND PERFORMANCE

5.0 Background

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



PPDA team conducting on spot verification on construction works of Musita-Lumino and Busia-Majanji Road and Rehabilitation of Nakalama-Tirinyi Roads



Construction of Busia-Majanji Road



Construction of Nakalama-Tirinyi Road

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 was 93.1%, an improvement from FY 17/18 where performance under this parameter was at 90%. By value, the percentage of procurements implemented in accordance with the market price was 78.2%, a decline from 87% in the previous Year. The improvement in performance by number can be attributed to the enforcement by the Authority of the requirement for Accounting Officers to conduct market assessments before commencement of the procurement process and before signing of contracts. This has been a key interest of the Authority during the conduct of its various audits. However, the decline in value evidences the fact that this is emphasized for mostly low value procurements.

Conducting procurements within the market price is important, as it protects the credibility of the budget. It also saves Government from arrears that may arise when procurements are conducted above the budgeted funds.

The improvement in performance on this indicator on number could be attributed to the requirement in the PPDA Act 2003 section 26(4) for Accounting Officers not to sign contracts above the market price. The data shows that for the higher value procurements, there is still poor performance. This may be as a result of variations in value that are done on high value procurements. The Authority through its monitoring arm will continue to pay close attention to this indicator with increased attention given to high value procurements.

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 agreed period in the contract. The indicator is scored by calculating the time taken to execute the contract against the original timelines in the contract.

There was a significant improvement under this indicator. In terms of number, the performance improved from 58% in FY 2017/18 to 71% in FY 2018/19. In terms of value, there was improvement in performance as 73% of the total value of procurements were completed within the original contract time. This is a significant improvement from the previous Financial Year where the performance was 58.25%.

The performance shows that Entities are now paying close attention to contract management as emphasized by the Authority. Entities should continue to pay close attention to the process leading up to award of contracts as well as ensure that contracts are implemented as per the contractual terms. The Authority will continue through its capacity building function and regulatory tools to ensure contract management is strengthened in all Entities in a bid to improve this performance further.

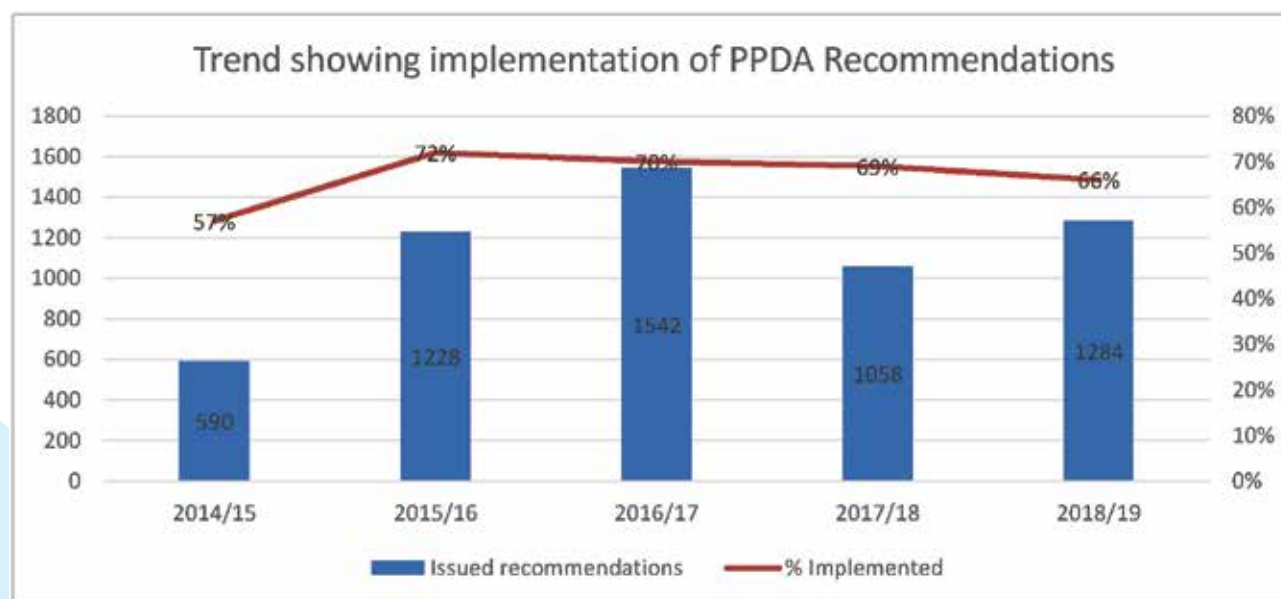
Though many Entities now appoint contract managers, there are still weaknesses in the way actual contract management is done. The Authority's audit reports for example continuously show that contract managers do not have contract implementation plans thus making it difficult for them to effectively monitor 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 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 2018/2019, the Authority conducted follow up activities in 86 PDEs to assess the status of implementation of audit and investigations recommendations made in the reports that the Authority issued in FY 2017/18. The follow up activities were conducted in 22 Central Government PDEs and 64 Local Government PDEs. A total of 1284 recommendations were reviewed and of these 842 recommendations (66%) were implemented and 442 recommendations (34%) were not implemented. There was a decline from the 2017/18 performance where 69% 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 recommendations 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 63 recommendations accounting for 21% 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 43 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 55 unimplemented recommendations accounting for 21%. This occurred in 41 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.

5.4 Suspension of Providers

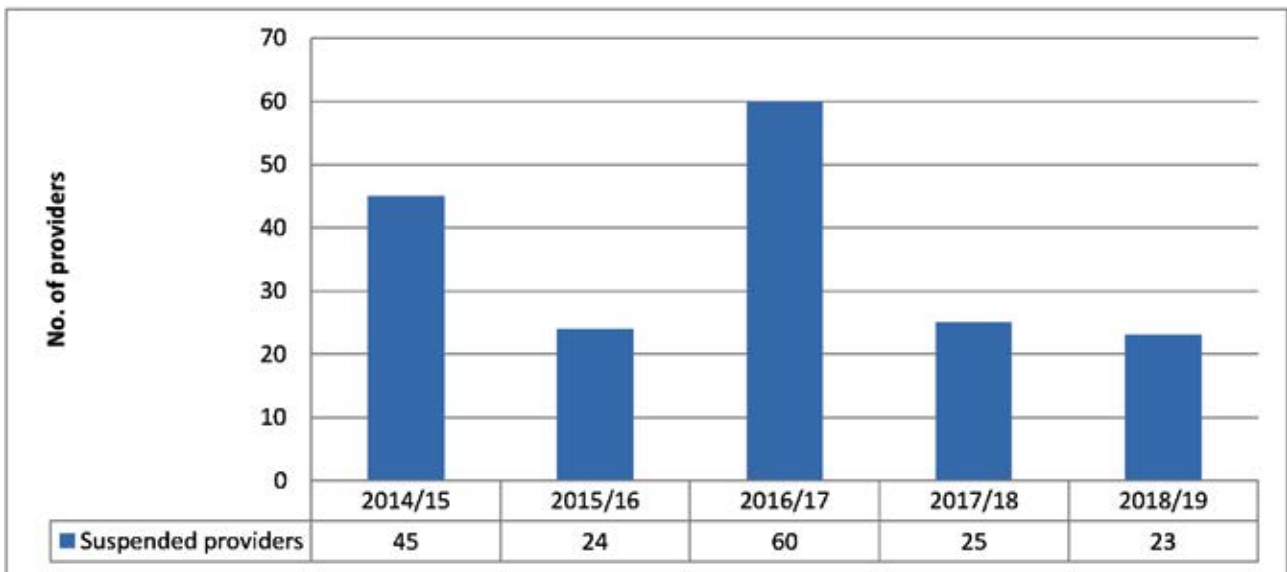
The Authority derives its mandate to suspend providers under Section 94 of the PPDA Act, 2003 and Regulation 12 of the PPDA Regulations, 2014. The Authority received fifty-three (53) recommendations to suspend providers in the Financial Year in addition to the fifty (51) complaints that were carried forward from the previous financial year resulting into a total of one hundred four recommendations.

The Authority found merit in the recommendations and suspended twenty-three (23) providers. Six (6) providers were not suspended since no merit was found in the recommendations. Twelve (12) recommendations were deferred pending the outcome of court cases related to the investigation, two (2) matters were referred to the Criminal Investigation Directorate for further investigation and two (2) recommendations were withdrawn by the Entities. Fifty-nine (59) cases were still under investigation. The suspended providers were found to have failed to substantially perform contracts or breached the

code of ethics of providers following forgery of documents such as completion certificates, income tax clearance, bid guarantees, bid securities, Powers of Attorney and previous experience.

Three of the suspended providers appealed to the PPDA Appeals Tribunal against the decision of the Authority. One application was allowed and the Tribunal set aside the suspension by the Authority. The other two (2) applications were dismissed and the Tribunal upheld the suspension by the Authority. 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 25 providers in FY 2017/18 to 23 providers in FY 2018/19. 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.

CHAPTER 6

LEVERAGING TECHNOLOGY TO IMPROVE PROCUREMENT OUTCOMES

6.0 Background

Technology is key to transforming the face of public procurement and public service organs in the country. At the heart of the technology transformation is the rollout of e-Procurement under the wider e-Government Framework. The chapter presents the activities and outputs realized in the Financial Year 2018/19.

6.1 Enhancing PPDAs Technology Infrastructure to Improve Human Capacity

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

During the period, the e-GP project team successfully worked with the vendor and mapped out the requirements from the bid document visa vie what was provided in the system requirements specification document thereby moving the systems requirements specifications document from 69% accuracy to 90%. The integration with platforms like IFMS, URSB, NSSF,URA, E-payment gateway and SMS notification gateway were completed.

Stakeholder consultation electronic government procurement



Panelists

Bidders

6.1.2 Disaster Recovery Solution

Power faults in the server room arising from a faulty inverter system caused malfunctioning of our server and storage infrastructure in FY 2017/18 and a new power inverter system was procured and installed to mitigate re-occurrence of the same. A process for buying extra hard disks, re-formatting, re-initialising and re-configuring the server and storage systems to roll back the malfunctioning was completed. The Authority then set up a leased

line from the Head office to the National Data Centre at Statistics House. The secondary (backup)servers were transferred to the Data centre to establish a Primary-Secondary link so as to complete the process of setting up the Disaster Recovery Solution. This DR solution will ensure that the Authority has a seamless disaster recovery and business continuity plan for all its data and ICT services.

6.1.3 Extension of the National Backbone Infrastructure (NBI) Internet to Mbale Office

The National Information Technology Authority (NITA) embarked on a project to rollout the NBI internet services to all PDEs in FY 2015/16. The Mbale regional office was connected to the NBI service in December 2018 and PPDA established a leased line connection between the head office and the regional offices to enable a wide area network for seamless resource sharing between headquarters and the regions. The Authority completed the setup of the Mbale network to be able to have seamless access to the network and all network resources at head office. This effort is meant to ensure that there is seamless collaboration and data access to from the regional offices to head offices and vice-versa.

6.1.4 Development of the Entity Management System (EMIS)

The Authority, with support from SUGAR embarked on a project to Design, Develop and roll-out an Entity Management System that is meant to automate all of the regulatory work that the Authority performs in relation to its PDEs. This system will automate the Authority's Performance Monitoring Activities (Audit and Compliance), Capacity Building Activities, Legal and Advisory. The EMIS will create a centralised database for all information regarding all the entities that the Authority regulates and will provide a 360 degree view so as to support timely, accurate and strategic overview of these entities. Ultimately this will help the Authority better manage and track its performance towards achievement of its Strategic Plan through improved and more accurate progress reporting mechanisms. Sugar-TAF procured a consultant to develop this EMIS system for the Authority and work commenced in May 2019. It is targeted that the project will be completed in Q2 FY 2019/20.

CHAPTER 7

ENHANCING THE PERFORMANCE OF PUBLIC PROCUREMENT BEYOND COMPLIANCE

7.0 Background

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

7.1 Advice to stakeholders

In accordance with Section 7(1) (a) of the PPDA Act, the Authority advised various Entities and Private Companies on Public Procurement and Disposal policies, principles and practices. The main areas where legal guidance was sought were in respect to:

- Introduction to Public Procurement and Disposal
- Selection of the Procurement Method
- Market price Assessment
- Preparation of Statement of Requirements
- Preparation and Use of Standard Bidding Documents (SBDs)
- Pre-Qualification and Bidding Process
- Bidding Process
- Evaluation of bids
- Contract and Contract Management
- Disposal of Public Assets
- Ethics in Public Procurement and Disposal Process
- Providers in Public Procurement & Disposal Contracts
- Emerging Trends in Public Procurement

A total of one hundred and ninety-six (196) requests for legal guidance/advice were handled during the financial year 2018/19. Out of these, 106(54%) were from Central Government, 47(24%) were from Local Government and 43(22%) were from Private Companies.

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 eleven (11) applications for accreditation of alternative procurement procedures during the period under review. Six (6) applications were granted relating to procurement of bulls for Meat Export Support Services Project (MESSP) directly from farmers, disposal of furniture and assorted

office equipment, low cost sealing trial contracts for small contractors, procurement and disposal of auto parts and service suppliers and operation of the Mary Hill bakery funded by AVSI/SKY Foundation and procurement processes for acquisition of aircrafts and other services. Three (3) applications were closed for lack of information and two (2) applications were pending conclusion.

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

7.4 Deviations

Seven (7) requests for deviation from the use of standard bidding document were granted and these were:

- i. Ministry of Finance, Planning and Economic Development: Procurement of an Integrated Human Capital Management System based on the World Bank Bidding document
- ii. Ministry of Finance, Planning and Economic Development: Procurement of Consultancy Services for the Development and Maintenance of a National Central Electronic Monitoring System
- iii. Uganda Cancer Institute: Procurement for the servicing of the Cobalt 60 Radiotherapy machine
- iv. NSSF: Design and build of the Temangalo Housing Project
- v. Pride Microfinance Limited: Procurement of a Thompson Reuters System
- vi. Bank of Uganda: Use of the Oracle Ordering Document as the sole contract document without the standard GCC and SCC forming part of the contract.
- vii. NWSC: Deviation from the standard bidding document in respect to the design and build of a compact sewage treatment plant for Kiruddu Referral Hospital.

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

7.5 Rating of Entities

The updated audit manual includes a revised audit criteria and performance indicators that combine compliance levels with performance levels to yield a composite measure for the strategic objectives that lead to achievement of value for money in public procurement. Entities are rated according to the compliance and performance indicators.

The best performing Central Government Entity under performance audits was National Medical Stores with a performance rating of 91.3%, classified as highly satisfactory while the worst performing Central Government Entity was Uganda Investment Authority with a performance rating of 49.5%, classified as unsatisfactory.

The best performing Local Government Entity under performance audits was Entebbe Municipal Council with a performance rating of 90.1%, classified as highly satisfactory while the worst performing Local Government Entity was Pader District Local Government with a performance rating of 19%, classified as highly unsatisfactory.

The best performing Central Government Entity under compliance inspections was Uganda Development Bank Limited with a performance rating of 93%, classified as highly satisfactory while the worst performing Central Government Entity was Uganda Free Zones Authority with a performance rating of 67%, classified as satisfactory.

The best performing Local Government Entity under compliance inspections was Kiboga District Local Government with a performance rating of 90.3%, classified as highly satisfactory while the worst performing Local Government Entity was Amolatar District Local Government with a performance rating of 42%, classified as unsatisfactory.

7.6 Overall Performance

The Public Procurement and Disposal of Public Assets Authority carried out the procurement and disposal performance audits of 89 Entities covering a 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 performance of the 89 Entities indicates that 3 Entities (3.37%) were highly satisfactory, 63 Entities (70.79%) were satisfactory, 22 Entities (24.72%) were unsatisfactory while 1 Entity (1.12%) was highly unsatisfactory as indicated in Table 11

Table 11: Summary Performance of the Entities

Category of Performance	Number of Entities	Percentage (%)
Highly Satisfactory	3	3.37
Satisfactory	63	70.79
Unsatisfactory	22	24.72
Highly Unsatisfactory	1	1.12
Total	89	100

CHAPTER 8

ENHANCING THE EFFECTIVENESS OF CAPACITY BUILDING, RESEARCH AND KNOWLEDGE MANAGEMENT

8.0 Background

The Authority, under Section 6 (e) of the PPDA Act 2003, is mandated to conduct capacity building for 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 Induction of Contracts Committee Members

The Authority inducted one hundred twelve (112) members of Contracts Committee from twenty (20) Local Government and Nine (9) Central Government Entities. The objective of the training was to enable the newly appointed Contracts Committee members to understand their responsibilities in public procurement and disposal process in order to improve their ability to make decisions related to procurement and disposal processes in their respective PDEs.

8.2 Trainings for Technical Staff in Selected Local Government Entities

The Authority conducted training for different stakeholders in the public procurement and disposal processes to equip the staff of Entities with skills and share practical experiences to enable them enforce compliance and best practices in public procurement and disposal at their Entities. A total of sixty five (65) technical staff from twenty two (22) Local Governments participated in these trainings. The technical staff include the staff from the Procurement and Disposal Unit, the User Departments and the Contracts Committee members.

8.3 Demand Driven Training Programmes

The Authority conducted trainings under the demand driven model. A total of 585 participants from thirty three (33) Central Government Entities, six (6) from Local Government Entities, one (1) secondary school¹⁸ and one (1) foreign mission¹⁹ participated in these trainings. The objective of these trainings was to equip the staff of these PDEs with skills and knowledge that will enable them to enforce compliance and best practices in public procurement and disposal in their Entities. The modules trained include:

- i. Roles and responsibilities of Key stakeholders in the Procurement and Disposal process;
- ii. Key CC approval Requirements in the Procurement process;
- iii. Procurement planning and Market Price assessment;
- iv. Key approval Requirements in the bidding documents;
- v. Preparation of bidding documents;

¹⁸ Namagunga Secondary School

¹⁹ Uganda's Permanent Mission of Uganda to the United Nations and other International Agencies in Geneva

- vi. Evaluation of Bids;
- vii. Use of the Government Procurement Portal (GPP)
- viii. Disposal of Public Assets and;
- ix. Procurement and Contract Reporting.

8.4 Consultative Workshop for the Draft Guideline for Pre-Qualification of Insurance Broker Services

PPDA organized a stakeholder workshop on the proposed guideline for Pre-qualification of Insurance Broker Services by Procuring and Disposing Entities. The objective of the workshop was to discuss and obtain stakeholders views and comments on the proposed guideline for the Pre-qualification of Insurance Broker Services by Procuring and Disposing Entities. The workshop attracted Twenty five (25) stakeholders from Procurement and Disposing Entities, the Insurance Regulator, Institute of Procurement Professionals in Uganda, Uganda Insurance Association, Insurance Broker Association of Uganda, Uganda Insurance Agents Association, and Insurance Brokers.

8.5 Local Government Cadre Forum

The Authority organized a two (2) day cadre forum for the Local Government Procurement professionals from the Northern and Eastern region districts in Mbale. This was held under the theme: “Enhancing efficiency in Public Procurement for National Prosperity.”

The objective of the workshop was to enable Local Government Procurement professionals share experience, have an insight into Emerging issues in Public Procurement and also address key issues that affect contracts implementation in the various Local Governments. The cadre forum was held in Mbale and was attended by seventy seven (77) Procurement Professionals.

The forum discussed the following key issues:

- i. Setting a Practical evaluation criteria for procurement of revenue collection centres and works projects
- ii. Validation of Standard Bidding Documents for Management of Markets
- iii. Discussing Contract management implementation Challenges in Local Governments PDEs
- iv. Creating efficiency in the Procurement Process: Time and Cost Optimization
- v. Understanding Tax application in the Bidding process
- vi. Framework agreements and Supplier prequalification

8.6 Central Government Cadre Forum

The Authority organized a two (2) day cadre forum for Central Government Procurement professionals held in Masaka district. The Objective of the forum was to discuss the revised Standard Bidding Documents under the theme; “Transforming Public Procurement to Enhance Service Delivery’. The cadre forum was held on the 6th and 7th June 2019 at Hotel Brovad in Masaka District and it attracted eighty two (82) procurement professionals from both Central Government Entities and Local Government PDEs.

The forum discussed revised SBDs Matrix for Works (design & Build), Supplies & services (open bidding), SBD for Supply, design installation and commissioning of ICT equipment and systems. A detailed discussion was also made on the development of ESHS policy and its incorporation within the standard bidding document with presentations from both the World Bank and KCCA experience.

8.7 Public Procurement Supplier Awareness Workshops

The Authority with the support from FINMAP organised supplier workshops in Iganga, Arua and Masaka Districts. The objective of these workshops was to dialogue with suppliers on preparation of responsive bids and discuss the emerging issues in public procurement including promoting local content, E-procurement and the proposals in the amendment bill. A total of 133 suppliers participated in the workshops conducted in the three (3) districts. Some of the recommendations raised by bidders include:

- i. Multiple prequalification with the PDEs in the region is cumbersome and expensive. The Authority should ensure that there is a single point of prequalification for bidders for all PDEs in the region.
- ii. PPDA should set standards for advertising procurements for both private and public procurements
- iii. There is need to investigate the current contract for the old Iganga - Kaliro road market as the current contractor is a proxy of the municipal council and not a lawful.
- iv. The Authority should conduct more supplier awareness workshops in the West Nile region preferably on an annual basis.
- v. Requirement to obtain recommendations from sub county chiefs should not be included in bidding documents because some of them have interests in the procurement and may not be willing to give the recommendations to limit on competition.
- vi. PPDA should provide a secure platform where bidders can raise complaints against individual stakeholders within PDEs that compromise the procurement process by engaging in corrupt practices without necessarily disclosing the identity of the informer.
- vii. Suppliers should be trained whenever new policies are made in relation to public procurement.

8.8 Meetings to Review the Revised Standard Bidding Documents

The Authority with support from FINMAP contracted a consultancy firm to review the existing Standard Bidding Documents (SBDs) for both Central Government and Local Government and develop new SBDs to incorporate the current and proposed legal framework. The consultant reviewed and developed twenty seven (27) SBDs. During the quarter, the Authority conducted consultative meetings with twenty one (21) selected Heads of the Procurement and Disposal Units, representatives from Policy Unit, Institute of Procurement Professionals of Uganda (IPPU) and twenty (20) members of the Authority's technical committee of managers (TECOM).

8.9 Training for Contracts Committees in Selected Local Government Entities

The Authority conducted training of Contracts Committee members for Local Government Entities from selected LG PDEs which took place on 12th and 13th June 2019 at Speke Resort Munyonyo, Kampala.

This was attended by thirty six (36) members of the Contracts Committees from twelve (12)²⁰ Local Government PDEs. The objective of the training was to induct Contracts

²⁰ Nakaseke DLG, Oyam DLG, Busia MC, Busia DLG, Kasese DLG, Jinja MC, Mbarara DLG, Serere DLG, Nebbi DLG, Moyo DLG, Jinja DLG and Gulu DLG

Committee members' on their roles and responsibilities in the performance of the procurement and disposal function, in order to enhance their ability to make decisions related to procurement and disposal processes in their respective PDEs.

8.10 Supplier Electronic Government (e-GP) Awareness Workshop

The Authority conducted a half day workshop for suppliers of procurements in the categories of works, supplies and services mainly for the pilot entities of the system. The Objective of this workshop was to sensitize the bidders of the piloting Entities about the current status of the e-GP system and discuss the implications of these new developments in the procurement process on the bidding community. A total of 139 bidders and 11 staff from PDEs participated in this workshop. The targeted sample was obtained from the prequalified lists of the Piloting Entities.



Participants who attended the supplier awareness workshop led by Hon Minister of state for Planning, David Bahati

8.11 Training activities conducted at the Regional Offices

The Authority through its regional offices in Mbarara, Mbale and Gulu offices trained stakeholders in ten (10) Entities²¹ in the various procurement and disposal compliance requirements. The staff that were trained in these Entities included Internal Auditors, Heads of User Departments, Contracts Committee members, staff of the Procurement and Disposal Unit and Accounting Officers. The Authority further observed that there was need for more hands on capacity building to improve compliance and performance in these Entities some of whose staff were new and some Entities were newly established.

²¹ Mbarara University of Science and Technology, Mbarara District Local Government and Fort Portal Regional Referral Hospital, Budaka DLG, Mbale DLG, Northern Uganda Youth Development Centre, Nebbi MC, Presidential Initiative on Banana Industrial Development, Arua

8.12 Implementation of the Uganda Intergovernmental Fiscal Transfers Program for Results (UgIFT)

The Authority in collaboration with the Ministry of Finance Planning and Economic Development (MoFPED) and the World Bank participated in the review of the progress of implementation of the Uganda Intergovernmental Fiscal Transfers Program for Results (UgIFT). Two staff of the Authority participated in the field visits to 4 selected District Local Government to monitor the progress of the project. Several issues were noted and the following underlying issues and actions directly require the Authority's action and participation.

- a. Advise on contract management for the project which shall be issued to the PDEs in the form of a circular.
- b. Clarify the mechanism for handling administrative reviews for the project.
- c. Advise MOES to ensure that payment periods in contracts signed is consistent with the contract duration. This shall require amendment of the existing contracts that provide for a payment period of 3 years.
- d. Provide SBDs that take into consideration environmental, social, health and safety matters.
- e. Advise the PDEs with delays in procurement in comparison with the recommended procurement lead times under the PPDA law.

8.13 Summary of Capacity Building Activities

In total, 1,294 participants were skilled in the various training activities organised by the Authority during the period July 2018 – June 2019. Table 12 presents the targeted number of participants and the actual number of participants who attended the various trainings.

Table 12: Summary of Training Activities

No	Activity	Planned	Actual Participants trained
1	Demand driven	720	585
2	Supply driven	1280	709
	Total	2000	1,294

8.14 Research

8.14.1 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 will enable stakeholders to access the updated indicative market rates and prices to help them make the right decisions on value based pricing of goods, works, and services. Though the list does not cover all items that are subject of public procurement, it contains the major items for services, works and supplies.

The survey recommended that there is need to conduct further research on the utilization of these prices so as to generate feedback on the improvements desired by the users. The Authority plans to engage PDEs to assess the extent to which these prices are useful and propose reforms to be made in future. The survey further recommended that government should invest more resources on the price surveys because of the wide uses which is not only restricted to procurement by public entities but also private investors in making decisions about the returns from their investments among others. The detailed list of the average prices can be accessed on the PPDA website.

8.14.2 Consultancy to Profile Key Sectors of the Economy and Identify Existing Capacities in the Country

The Authority with support from FINMAP procured a consultancy firm to conduct a study and profile the participation of local providers in the key sectors of works, energy, education, security, health, water and environment and identify the key challenges that relate to local participation and inform policy interventions. The study revealed that there is significant potential for local sourcing especially for raw inputs such as into construction (sand, stone aggregate, etc.). However this is different for high value inputs particularly because of limited local manufacturing base and standards issues. The study noted that UNBS has listed over 80 products produced locally or readily available in Uganda that have been subjected to standardization and certification. However, the largest portions of these products do not serve the purpose of Government procurement needs. The study made the following recommendations for the Authority:

- i. PPDA and Ministry of Finance Planning and Economic Development (MoFPED) should revisit guidelines 1/2018 and establish separate thresholds for National and Resident providers.
- ii. Government should take deliberate effort to develop critical capacity locally by strengthening public private partnership arrangements and providing concessions and incentives for local providers.
- iii. Promote access by local providers to the high value or large contracts by encouraging local providers to form consortia to bid for large government contracts and unbundling large contracts into lots can enhance the ability of local providers to compete.
- iv. Conduct monitoring and supervision of PDEs to ensure that they respect the said reservations, and that sub-contracting of the local providers by foreign providers that win large government contracts is done.
- v. Encourage PDEs to promptly pay suppliers.

8.14.3 Study on Mainstreaming the Independent Parallel Bid Evaluation Mechanism

The Authority with support from FINMAP conducted a study on mainstreaming the Independent Parallel Bid Evaluation Mechanism (IPBE). The purpose of the study was to document, analyze and learn from the IPBE mechanism applied in the Uganda National Roads Authority (UNRA) and advise whether it should be mainstreamed to the entire public procurement process in Uganda. The study noted that the IPBE mechanism was applied for only two financial years and there is sufficient evidence to show that it is a good initiative and can therefore be mainstreamed in the high spend sectors/entities for high value procurements above UGX 100 Billion. Among

the benefits reported include increased competition as a result of confidence in the procurement system, improved decision making process within the contracts committee and timely evaluation.

8.14.4 Study on Challenges of Implementing Complex/High Value Projects

A study was conducted on challenges of implementing complex/high value projects. The major objective of this study was to broadly examine challenges of implementing complex/high value projects. The study defined complex/high value projects as per analyzed characteristics: non-routine, bilateral or multilateral source of funding, multiple stages of implementation, involvement of many stakeholders, long time of completion, long time of existence, strategic and security considerations, lump sum fixed cost projects, inadequate expertise and uncertainty of user needs. The high value projects as those equal or above UGX 100,000,000,000. The study made the following recommendations:

- i. Negotiations should be open not only on scope but also on price for complex/high value procurements.
- ii. Bidders should be invited to make presentations to the evaluation committee or even other stakeholders since some of the information and details may not be presented on paper
- iii. Complex/high value projects should use robust contract documents e.g. FIDIC contracts.

8.14.5 Study on the Factors Affecting the Disposal of Public Assets

The Public Procurement and Disposal of Public Assets (PPDA) Act and regulations provide a framework that governs how entities should conduct disposal of public assets. However, a review of the Authority's audit and performance reports indicates irregularities and non-compliance in terms of the disposal of public assets. The Authority conducted a survey on the status of implementation of disposal activities and the factors affecting the disposal of public assets. The preliminary findings of the survey highlighted the following challenges:

- a. Lack of Ownership Documents from the line ministries/donors
- b. Disagreements among stakeholders on which disposal methods to use.
- c. Policy issues: Policy is not realistic e.g. disposing of a car after 5 years when it has not been replaced.
- d. Vandalism of Vehicles that are parked for a long time without allocated security among others.
- e. Inefficiencies in the procedures for disposal
- f. Inadequate Valuation of Assets

The lack of disposal of public assets means that Government will incur costs of maintenance, storage, insurance among others and this may well exceed the returns that can be derived from the disposal of these assets. The Government can retain funds through the disposal of public assets and these funds can be used to provide services to taxpayers. Efficient and effective disposal of public assets guarantees that public resources are not used on items that are non-beneficial to the Entity.

8.14.6W Collaboration with the University of Chicago Booth School of Business to Conduct Research in Public Procurement

The Authority entered into a collaboration with the University Of Chicago Booth School of Business to conduct research in public procurement. The research project aims to propose cost-effective ways to improve the efficiency of public procurement in Uganda, through statistical analysis of the data available to PPDA and other government agencies, and through extensive field-surveys and large-scale evaluation of programs to be implemented in collaboration with both public and private partners. During the Financial Year, as part of the activities required for the research project, the research unit facilitated the team in the following activities:

- a. Data collection of prequalified lists of providers from 300 PDEs,
- b. Compiled and submitted the list of providers registered on the register of providers
- c. Scanning of the procurement plans and reports for the financial years 2016/17.
- d. Digitization of the prequalification lists

The anticipated benefit of this collaboration is knowledge and skills transfer to the PPDA research team especially in the advanced statistical analysis of procurement data and contribution to the development of research objectives.

CHAPTER 9

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

9.0 Background

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

9.1 Financial Matters

The Activities of the Authority during the Financial Year 2018/19 were financed from different sources as contained in Table 13.

Table 13: Funding available during FY 2018/19

No	Source	Amount UGX Bn	Uses
1	Government of Uganda	24.85	Recurrent expenditure, and capital development
	European Union	0.65	Audit and capacity building
2	FINMAP III	0.667	Procurement reforms(legal framework, capacity development, GPP support)
3	GAPP - USAID	0.033	Procurement Audits
	TOTAL	26.2	

The government of Uganda remains the biggest financier of the activities of the Authority. The budget allocation for FY 2018/19 from the Government increased from 14.21 billion in FY 2017/18 to 24.85 Billion appropriated in FY 2018/19.

9.1.1 GOU Budget Performance

During the FY 2018/19, the Authority was funded by the Government of Uganda to the tune of UGX 22.82 Billion (91.8% of approved budget) out of the approved budget of UGX 24.85Billion. The Authority utilized UGX 22.7 Billion for the Financial Year. Table 14 gives the overview of the budget performance of the Authority for the FY 2018/19.

Table 14: Government of Uganda Budget Performance FY 2018/2019

No.	Particulars	Approved Budget (UGX)	Released Funds (UGX)	Funds' Utilization (UGX)	
				Amount (UGX)	Percentage (%)
1	Wage	9,476,365,759	8,833,325,759	8,718,983,874	98.71%
2	Non Wage	4,381,411,861	4,158,929,892	4,155,008,025	99.91%
3	Development	10,994,000,000	9,830,257,470	9,829,915,979	99.99%
4	NTR	-	-	-	-
	Total Budget	24,851,777,620	22,822,513,121	22,703,907,878	99.48%

9.1.2 Non Tax Revenue

Non-Tax Revenues (NTR) of UGX 730,234,283 out of an annual target of 700M was collected as at 30th June 2019. 90% of the total was attributed to registration fees on the Register of Providers (ROP) portal and 10% of the total was miscellaneous receipts arising from asset disposals and staff refunds.

9.1.3 Off budget Support

European Union (EU-JAR Sector Reform Grant)

The Authority received UGX 650 million from the European Union. The funds were spent on Procurement Audits, follows-ups on PPDA recommendations and capacity building of staff.

Governance, Accountability, Participation, and Performance Program (GAPP)

The Authority also received funding from GAPP amounting to UGX 33,000,000 to facilitate the auditing of twelve (12) District Local Governments procuring and disposing entities. GAAP directly pays staff to conduct the audits.

Regional Communication and Infrastructure Program (RCIP)

The Authority received USD\$630,000 cumulatively from RCIP under the National Information and Technology Authority of Uganda (NITA-U) for the development of the Electronic Government Procurement (e-GP) System. NITA-U directly pays staff and suppliers for the goods and services procured using World Bank funding.

The Financial Management and Accountability Program III (FINMAP III)

The Authority received funding from FINMAP III worths UGX 667,725,140 for the FY 2018/19. The funds were spent on consultancy activities which were carried over from the previous FY 2017/18.

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 Authority completed procurements worth UGX. 2,635,181,331 during the period; macro procurements worth UGX.1, 848,353,370 were handled by the Agent during the period. Micro procurements worth UGX 407,417,701 and call off orders worth UGX. 229,040,568 were handled in house. Various obsolete items worth UGX. 14,785,200 were disposed off. Direct procurements worth UGX. 150,369,692 were handled by both De-point and PPDA's PDU as indicated in Table 15.

Table 15: Summary of Procurements handled in FY 2018/19

Method of procurement	Value		Number	
	value	%age total contract amount	No. of Procurements	% total no of Procurements
Open Domestic Bidding	386,629,753	14.7	1	0.3%
Restricted Domestic Bidding	582,112,298	22.1%	4	1.3%
Request for Quotations	879,613,319	33.4%	49	15.4%
Direct procurement awarded	150,369,692	5.7%	9	2.8%
Micro procurements	407,417,701	15.5%	231	72.4%
Framework contract –Call offs (stationery)	229,040,568	8.7%	25	7.8%
Grand Total	2,635,181,331	100	319	100

9.3 Human Resources

9.3.1 Recruitment

During the year, the Authority filled 21 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; Executive Director (1), Manager Internal Audit (1), Senior Human Resources Officer (1), Director Corporate Affairs (1), Regional Manager, Mbale (1), Manager Finance and Administration (1), Senior Officer Investigations (1), E- GP Support Officer-Procurement (5), E- GP Support Officer- Information Technology (5), Administrative Assistant(2) and Driver(2).

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. Ninety three (93) staff were trained in Leadership, Management Procurement Audit, Procurement and compliance, contract Management and Customer Care respectively. The training undertaken will enhance staff leadership, Management, Procurement Audit, Compliance, contract Management and customer care skills. The details of the training undertaken are contained in Table 16.

Table 16: Staff Development during FY 2018/19

No	Course	No of participants	Location
1.	Training in Procurement Audit	30	Kampala
2.	Leadership and Management Training for Management and TECOM	27	Kampala
3.	Training in Customer Care	25	Kampala
4.	(ICPAU) seminar in Entebbe in September 2018	7	Entebbe
5.	Advanced Certificate in Procurement Compliance (ACPC)	2	Dubai, UAE
6.	Certificate course in contract development, negotiation, and management	2	Dubai, UAE
	Total	93	

9.3.3 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.

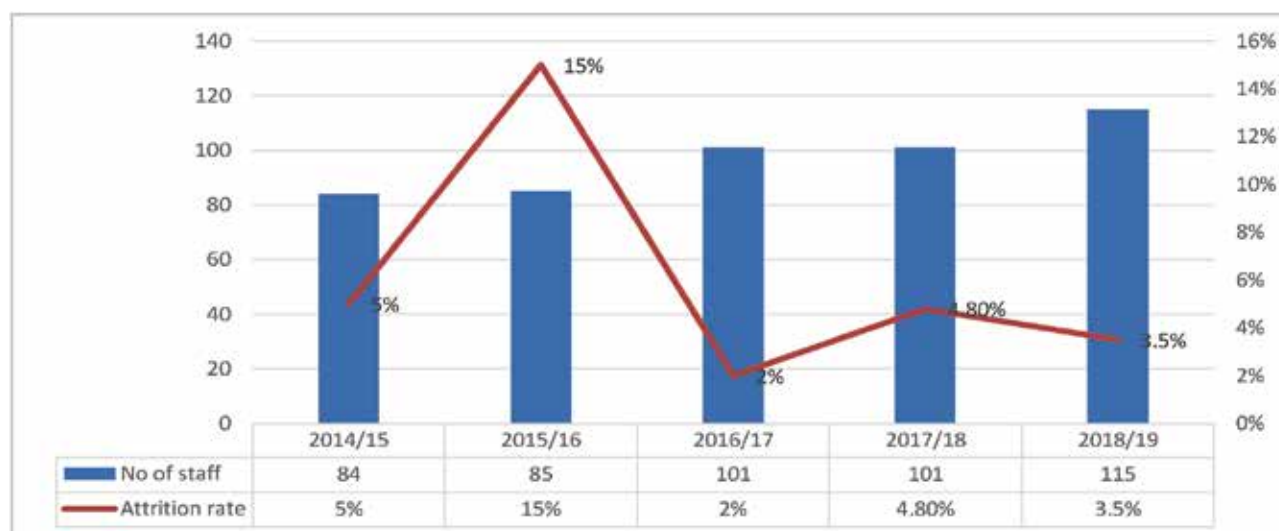
The Authority continued to provide and maintain motivational strategies to attract, motivate and retain staff during the year. These included staff lunch, Medical insurance, Group Personal Accident insurance among others.

9.3.4 Implement Motivation Mechanisms to Retain Staff

The Authority continued to provide and maintain motivational strategies to attract, motivate and retain staff during the year. These included staff lunch, Medical insurance, Group Personal Accident insurance among others. The staff turnover rate for the year was 3.5%. The low staff turnover rate is attributed to the improved remuneration and a conducive working environment in the Authority. The staffing levels and attrition rate is illustrated in Figure 8.

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

9.4 Extension of the Strategic plan to cover FY 2019/20



The Authority reviewed the progress in implementing the current strategic plan that runs from FY 2014/15 to 2018/19. This review formed the basis for the extension of the time horizon for the strategic plan to cover the Financial Year 2019/20. This was done to enable the Authority to align its next strategic plan which is expected to cover 2020/21 – 2024/25 in both direction and time horizon. The Authority also started the process of developing the next strategic plan and with support from the World Bank; the Authority has initiated the procurement process for the consultant who is expected to lead the strategic planning process.

9.5 Regional Offices

Opening of the Mbale Regional Office: The Authority launched the Mbale regional office. This helped the Authority to move the services closer to the stakeholders and serve them better in terms of providing the Authority’s oversight functions to ensure efficient and accountable use of public resources for improved service delivery.



Launch of Mbale Regional Office

9.6 PPDA/URF Office Project

The Authority has continued to implement the activities that lead to successful implementation of PPDA/URF joint project. The proposed head office building for URF and PPDA is a modern government office tower with two separate wings each housing one of the two government bodies. The building is 12 levels comprising of 3 basement levels for parking and building services, ground and Mezzanine floor levels for the shared facilities and offices and other facilities of the above floor levels.

The two wings are connected by a central circulation core that consists of common facilities such as lifts, the main staircase, lavatories and pantries. Other shared facilities such as the staff cafeteria, Day Care Centre, general reception lobby, and conference hall are provided in the building. The overall progress of the project was 23% as at 30th June 2019 and the projected completion date is 30th March 2021.



Artistic impression of PPDA/URF Offices



Ground floor rebar works at extent to receive generators (13/06/2019)



Preparation of maxpan slab on the ground floor level(27/06/2019)

9.7 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:

- i. There is an established internal audit function that reviews the effectiveness of financial, operational systems, and controls. The internal audit unit reports to the Audit and Risk Committee of the Board.

- ii. 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.
- iii. Management review and monitoring of budget performance on a weekly basis.

The Audit and Risk Committee discharged its oversight responsibilities during the financial year 2018/2019 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 2019/2020 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.

CHAPTER 10

LEVERAGING AND ENHANCING PARTNERSHIPS AND COLLABORATIONS

10.0 Background

Given the resource constraints of the Authority and recognizing that achievement of some of the strategic objectives 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 this period, the Authority participated in a number of meetings and task force activities as below:

a) European Union (EU-JAR Sector Reform Grant).

The Authority received UGX 650 million from the European Union under the Justice and Accountability Sector Reform Grant. This grant will be supporting procurement and disposal audits, contract audits, tooling of the performance monitoring Directorate and capacity building in critical units of the Authority. The grant is expected to run from FY 2018/19 to FY2020/21 (3 Financial Years) and disbursement will be hinged on performance on the indicator of percentage of contracts by value that are procured through open competition.

b) GIZ:

PPDA has continued its strategic collaboration with GIZ including implementation of key Anti-Corruption activities and we have also taken part in a review and planning mission with the GIZ planning team from Germany to agree on areas for continuing GIZ support to PPDA from 2019-2021. We agreed to mainly focus our joint effort over the next two years on anti-corruption and leveraging of the CSO footprint in the Northern and Eastern region to support PPDA in contract monitoring.

c) Sugar:

PPDA received support from Sugar-TAF to facilitate an 11 week Advanced leadership Training course that was completed by PPDA top and middle management in Q1 FY 2018/19. This course was designed to help the PPDA leadership become better at strategic planning and management, time management, employee management and employee motivation all with a view towards equipping the leadership of the Authority with better skills towards driving the achievement of the Authority's mandate. SUGAR-

TAF is also supporting the Authority in the development of its strategic plan. As part of this effort, the PPDA Board of Directors was taken through a two day training and reflection session on strategic planning in June 2019.

d) Africa Freedom for Information Centre (AFIC):

AFFIC is a pan African Civil society group that promotes Transparency in Governance. The Authority signed an MoU with the organisation in 2017 to among other things promote open contracting and contract monitoring by CSOs. The Authority partnered with AFIC in the year to carry out capacity building activities to equip CSOs with the tools and skills to facilitate their contract monitoring role. AFIC in partnership with the World Bank also organised a conference on social accountability in April 2019 in Kampala in which the Authority participated. AFIC also supported the Authority in the upgrade of the GPP to make it more reliable as well as in offering technical support to ensure the Open Contracting Data Standards are incorporated on the e- Procurement system.

e) World Bank Trust Fund

The Authority secured a grant from the World Bank to support the implementation of e-GP. The main objective of the grant is to ensure that there is sufficient awareness and readiness for e-GP across all key stake holders; the pilot procurement entities, the bidding community, and the general public through implementation of the e-GP Change Management and Communication Strategy. The grant will also support PPDA in continuing to build internal and external capacity within the public procurement system to continue fostering transparency and accountability. The total funding expected under this grant is USD 887,800 and the project will be implemented over a 2 year period.

f) Productive Partnerships

The Authority keeps track of all productive partnerships in place that have been formalized with memorandum of association in place. By the end of FY 2018/19, Table 17 shows all the Existing Partnerships in the Authority that have been formalised with MoUs in Place.

Table 17: Cooperation Framework

	Partner	Subject	Effective date	End date
1.	Uganda Technology And Management University	collaboration in the area of ICT application development and research development	8 th December 2014	Open Ended
2.	Africa Freedom Of Information Centre	Partnership in promotion of open contracting and community participation in public contracting	March 2017	Open Ended
3.	Makerere University Business School	Collaboration in research on problematic areas in public procurement	12 th February 2019	Open Ended
4.	The Ministry Of Finance Planning And Economic Development	Management of funds under. The Justice And Accountability Reform (JAR)-sector reform contracts (SRC) 2018.	23 rd October 2018	Open Ended
5.	Office Of The Prime Minister	Occupancy and use of premises in Gulu municipality	10 th March 2015	Open Ended
6.	Uganda Road Fund	Design and building of a new joint home at plot 39 Nakasero Road, Kampala	16 th October 2013	Open Ended
7.	National Information Technology Authority-Uganda	Setting standards for the procurement and disposal of it services, equipment and infrastructure across government ministries, departments and agencies (MDAS), capacity building and ensuring compliance	8 th November 2013	Open Ended
8.	Mbarara District Local Government	Occupancy and use of premises in Mbarara district	14 th May 2015	Open Ended
9.	Uganda Registration Services Bureau	Enhance a framework for information sharing in Uganda,	24 th July 2012	Open Ended
10.	Uganda Contracts Management Coalition	Partnership in the areas of advancing value for money, transparency and accountability in public contracts	N/A	Open Ended
11.	The Uganda National Bureau Of Standards	Cooperation in the field of standardization in procurement	17 th December 2007	Open Ended
12.	University OF Chicago Booth School Of Business	Collaboration in research in topical areas in public procurement	24 th April 2019	Open Ended
13.	Uganda Revenue Authority	Sharing information on incidences of suspected utterance of forged tax related documents, focal point for fast track guidance on tax matters, access to information on the PPDA register of providers, benchmark on investigation and prosecution of offenders and exchange of procurement and disposal statistics	5 th September 2011	Open Ended
14.	RTI International	the implementation of the USAID/ GAPP project 2013-2017	6 th September 2013	31 st October 2017

10.2 Participation in the Eighth International Public Procurement Conference:

The Authority participated in the International Public Procurement Conference (IPPC) that took place in Arusha city in Tanzania from 8th to 10th August, 2018. The conference attracted over 400 participants from 46 countries. These included policy makers, academicians, members of Civil Society Organisations, political leaders, Development partners among others. Over 150 papers were presented at the conference under various themes including procurement methods, corruption, small and medium enterprises (SMEs), implementation of reservation schemes, e-procurement, transparency, procurement performance, asset disposal among others. A total of 10 papers were presented by Ugandans on public procurement topics. PPDA staff presented the following three papers:

- i. Transparency in public procurement and the case for open contracting: The Ugandan experience.
- ii. The impact of procurement audit and compliance monitoring on accountability and public procurement performance.
- iii. Adoption of force account mechanism in road maintenance works' procurements: stakeholder' opinions in Uganda

10.3 Participation in the 11th East African Procurement Forum

The Authority participated in the 11th East African Procurement Forum that was held in Nairobi Kenya in November 2018. The EAPF brings together all key stakeholders in public procurement in the East African region. The Forum had representation from the academics, policymakers, civil society, regulators, and the private sector among others. The theme of the Forum was around improving transparency in public procurement in the East African region.

10.4 Anti Corruption Campaign

The Authority in partnership with the Inspectorate of Government, Directorate of Ethics and Integrity, Office of the Auditor General and the Justice, Law and Order Institutions organized and participated in activities to commemorate the international anti-corruption day 2018 under the theme "Citizens' participation in the fight against corruption: A Sustainable Path to Uganda's Transformation". 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 included Board room sessions, spot checks, radio talk shows and Caravans. All these activities climaxed on 10th December 2018 at Kololo Ceremonial Grounds where His Excellency the President addressed the nation on the state of corruption in Uganda and also introduced new measures to fight corruption including the introduction of anti-corruption unit at state house.

Anti - Corruption Campaign 2018



Launch of Anti-Corruption Campaign

PPDA-OAG and IG and Hon. Janet Museveni during the anti-corruption boardroom session

10.5 Public Relations and Communications

Public procurement is very critical in enhancing economic sector growth. However the sector still has a number of weaknesses that include: wide spread corruption, apathy by members of the public towards corruption. These have greatly hindered the realization of the goals of transparency, efficiency and value for money in public procurement. In order to combat this and empower the public, the Authority carried out a number of sensitization drives in a bid to raise awareness amongst the members of the public about public procurement and gather support for the PPDA in the implementation of its mandate to promote good public procurement practices.

10.5.1 Media Management & Publicity activities

The Authority continued engaging the media through, News paper articles, supplements, radio and Television talk shows and social media programs across the country. The engagements helped sustain the image of the Authority as well as promoting the PPDA mandate through the published procurement related news stories.

10.5.2 Exhibitions and Display;

The authority undertook Five (9) exhibitions where Procurement work and activities were displayed and explained to various stakeholders. These included

- i. Regional Anti-corruption open days
- ii. National Anti-corruption Launch
- iii. International Anti-corruption Day
- iv. Bank of Uganda Suppliers/bidders conference
- v. Accountability Sector Joint Annual Review
- vi. Women Bidders Conference and Exhibition

10.5.3 Promotional materials:

The Authority developed and distributed PPDA/EGP branded T-shirts, brochures, Banners, booklets, cups, fliers, pens, flash disks, were developed, procured and distributed to PPDA stakeholders. This is meant to strengthen promotion of the PPDA brand and dissemination of procurement information among stakeholders.

10.5.4 Corporate Social Responsibility:

As a way of giving back to the community the Authority undertook Corporate Social Responsibility activities targeting the less privileged communities in society. In this direction, three (3) corporate Social Responsibility activities were undertaken as follows:

- i. Donation of 10,000 liters Water tank to Buganda Road Primary School (a Universal Primary Education (UPE) School in Kampala.
- ii. Blood donation Drive at PPDA Head office by PPDA staff and neighbors in conjunction with Nakasero Blood Bank (Uganda blood transfusion services).
- iii. Together with PPDA staff, mobilized PPDA staff to donate food stuff and clothings to the missionaries of the poor (a catholic mission that cares for orphans and people with disabilities) in Busega

Corporate social responsibility



PPDA team donating to children with special needs at Orphanage and rehabilitation Center at Busega

PPDA staff donating blood as part of Corporate Social responsibility

CHAPTER 11

CHALLENGES ENCOUNTERED IN FY 2018/19 AND PRIORITIES OF FY 2019/20

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 2018/19 was 66%. 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) 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 49% and this position is continuously being worsened by the ever increasing number of both Central and Local Government Entities.
- b) 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.
- c) Delay in investigations: This is caused by increasing number of complaints from anonymous complainants who cannot be contacted to substantiate the complaints and poor record keeping by the entities leading to delays in submission of procurement files and repeated requests to provide documents.

11.2 Key Activities Planned for FY 2019/20

- 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 overall progress is currently at 23%.

Annex I: Providers Suspended by the Authority

DETAILS OF THE RECOMMENDATIONS FOR SUSPENSION OF PROVIDERS				
MATTERS CONCLUDED				
1.	Magna Construction Limited	Dokolo District Local Government	Submission of forged bid security.	Suspended for three years effective 11 th July 2018
2.	Black and Veach Civil Engineering Limited	Dokolo District Local Government	Submission of forged bid security.	Suspended for three years effective 11 th July 2018
3.	Arua Kubala Park Operators and Market Vendors Cooperative	Arua District Local Government	Submission of forged Certificates of registration purportedly issued by the Registrar of Companies.	Suspended for three years effective 11 th July 2018
4.	Yalama Holdings Ltd	Katakwi District Local Government	Submission of forged Tax Clearance Certificate.	Suspended for three years effective 11 th July 2018
5.	Anyila Enterprises	Katakwi District Local Government	Submission of forged Tax Clearance Certificate.	Suspended for three years effective 11 th July 2018
6.	Lero Industries	Katakwi District Local Government	Submission of forged Tax Clearance Certificate.	Suspended for three years effective 11 th July 2018
7.	Eastern Auto Parts Ltd	Katakwi District Local Government	Submission of forged Tax Clearance Certificate.	Suspended for two years effective 11 th July 2018
8.	Asuret Contractors & General Supplies (U) Ltd	Katakwi District Local Government	Submission of forged Tax Clearance Certificate.	Suspended for three years effective 11 th July 2018
9.	Acra Holdings (U) Ltd	Katakwi District Local Government	Submission of forged Tax Clearance Certificate.	Suspended for two years effective 11 th July 2018
10.	Geobot Water Engineering Services Ltd	Katakwi District Local Government	Submission of forged Tax Clearance Certificate.	Suspended for two years effective 11 th July 2018
11.	Angelique International Limited	Rural Electrification Agency	Suspension by World Bank	Same period as WB
12.	SMEC International PTY Limited	Ministry of Agriculture, Animal Industry and Fisheries	Suspension by World Bank	Same period as WB
13.	AKA Construction (U) Ltd	Butaleja District Local Government	Submission of a forged bid guarantee from Stanbic Bank.	Suspended for three years effective 11 th July 2018
14.	Kioga General Enterprises Limited	Amolatar District Local Government	Power of Attorney not authentic.	Suspended for three years effective 11 th July 2018
15.	Gudul Investments Limited	Amolatar District Local Government	Power of Attorney not authentic.	Suspended for two years effective 11 th July 2018

DETAILS OF THE RECOMMENDATIONS FOR SUSPENSION OF PROVIDERS

16.	Mamelih Investments Limited	Amolatar District Local Government	Power of Attorney not authentic.	Suspended for two years effective 11 th July 2018
17.	Acako-Acaka Technical Company Limited	Amolatar District Local Government	Power of Attorney not authentic.	Suspended for two years effective 11 th July 2018
18.	Agaya Investments Limited	Amolatar District Local Government	Power of Attorney not authentic.	Suspended for two years effective 11 th July 2018
19.	Trinity Technical Service Limited	Amolatar District Local Government	Power of Attorney not authentic.	Suspended for three years effective 11 th July 2018
20.	Uganda Wildlife Authority & Rural Electrification Agency	Empire Tools Limited	Failure to substantially perform the contract and Forgery of a bid security	Suspended for five (5) years effective 5 th February 2019
21.	Kalungu District Local Government	Pasue Enterprises	Forgery of bid securities	Suspended for two (2) years effective 5 th February 2019
22.	Inspectorate of Government	OHKA Enterprises (U) Limited	Failure to substantially perform the contract	Suspended for two (2) years effective 5 th February 2019
23.	Authority on its own initiative following a whistle blower complaint	Fountain Technologies Limited	Forgery of a Certificate of Incorporation, awards, audited books of accounts and CVs of proposed staff	Suspended for four (4) years effective 5 th February 2019

**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 YEAR ENDED 30TH JUNE 2019**

**OFFICE OF THE AUDITOR GENERAL
UGANDA**

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LIST OF ACRONYMS

ACRONYM	MEANING
COSO	Committee of Sponsoring Organizations of the Treadway Commission
ICT	Information Communication Technology
IFMS	Integrated Financial Management System
ISSAIs	International Standards of Supreme Audit Institutions
LGs	Local Governments
MDAs	Ministries, Departments and Agencies
MoFPED	Ministry of Finance, Planning and Economic Development
PFMA	Public Financial Management Act
PPDA	Public Procurement and Disposal of Assets
TAI	Treasury Accounting instructions

**REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF PUBLIC
PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY
FOR THE YEAR ENDED 30TH JUNE, 2019**

THE RT. HON. SPEAKER OF PARLIAMENT

Opinion

I have audited the accompanying financial statements of the Public Procurement and Disposal of Public Assets Authority for the year ended 30th June, 2019, which comprise the statement of Financial Position as at 30th June, 2019, the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flows together with other accompanying statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements of Public Procurement and Disposal of Public Assets Authority for the year ended 30th June, 2019 are prepared, in all material respects, in accordance with Section 51 of the Public Finance Management Act, 2015 and the Financial Reporting Guide, 2018.

Basis for Opinion

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

Key Audit Matter

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 that there are no key audit matters to communicate in my report.

1.0. BUDGET PERFORMANCE

a. Implementation of Budget approved by parliament

The Public Finance Management Act, 2015 section 45(3) requires an 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, submitted. Budget estimates are based on outputs to be achieved for the financial year and during implementation, effort is required to be made to achieve the agreed objectives or targets of the entity within the availed resources.

I observed that out of the budgeted revenue of UGX.24,851,777,620 the entity received UGX.22,822,513,121 representing about 91.8% of the approved budget. This resulted into a shortfall of UGX.2,029,264,499 (representing about 8.2% of the approved budget).

The PPDA mandate is derived from the following functions;

- (i) To ensure the application of fair, competitive, transparent, non-discriminatory and value for money procurement and disposal standards and practices
- (ii) To harmonize the procurement and disposal policies systems and practices of the Central Government, Local Governments and Statutory bodies
- (iii) To set standards for the procurement and disposal systems in Uganda
- (iv) To monitor Compliance of procuring and disposing entities
- (v) To build procurement and disposal capacity in Uganda

However, I noted from the 4th quarter performance report that the planned activities such as procurement audits, procurement investigations, stakeholders trained were partially implemented. Failure to fully implement all the planned activities impacted on the achievement of the planned objectives.

Management explained that they have no control over the Ministry of Finance over how much funding of the approved budget is released for expenditure; however, continued efforts in liaising with the Ministry to have 100% of our approved budget released will be undertaken. I advised the Accounting Officer to continue liaising with the responsible stake holders to ensure that all appropriated funding is availed in future.

b. Revenue Performance

I reviewed the NTR estimates, revenue sources and rates charged at vote level for the financial year 2018/2019 and noted that out of the budgeted revenue of UGX.700million for the year 2018/19, UGX.730,284,283 was collected representing over performance of 104% of the target. The performance of each revenue source is summarized in the table below;

Table showing Revenue Performance

No	Revenue Source	Approved Budget - UGX	Actual receipts - UGX	Variance - UGX	Percentage variance
1	Sale of goods and services	630,000,000	658,578,183	28,578,183	105%
2	Miscellaneous Revenue	70,000,000	71,706,100	1,706,100	102%
	TOTAL	700,000,000	730,284,283	30,284,283	104%

Although the performance is commendable, there is a risk that Management may have set easy targets during the budgeting process. I advise the Accounting Officer to explore

a possibility of setting even higher revenue targets that will motivate the Authority to increase its efforts towards local revenue collection.

c. Under absorption of funds

Section 15 (1) of the Public Finance and Management Act 2007 states that after approval of the annual budget by Parliament, the Secretary to Treasury shall issue the annual cash flow plan of Government, based on the procurement plans, work plans and recruitment plans approved by Parliament. Section 15 (2) states that the annual cash flow plan issued under subsection (1) shall be the basis for release of funds by the Accountant General to the Accounting Officers. Further to this, section 15 (3) requires an Accounting Officer to commit the budget of a vote, based on the annual cash flow plan issued under this section.

I noted that out of the warrants amounting to UGX.22,822,513,121, a total of UGX.22,703,512,878 was spent by the entity resulting into unspent balance of UGX.119,000,243 representing an absorption level of 99%. The unspent balances at the end of the financial year were subsequently swept back to the consolidated fund account. Refer to table below;

APP EST (A) (billions)	RELEASE (B) (billions)	Variance C= (A-B) (billions)	Expenditure (D) (billions)	Unspent (B-D) (billions)
24.85	22.82	2.03	22.70	0.12

Under absorption of funds could have impacted on its capacity to fully implement all its planned activities. The Accounting officer stated that they had a 99% absorption rate of the funds that were released and the UGX.119,005,2453 was mainly Wage and NSSF that could be absorbed as a result of delays in the recruitment of some critical staff at the Authority such the Executive Director, Director Performance Management and others.

I advised the Accounting Officer to ensure that all activities are always implemented according to plan, to enable full utilisation of the availed funding.

d. Implementation of planned out-puts

The Authority is mandated to formulate policies and regulate procurement and disposal practices in respect of all procuring and disposing entities. In order to achieve its mandate, the entity planned to implement and achieve a number of both recurrent and development deliverables under various programmes and projects. A review of the entity's ministerial statements, approved work plans and budgets revealed that the key deliverables for the financial year 2018/19 are shown in the Table below;

Table showing Key deliverables for 2018/2019

S/N	Key deliverables	Amount ("000,000")	Cumulative percentage of approved budget	Audit Comment
1	Value for money in the	13.86	55.77%	41.17% was for

management of public resources			infrastructure development
--------------------------------	--	--	----------------------------

The entity planned to achieve the above deliverables through implementation of five out puts. Based on the work performed I noted the following in the implementation of the out-puts/activities;

- **Implementation of the quantified planned outputs**

An analysis of the three outputs/activities that were quantified revealed that although the entity absorbed 99% of the funds that were released, some of the activities remained partially implemented. I urged the Accounting Officer to ensure that going forward, there is always proper planning of activities to enable timely achievement of the anticipated organizational goals.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the following matter presented in the financial statements;

2.0. ACCUMULATION OF DOMESTIC ARREARS

During the financial year 2018/19, the Accountant General issued a circular restricting accumulation of domestic arrears to fixed or unavoidable commitments like pension, salaries, utilities, rental obligations, subscriptions to international organizations and multi-year contracts in the development budget.

I observed that at the beginning of the year, domestic arrears disclosed stood at UGX.55,820,379. However, as at 30th June 2019, payables had increased to UGX.229,000,860. Accumulation of domestic arrears contravenes the commitment control system and Budget Execution Circular that gives guidance on how to implement the Approved Budget.

The Accounting Officer stated that domestic arrears were as a result of cuts suffered on the budget of UGX.2Billion, and that they negotiated with suppliers for a grace period to pay outstanding invoices which they paid in the first quarter of financial year 2019/2020. I advise the Accounting Officer to always adhere to the commitment control system and the Budget Guidelines issued by the Secretary to the Treasury when implementing the approved Budget.

Other Matter

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

to Parliament for the funds and resources of 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 for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, 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'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 skepticism throughout the audit. I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

FINANCIAL STATEMENTS

GOVERNMENT OF THE REPUBLIC OF UGANDA



PUBLIC PROCUREMENT AND DISPOSAL OF PUBLIC ASSETS AUTHORITY

Reports and Financial Statements for the Year Ended 30th June, 2019

For Accounting Officers of the Central Government



**Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019**

Public Procurement and Disposal of Public Assets Authority (PPDA)

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Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

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 38 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 requires 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 Turanye 

Accounting Officer

..... 18.12.2019
Date

Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

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, Nakasero Road, 5th Floor
UEDCL Tower
P.O Box 3925 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

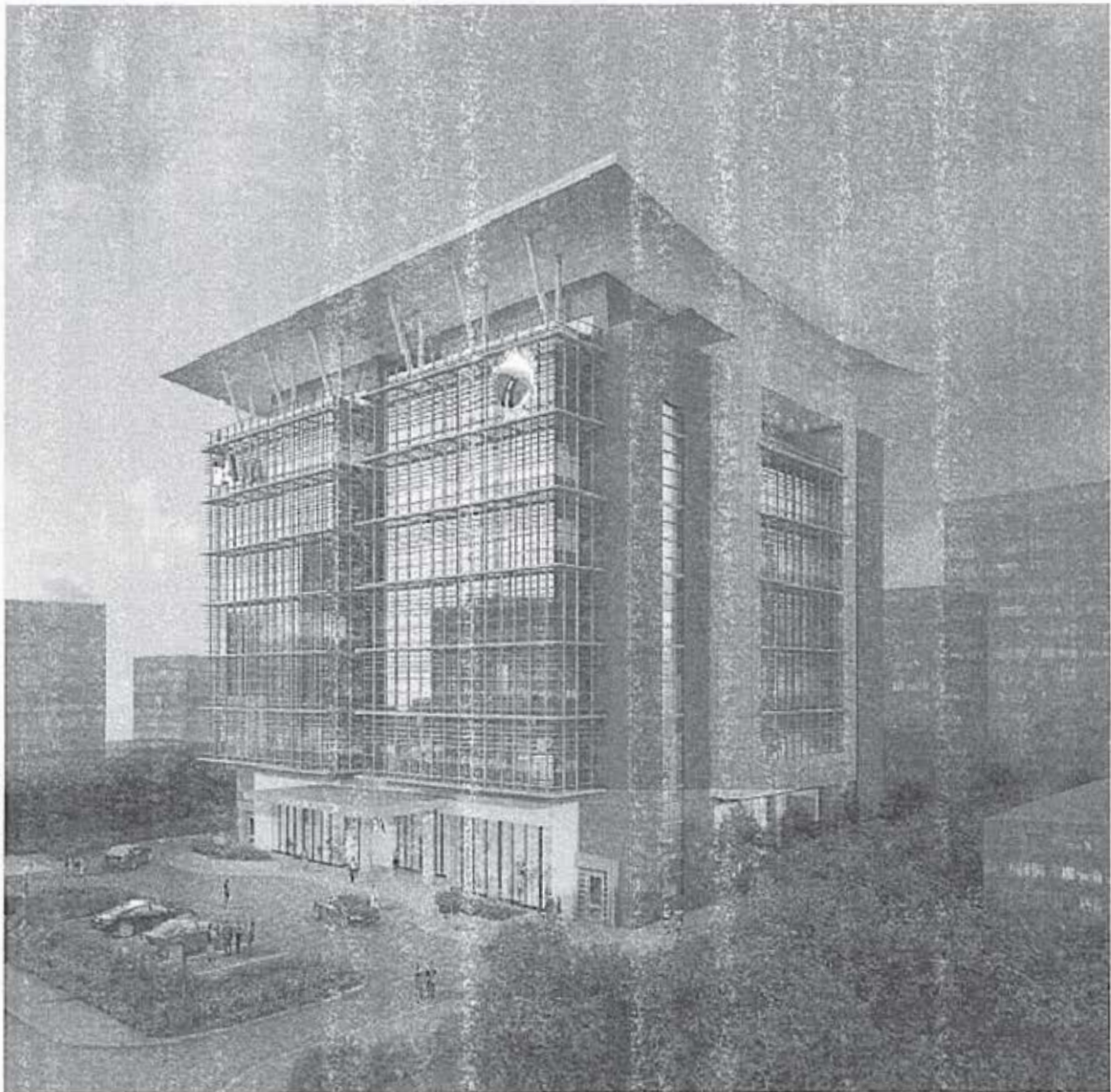
1. Monitor and report on the performance of the public procurement and disposal systems in Uganda and advice on the desirable changes
2. Set training standards, competences levels, certification requirements and professional development paths in consultation with competent authorities
3. Conduct periodic 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 contractor completed the three level parking. The proposed offices will house Public Procurement and Disposal of Public Assets Authority (PPDA) and Uganda Road Fund (URF)

Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)



Risk Management Practice and Internal Control

The Authority has an Audit and Risk 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 a 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.

Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

2. Risk management function in place.
3. Reviews, verifications, and approval of transactions are done.
4. Segregation of duties thus minimizing the risk of errors and abuse.
5. Safeguard of assets and stores consumables and periodic physical verifications.
6. Weekly reviews of budget performance.
7. General controls and safeguards over information systems; backups and recovery procedures.

Achievements of the Audit Committee and Internal Audit

- i. The Audit Committee discharged its oversight responsibilities during the financial year 2018/2019 by specific focus on matters from Internal Audit and risk management reviews and reporting.
- ii. The Committee Approved the Internal Audit work plan for financial year 2018/2019.
- iii. Reviewed audit findings on internal controls and their effectiveness by specifically focusing on controls in financial management and reporting, procurement procedures, contract management, budget performance and accountability for funds, human resources administration, assets management and ethics in the Authority.
- iv. 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 management was done by review of quarterly risk reports where the Committee provided scrutiny and direction.
- v. The Committee reviewed progress made to actions taken by management to address internal and external audit recommendations.

Action on Parliamentary Recommendations

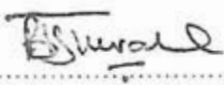
During the FY 2017/2018, the Authority had four audit queries from the Office of the Auditor General namely:

- i. Domestic arrears of UGX 97,765,859
- ii. Poor revenue performance (The Authority did not receive 100% of the approved budget.)
- iii. The Authority's strategic plan is not aligned to National Development Plan II
- iv. Under staffing, the approved structure is not fully filled.

The recommendations were partly implemented by the end of the financial year.

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

Benson Turamye

Accounting Officer 

Date 18.12.2019

Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

Commentary on the Financial Statements by the Head of Accounts

Budget Performance

The budget performance for PPDA for the twelve months ended June, 30th 2019 was as follows:

The approved budget of the Authority for the Financial Year 2018/2019 under Government of Uganda funding was UGX 24,851,777,620. At the end of the fourth quarter, the Authority had received cash limits totaling to UGX 22,822,513,121 representing 91.83% of the approved budget. Out of the approved cash releases, UGX 22,703,512,878 were the actual funds utilized by the Authority representing 99.43% of the cash releases. The unutilized funds of UGX 119,000,243 (0.57% of cash releases) are wage and NSSI which were swept back to the consolidated fund.

On the other hand Non Tax Revenues (NTR) of UGX 730,284,283 were collected during the period and remitted to Uganda Consolidated Fund (UCF) as required. Ninety percent of the NTR collection was from registration fees on the Register of Providers (RoP) and miscellaneous receipts at ten percent.

Funding Source other than Government of Uganda

In addition to funds received from Government of Uganda, the Authority received UGX 650,000,000 from European Union. The funds worth UGX 371,147,533 were spent by the end of the current financial year.

In the Twelve (12) months period, the Authority received UGX 1,290,434,716 from Regional Communications Infrastructure Program (RCIP) under National Information Technology Authority (NITA-U) for the development of an Electronic Government Procurement (e-GP) system. The funds were for the development of the e-gp systems, salaries of technical staff and goods and services.

In the same period, the Authority also received funding from Governance, Accountability, Participation and Performance (GAPP) program of UGX123,000,000 to facilitate the audit of twelve (12) District Local Government Procuring and Disposing Entities (PDEs), revision of procurement audit manual and staff retreat for performance monitoring auditors.

In the same period the Authority received funding from FINMAP III UGX 789,723,975 for salaries, workshops for developing Standard Bidding Documents (SBDs) and promotion of local content and consultancy fees

Domestic Arrears.

In the current Financial year, the Authority suffered budgets cuts of UGX 2.2B and as a result, the Authority was not able to pay for all goods and services received which resulted in domestic arrears of UGX 229,000,860. These domestic arrears will be prioritized in the next year


Unspent Cash Balance.

In the current Finance Year, the Authority has got a non-spent bank balance of Ugx 5,000 arising from funds original charged as a bank charge. This is pending reversal by Bank Of Uganda.

I take full responsibility for the completeness and integrity of these Financial Statements, the financial information they contain and their compliance with the Public Finance Management Act 2015. The Trial Balance, Bank Reconciliation and the Bank Statements to 30th June, 2019 are attached.

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

Julius B. Mwesigye
Head of Accounts



Date 18/12/2019

Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

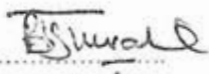
Public Procurement and Disposal of Public Assets Authority (PPDA)

Statement of Financial Performance

[Based on classification of expenditures by nature]

	Note	Actual 30-Jun-19 (Shs)	Actual 30-Jun-18 (Shs)
OPERATING REVENUE			
Revenue			
Taxes	2		
External Grants Received	3		
Transfers received from the Consolidated Fund	4	22,703,512,878	13,203,225,626
Transfers from the Contingencies Fund	5		
Transfers received from Other Government units	6		
Non – Tax revenue	7	730,284,283	658,375,045
Total operating revenue		23,433,797,161	13,861,600,671
OPERATING EXPENSES			
Employee costs	8	9,301,700,819	8,791,162,630
Goods and services consumed	9	3,742,471,561	2,075,382,947
Consumption of property, plant & equipment	10	9,325,515,980	2,319,701,775
Subsidies	11		
Transfers to other Organizations	12		
Interest expense	13		
Social benefits	14		
Other operating expenses	15	506,999,999	1,369,000
Total operating expenses		22,876,688,359	13,187,616,352
Excess of revenue over expenditure from operating activities		557,108,802	673,984,319
Foreign exchange loss (Gain)	16		
Finance costs	17		
Transfers to Treasury	18	(730,284,283)	-658,375,045
Excess of Revenue over expenditure for the year		(173,175,481)	15,609,274

Benson Turanye.....
Accounting Officer
Statement of Financial Position



Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

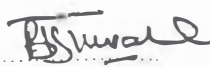
Statement of Financial Position

	Notes	30-Jun-19 (Shs)	30-Jun-18 (Shs)
ASSETS			
Cash and cash equivalents	20	5,000	0
Receivables	21		
Inventories	22		
Investments	23		
Non-Produced Assets	24		
Total Assets		5,000	0
LIABILITIES			
Borrowings	25		
Payables	26	229,000,860	55,820,379
Pension Liability	27		
Total Liabilities		229,000,860	55,820,379
Net assets (liabilities)		229,000,860	(55,820,379)
REPRESENTED BY:-			
Net Worth		(228,995,860)	(55,820,379)

Statement of Changes in Equity (Net Worth)

	Schedule	30-Jun-19 (Shs)	30-Jun-18 (Shs)
At 1 July - Net worth Last Year (B/I)		(55,820,379)	12,314,825
Less: Transfers to the UCI account (Previous Year Balances)			
+/- Adjustments (Cash and cash equivalents)			
Payables adjustments (See <i>statement of outstanding commitments</i>)			(15,609,274)
Adjustments in the receivables			(7,226,097)
Revaluation reserve			(60,909,107)
Add: Excess of revenue over expenditure for the Year		(173,175,481)	15,609,274
Closing Net Financial Worth		(228,995,860)	(55,820,379)

Benson Turamyie
Accounting Officer



Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

Cash flow Statement for the year ended [Direct Method]

	30-Jun-19 (Shs)	30 th Jun 2018 (Shs)
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue from Operating activities		
Taxes		
External Grants Received		
Transfers received from the Consolidated Fund	22,703,512,878	13,203,225,626
Transfers from the Contingencies Fund		
Transfers received from Other Government units		
Non – Tax revenue	730,284,283	658,375,045
Deposits received		
Advances recovered		
Less Transfer to Treasury (Balances and NTR)	(730,284,283)	-658,375,045
Total Operating revenue	22,703,512,878	13,203,225,626
<i>PAYMENTS FOR OPERATING EXPENSES:</i>		
Employee costs	9,301,700,819	8,791,162,630
Goods and services consumed	3,513,470,701	2,075,382,947
Subsidies		
Transfers to Other Organizations		
Social benefits		
Other expenses	506,999,999	1,369,000
Foreign exchange loss/(gain)		
Net Advances paid		
Domestic arrears paid during the year	55,820,379	15,609,274
Pension Arrears paid during the Year		
Losses of cash		
Letters of Credit receivable		
Total payments for operating activities	13,377,991,898	10,883,523,851
Net cash inflows/(outflows) from operating activities	9,325,520,980	2,319,701,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	9,325,515,980	2,319,701,775
Purchase of non-produced assets		

Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

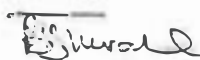
Proceeds from sale of property, plant and equipment		
Purchase of investments		
Proceeds from sale of investments		
Net cash inflows/(outflows) from investing activities	9,325,515,980	2,319,701,775
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from external borrowings		
Repayments of external borrowings		
Proceeds from other domestic borrowings		
Repayments of other domestic borrowings		
Net cash flows from financing activities	0	0
Net increase (decrease) in cash and cash equivalents	5,000	0

Reconciliation of movement of cash during the year

	Notes	30-Jun-19 (Shs)	30-Jun-18 (Shs)
At the beginning of the year		0	0
Less: Transfers to the UCI ² 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>		5,000	0
At the end of the year		5,000	0

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

		30-Jun-19 (Shs)	30-Jun-18 (Shs)
Cash and bank balances	20	5,000	0
Less bank overdrafts	20	0	0
Cash and bank balances	20	5,000	0



Benson Turamyembe...
Accounting Officer

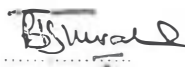
Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

Statement of Appropriation Account [Based On Services Voted]

	Initial Approved Budget	Revised Approved Budget	Warrants	Actual	Variance
	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19
	(Shs)	(Shs)	(Shs)	(Shs)	(Shs)
	(a)	(b)	(Shs)	(Shs)	(Shs)
			©	(d)	(b-d)
RECEIPTS					
Taxes					
Non – Tax revenue	700,000,000	700,000,000		730,284,283	(30,284,383)
Transfers received from the Consolidated Fund	24,851,777,620	24,851,777,620	22,822,513,121	22,703,512,878	2,148,264,742
Transfers from the Contingencies Fund					
Grants Received					
Transfers received from Other Government units					
Total receipts	25,551,777,620	25,551,777,620	22,822,513,121	23,433,797,161	2,117,980,339
EXPENDITURE- by services as per appropriation					
Headquarters	13,857,777,620	13,857,777,620		13,102,992,759	754,784,861
Development Expenditure	10,994,000,000	10,994,000,000		9,829,515,979	1,164,484,021
Total Expenditure	24,851,777,620	24,851,777,620	0	22,932,508,738	1,919,268,882
Net Receipts/Payments	700,000,000	700,000,000	22,822,513,121	501,288,423	198,711,477

Benson Turameye
Accounting Officer



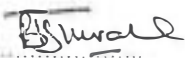
Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

Statement of Appropriation Account [based on nature of expenditure]

	Initial Approved Budget	Revised Approved Budget	Warrants	Actual	Variance
	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19
	(Shs)	(Shs)	(Shs)	(Shs)	(Shs)
	(a)	(b)	(c)	(d)	(b-d)
RECEIPTS					
Taxes					
Non – Tax revenue NTR	630,000,000	630,000,000		658,578,183	(28,578,183)
Miscellaneous Income	70,000,000	70,000,000		71,706,100	(1,706,100)
Transfers received from the Consolidated Fund	24,851,777,620	24,851,777,620	22,822,513,121	22,703,512,878	2,148,264,742
Transfers from the Contingencies Fund					
Grants Received					
Transfers received from Other Government units					
Total receipts	0	0	22,822,513,121	23,433,797,161	2,117,980,459
EXPENDITURE-by nature of expenditure					
Employee costs	9,876,325,267	9,876,325,267		9,301,700,819	574,624,448
Goods and services consumed	3,977,452,353	3,977,452,353		3,742,471,561	234,980,792
Consumption of property, plant & equipment	10,490,000,000	10,490,000,000		9,325,515,980	1,164,484,020
Transfers to other Organizations					-
Social benefits					-
Other expenses	508,000,000	508,000,000		506,999,999	1,000,001
Domestic arrears paid				55,820,379	(55,820,379)
Finance costs					
Total expenditure	24,851,777,620	24,851,777,620	0	22,932,508,738	1,919,268,882
Net Receipts/Payments	700,000,000	700,000,000	22,822,513,121	501,288,423	198,711,477

Benson Turamy.....
Accounting Officer



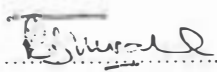
Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

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

	Actual 30-Jun-19 (Shs)	Actual 30-Jun-18 (Shs)
Total expenditure per Appropriation Account	22,932,508,738	13,218,834,900
Add:		
Letters of credit receivable prior year but delivered during the year		
Excess expenditure above appropriation	0	0
Less:		
Letters of credit receivable at year-end		
Domestic Arrears paid	55,820,379	15,609,274
Total Expenditure per Statement of Financial Performance	22,876,688,359	13,203,225,626

Benson Turamyee
Accounting Officer



Government of the Republic of Uganda
Financial Statements for Year ended 30th June 2019

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:

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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

The Act of Parliament that establishes the Authority is:

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

The Authority has three regional offices in Gulu Mbarara and Mbale to serve the Northern, Western and Eastern 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

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

Government of the Republic of Uganda

Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

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 2018 to the next 30-Jun-2019. 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

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.

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Financial Statements for Year ended 30th June 2019

Public Procurement and Disposal of Public Assets Authority (PPDA)

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.

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

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Public Procurement and Disposal of Public Assets Authority (PPDA)

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”

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.

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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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Public Procurement and Disposal of Public Assets Authority (PPDA)

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-Jun-2019	30-Jun-2018
United States Dollar		
British Pound		
Euro		

Note 2: Tax Revenues

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

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Local Services Tax		
Land fees		
Business Licenses		
Other tax revenues		
Total taxation revenues		

Note 3: External Grants received

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Grants from foreign governments		
Grants from International Organizations		
Total Grants		

Note 4: Transfers Received from the Treasury – Consolidated Fund

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Transfers from the treasury- current	12,873,991,899	10,867,914,577
Transfers from the treasury- capital	9,829,515,979	2,313,701,775
Total Transfers	22,703,512,878	13,203,225,626

Note 5: Transfers Received from the Treasury- Contingencies Fund

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Response to natural crisis – location A		
Response to natural crisis- location B		
Total Transfers for the Year		

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Public Procurement and Disposal of Public Assets Authority (PPDA)

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-Jun-2019 (Shs)	30-Jun-2018 (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-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Investment income		
Dividends		
Rent		
Other property income (disposal of assets)		
Sale of goods and services		
Administrative fees and licenses	658,578,183	632,156,723
Court fines and Penalties		
Other fines and Penalties		
Miscellaneous Revenue	71,706,100	26,218,322
Total Non-Tax Revenue	730,284,283	658,375,045

Note 8: Employee Costs

Employee costs principally comprise:

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Wages and salaries	7,130,735,195	6,871,928,142
Social contributions	551,450,789	533,999,039
Other employment costs	1,619,514,835	1,385,235,449
Total employee costs.	9,301,700,819	8,791,162,630

Note 9: Goods and Services

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

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
General expenses	1,334,407,648	633,373,300
Communications	99,031,893	159,839,999
Utility and property expenses	917,500,530	686,345,999
Supplies and services	51,200,000	36,000,000
Professional services	112,128,849	46,599,998
Insurances and licenses	201,950,975	186,787,482
Travel and transport	877,010,215	242,570,763
Maintenance	149,241,451	83,865,406
Inventories (goods purchased for resale)	0	0
Total cost of goods and services	3,742,471,561	2,075,382,947

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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-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Non-Residential buildings	8,569,000,609	1,900,000,001
Residential buildings		0
Roads and bridges		0
Transport equipment-	377,300,000	349,701,777
Machinery and equipment	326,091,573	42,999,999
Furniture and fittings	53,123,798	26,999,998
Other fixed assets		0
Total value of property, plant and equipment expensed	9,325,515,980	2,319,701,775

Note 11: Interest Expense

Note 12: Subsidies

Subsidies paid during the year are summarized as below:

	Actuals 30-Jun-2019 (Shs)	Actuals 30-Jun-2018 (Shs)
To public corporations		
To private enterprises		
To private individuals		
Total subsidies for the year		

Note 13: Transfers to Other Organizations

Transfers made during the year are summarized as below:

	Actuals 30-Jun-2019 (Shs)	Actuals 30-Jun-2018 (Shs)
Transfer to foreign Governments		
Transfers to International Organizations		
Transfers to other government units		
To resident non-government units		
Total transfers		

Note 14: Social Benefits

Social benefits paid during the year comprise:

	Actuals 30-Jun-2019 (Shs)	Actuals 30-Jun-2018 (Shs)
Pensions		
Employer Social benefits		
Total social benefits		

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Public Procurement and Disposal of Public Assets Authority (PPDA)

Note 15: Other Operating Expenses

These comprise:

	Actuals 30-Jun-2019 (Shs)	Actuals 30-Jun-2018 (Shs)
Property expenses other than interest		
Miscellaneous other expenses- current	3,000,000	1,369,000
Miscellaneous other expenses- capital	503,999,999	
Total other operating expenses	506,999,999	1,369,000

Note 16: Foreign Exchange Gains and Losses

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

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Realized loss (gain) (SIP)		
Un/realized loss (gain) (SCE)		
Net foreign exchange (gains)/ losses		

Note 17: Finance costs

	Schedule	31-Jun- 2019 (Shs)	30-Jun-2018 (Shs)
Interests on external debts (external borrowings)			
Interests on other domestic borrowings			
Total finance cost			

Note 18: Transfers to the Treasury

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

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Non-Tax revenue	730,284,283	658,375,045
Unspent Salary balances		
Expenditure account balances	0	0
Total for the year.	730,284,283	658,375,045

Note 19 Non Produced Assets

Note 20 Cash and cash equivalents

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
DOMESTIC		
Revenue accounts		
Expenditure accounts	5,000	
Project accounts		
Collection accounts		
Cash in transit		
Cash at hand- Imprest		
Others		

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Public Procurement and Disposal of Public Assets Authority (PPDA)

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Sub-total cash and bank balances- domestic	5,000	0
FOREIGN		
Revenue Accounts		
Project Accounts		
Expenditure accounts		
Collection accounts		
Cash in transit		
Cash at hand- Imprests		
Others		
Sub-total cash and bank balances- foreign	0	0
Total cash and bank balances	5,000	0

Any over drafts should be included under the respective bank accounts

Note 21: Receivables

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

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
DOMESTIC		
Loans (short-term) -others		
Advances	0	0
Outstanding letters of credit		
Other accounts receivable	0	0
Total domestic receivables		
FOREIGN		
Loans (short-term) -others		
Advances		
Other accounts receivable		
Total foreign receivables	0	0
Total receivables	0	0
Less provisions against doubtful accounts	0	0
Net receivables	0	0

Note 22: Inventories

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

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Strategic stock-petroleum products		
Other inventories (goods purchased for re-sale)		
Total inventories		

Note 23: Investments

Comprise investments as follows:

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Securities other than shares (long-term)-domestic		
Shares and other equity-domestic		
Securities other than shares-foreign		
Total investments		

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Public Procurement and Disposal of Public Assets Authority (PPDA)

Note 24: Investment Properties

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Land		
Cultivated Assets		
Other Naturally occurring Assets		
Total Non-Produced Assets		

Note 25: Borrowings

	30-Jun-2019 (Shs)	30-Jun-2018 (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 26: Payables

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

	30-Jun-2019 (Shs)	30-Jun-2018 (Shs)
Payables		
Trade Creditors	229,000,860	55,820,379
Sundry Creditors	0	0
Committed Creditors		
Accountable advances		
Withholding tax payable		
Deposits received		
Advances from other Government units		
Miscellaneous accounts payables		
Total payables	229,000,860	55,820,379

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Public Procurement and Disposal of Public Assets Authority (PPDA)

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	24,731,589	0	0	24,731,589
Rent	24,331,897	0	0	24,331,897
Contributions to International Organizations	0	0	0	-
Court Awards & Compensations	0	0	0	-
Taxes and other deductions	0	0	0	-
Goods and services Consumed	179,937,374	0	0	179,937,374
Non Produced Assets	0	0	0	-
Others	0	0	0	-
Total Payables	229,000,860	0	0	229,000,860

Note 27: Pension liabilities

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

	30-Jun-2018 (Shs)	30-Jun-2018 (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				



**PUBLIC PROCUREMENT & DISPOSAL OF PUBLIC
ASSETS AUTHORITY (PPDA)**

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