

**PROCUREMENT AND DISPOSAL AUDIT FOR THE
FINANCIAL YEAR 2023/2024**

ENTERPRISE UGANDA

JUNE 2026

Table of Contents

Table of Contents i

List of Tables ii

ACRONYMS iii

EXECUTIVE SUMMARY 1

CHAPTER 1: INTRODUCTION..... 5

1.1 Structure of the Entity 5

1.2 Background 5

1.3 Objective of the compliance audit..... 5

1.4 Scope of the Compliance Audit 5

1.5 Methodology 6

CHAPTER TWO: FINDINGS OF THE AUTHORITY..... 7

2.1 Level of compliance by the PDE with the general provisions of the PPDA Act, Cap 205 and Regulations, 2014..... 7

2.2 Level of compliance with the PPDA Act, Cap 205 and Regulations, 2014 in the conduct of procurement and disposal activities..... 10

2.3 Level of efficiency and effectiveness in contract implementation. 21

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY 38

3.1. Overall Compliance Audit Conclusion 38

3.2. Entity’s Performance..... 38

Appendix 1: Sample list of for Enterprise Uganda for FY 2024-25..... 41

Appendix 2: Risk Rating Criteria 41

List of Tables

Table 1: Procurements with missing records	9
Table 2: Procurements in which there were irregularities in bidding processes.....	12
Table 3: Irregularities in the procurement for construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika	13
Table 4: Unapproved variations.....	25
Table 5: Procurements in which there were irregularities in the implementation of contracts	36
Table 6: Risk Rating Categorisation.....	38
Table 7: Risk Score.....	38

ACRONYMS

AO	Accounting Officer
BEB	Best Evaluated Bidder
EUG	Enterprise Uganda
FY	Financial Year
Ltd	Limited
NCONS	Non-Consultancy Services
NSSF	National Social Security Fund
PAU	Enterprise Uganda
PDE	Procuring and Disposing Entity
PPDA	Public Procurement and Disposal of Public Assets Authority
SUPLS	Supplies
UGX	Uganda Shillings
URA	Uganda Revenue Authority

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (PPDA) conducted a procurement and disposal compliance audit of Enterprise Uganda that covered 4 sampled procurement transactions, comprised of one ongoing contract and three completed contracts under the Financial Year 2024/25.

The overall objective of the audit was to assess and establish the degree of compliance of Enterprise Uganda's procurement system, process and disposal process with the provisions of the PPDA Act, Cap 205, Regulations, 2023, and Guidelines, 2024 and assess the level of procurement performance over the audit period.

From the findings of the compliance audit exercise, the performance of Enterprise Uganda for the Financial Year 2023/24 was **Unsatisfactory** with an overall weighted average risk rating of **100%**. The risk rating was weighted to determine the overall risk level of the Entity as detailed in Chapter 3 of the compliance audit report.

The following key exceptions were noted:

1. Absence of a fully constituted Procurement and Disposal Unit (PDU): The audit found that Enterprise Uganda did not have a formally established Procurement and Disposal Unit during the Financial Year 2024/25, contrary to Section 32 of the PPDA Act, Cap. 205, which requires every Procuring and Disposing Entity to establish a PDU responsible for executing procurement and disposal functions. The Entity appointed only one Procurement Officer in July 2025, which falls short of the staffing and functional requirements under Sections 32 and 33 of the PPDA Act, Cap. 205, thereby undermining segregation of duties, oversight, and institutional accountability.
2. Absence of a formally appointed Contracts Committee: The audit established that the Entity did not have a formally appointed Contracts Committee as required under Sections 28 and 29 of the PPDA Act, Cap. 205. Instead, ad hoc committees were constituted, and in several cases, procurement decisions were taken without evidence of Contracts Committee approval. This contravenes Section 30 of the PPDA Act, Cap. 205, which outlines the mandatory functions of the Contracts Committee, including adjudication of procurement requirements and approval of solicitation documents.
3. Failure to prepare an annual and multi-year procurement plan: The Entity did not prepare a formally approved procurement plan for FY 2024/25, nor did it prepare a multi-year procurement plan for the 26-month proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika (UEG/WRKS/2020-21/00002) worth UGX 26,142,170,825.2, contrary to Regulations 2 and 3 of the PPDA (Procurement Planning) Regulations, 2023. This reflects a capacity gap in procurement planning and exposes the Entity to risks of poor resource allocation and weak monitoring.
4. Irregular bidding processes and unlawful splitting of a procurement: The Entity rescinded an award without justification and split the procurement for furniture into three separate awards without following any procurement process, in contravention of Section 81 of the PPDA Act, Cap. 205. No evidence was adduced to show that mandatory steps, such as Contracts Committee approval, issuance of solicitation documents, or evaluation, were followed.

5. Irregular evaluation of bids: The audit identified multiple breaches of Regulation 5 of the PPDA (Evaluation) Regulations, 2023, including acceptance of non-compliant personnel qualifications, defective powers of attorney, inadequate equipment, and irregular arithmetic corrections in the procurement for construction of the proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2–4 Bukasa Lane in Butabika (UEG/WRKS/2020-21/00002) worth UGX 26,142,170,825.2. The unwarranted arithmetic corrections led to a financial loss of UGX 679,900,000.
6. Signing a contract with a person not duly authorised: Mr. Hossain Mohammad Mosraf, who signed the contract for the construction of the proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2–4 Bukasa Lane in Butabika (UEG/WRKS/2020-21/00002) worth UGX 26,142,170,825.2 did not have the power to legally bind the contractor to a contract with the entity. Consequently, the contract was void.
7. Mis-application of the price adjustment clause: The audit noted that the price adjustment formula was misapplied in the contract for the construction of the proposed office building for Enterprise Uganda on Plots 92A Butabika Road, and 2–4 Bukasa Lane in Butabika (UEG/WRKS/2020-21/00002). The total amount payable should have been UGX 1,251,172,220.50 instead of UGX 2,497,138,874 that was paid to the Contractor. Consequently, there was a financial loss of UGX 1,245,966,653.50.
8. Irregular variations and change of scope: The audit established that only two variations i.e. construction of the boundary wall along gridline K (UGX 64,471,070) and roof insulation (UGX 61,652,640), were formally recorded and approved by the Contract Management Team (CMT) in the construction of the proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2–4 Bukasa Lane in Butabika (UEG/WRKS/2020-21/00002). However, the Contractor, Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction, was irregularly engaged to undertake partitioning and interior design works for the proposed office building on Plots 92A Butabika Road and 2–4 Bukasa Lane in Butabika at a cost of UGX 800 million, without the requisite approvals. Additionally, Moso Designs Ltd was contracted for interior design services worth UGX 197,590,764 without evidence of approval by the Contracts Committee. Further review of valuations submitted by the supervising consultant revealed multiple unapproved changes to the scope of works amounting to UGX 975,524,700, which were executed or underway without written authorisation in contravention of Section 31 (1) (a) (v) of the PPDA Act, Cap. 205, which mandates prior written approval for variations and prohibits execution of works outside the approved scope.
9. Expiry of a contract before completion of works: The audit established that although Extension of Time No. 1 extended the completion date of the construction of the proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2–4 Bukasa Lane in Butabika by 14 months, from 19th February 2024 to 30th June 2025, no further extensions were granted thereafter. As a result, the contract expired on 30th June 2025, yet construction works were still ongoing at the time of the audit in November 2025. Executing works after contract expiry contravenes Regulation 53(1) of the PPDA (Contracts) Regulations, 2023, which requires that any change in contract duration be formally approved through a contract amendment. Additionally, the performance bond submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction expired on 19th February 2024 and was not renewed to cover the extended contract period, contrary to the requirements for continuous performance security under Regulation 11 of the PPDA (Contracts) Regulations, 2023 and the Conditions of Contract. This left the Entity exposed to significant financial and operational risk, as the

contractor continued executing works without a valid contract and without active performance security.

10. Approval of payments without measurement sheets: The audit established that the contract for the construction of the proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2–4 Bukasa Lane in Butabika was an admeasurement contract as provided under GCC 3.7, requiring payment based strictly on the actual quantities of work executed. However, a review of valuations and Interim Payment Certificates (IPCs) No. 1 to No. 20 revealed that no measurement sheets or supporting documentation were attached to justify the quantities claimed. This contravenes Regulation 16(1) of the PPDA (Contracts) Regulations, 2023, which requires that works under an admeasurement contract be itemised with estimated quantities in the bidding document, and Regulation 16(4) of the PPDA (Contracts) Regulations, 2023, which mandates that actual work done must be measured during contract execution and reconciled upon completion. Instead of measuring quantities, the supervising consultant relied on percentage-based estimates, effectively treating the contract as a lump-sum arrangement, contrary to the contractual provisions and statutory requirements. The Contract Management Team approved IPCs without verifying measured quantities, demonstrating laxity and weak oversight, and exposing the Entity to risks of overpayment and financial loss.

The Authority recommends that:

1. The Accounting Officer should urgently establish a fully functional PDU staffed with qualified personnel in compliance with Sections 32 and 33 of the PPDA Act, Cap. 205. Further, the Accounting Officer should prioritise resourcing the Unit and report progress to the Authority.
2. The Accounting Officer should urgently nominate and secure approval for a formally appointed Contracts Committee in accordance with Section 29 of the PPDA Act, Cap. 205, and ensure that it performs its statutory functions under Section 30 of the PPDA Act, Cap. 205.
3. Enterprise Uganda should prepare and submit a formally approved annual procurement plan in compliance with Regulation 2 of the PPDA (Procurement Planning) Regulations, 2023, and seek capacity building from the Authority to strengthen procurement planning.
4. Enterprise Uganda should urgently prepare and submit a formally approved annual procurement plan in compliance with Regulation 2 of the PPDA (Procurement Planning) Regulations, 2023, and ensure that multi-year procurement plans are prepared for long-term projects in accordance with Regulation 3 of the PPDA (Procurement Planning) Regulations, 2023.
5. The Accounting Officer should be tasked to show cause why disciplinary action should not be taken for the irregularities in the bidding process.
6. The Accounting Officer should recover the financial loss of UGX 679,900,000.
7. The Accounting Officer should ensure that, for future procurements, contracts are signed only with persons authorised to represent the providers.
8. The Accounting Officer should recover the financial loss of UGX 1,245,966,653.50.
9. The Contract Management Team should show cause why disciplinary action should not be taken against them for the unapproved and unjustified variations.
10. The Accounting Officer should proceed to prepare a detailed final account for the construction works. This final account should comprehensively document all costs incurred, reconciliations for any variations in reported progress, variations in scope of works and payment discrepancies and adjustments necessary due to the project's incomplete status.

11. The Project Manager and Contracts Management Team should take responsibility for irregularly approving payments to the Contractor without the requisite measurement sheets.

Enterprise Uganda should implement the recommended action plan on page **40**.

CHAPTER 1: INTRODUCTION

1.1 Structure of the Entity

Enterprise Foundation Limited (EUg) is a public-private institution designed to support the government in realising its objective of promoting the development of Small and Medium-Sized Enterprises (SMEs) to become the primary vehicle for expanding production, providing sustainable jobs and enhancing economic growth.

Enterprise Uganda was established under the framework of the UNDP Enterprise Africa regional initiative with support from a consortium of local and international donors.

The concept behind Enterprise Uganda is based on the Empretec Program Model currently operating in 32 countries in Africa, Eastern Europe, and Latin America. The Empretec model is designed as a one-stop program, which provides an integrated and comprehensive range of business support services for Small and Medium-Sized Enterprises (SMEs) using a hands-on approach.

According to Section 28 of the PPDA Act, Cap 205, the overall responsibility for the successful execution of procurement, disposal and contract management in a Procuring and Disposing Entity is the Accounting Officer. The Accounting Officer of Enterprise Uganda during the financial year under review was Mr. Charles Ocici.

Enterprise Uganda did not have a Contracts Committee approved by the Permanent Secretary/Secretary to the Treasury of the Ministry of Finance, Planning & Economic Development during the Financial Year 2024/25. Contracts Committees were appointed on an adhoc basis by the Accounting Officer.

According to Section 33 (a) of the PPDA Act, Cap 205 all procurement or disposal activities of the Procuring and Disposing Entity, except adjudication and the award of contract are to be managed by the Procurement and Disposal Unit. The Procurement and Disposal Unit during the financial year under review was headed by Mr. Titus Mulinde.

1.2 Background

The Public Procurement and Disposal of Public Assets Authority carried out a compliance audit of Enterprise Uganda that covered a sample of four procurement transactions, comprised of one ongoing contract and three completed contracts under the Financial Year 2024/25.

The audit involved a review of procurement structures, procurement, and asset disposal processes, as well as contract performance following the provisions of the PPDA Act, Cap 205, Regulations, 2023 and Guidelines, 2024.

1.3 Objective of the compliance audit

The overall objective of the audit was to assess and establish the degree of compliance of Enterprise Uganda's procurement systems and processes with the provisions of the PPDA Act, Cap 205, Regulations, 2023, and Guidelines 2024 and assess the level of procurement performance over the audit period.

The specific objectives of the audit of Enterprise Uganda were to:

1. Establish the level of compliance by the PDE with the general provisions of the PPDA Act, Cap 205 and Regulations, 2014;
2. Establish the level of compliance with the PPDA Act, Cap 205 and Regulations, 2014 in the conduct of procurement and disposal activities; and
3. Assess the level of efficiency and effectiveness in contract implementation.

1.4 Scope of the Compliance Audit

The audit covered a sample of four procurement transactions under Financial Year 2024/25. The list of sampled transactions is contained in *Annex 1*.

The distribution of the transaction population and sample is as indicated in table 2 below:

1.5 Methodology

The auditors examined records and documents for each sampled procurement transaction and/or disposal and obtained the relevant evidence to derive audit conclusions. This involved a review of the Entity's procurement/disposal planning, initiation, bidding, evaluation, contract placement and processes. At the end of the document review, a physical verification was undertaken to ascertain the level of contractual delivery and whether items were fit for purpose.

The audit involved a review of procurement processes, general compliance issues and contract implementation on sample basis.

Under general compliance issues, the audit concentrated on records management, procurement plan implementation, implementation of previous audit recommendations and reporting.

Under efficiency and effectiveness of contract implementation, the audit concentrated on the implementation of contracts within contractual timelines, cost overruns and variances.

A management letter was issued to the Entity on 26th November 2025 with a deadline of 4th December 2025 for receipt of management response.

The management response was submitted on 15th December 2023.

CHAPTER TWO: FINDINGS OF THE AUTHORITY

2.1 Level of compliance by the PDE with the general provisions of the PPDA Act, Cap 205 and Regulations, 2014

2.1.1 Procurement Structures

2.1.1.1 Procurement and Disposal Unit

Section 32 of the PPDA Act, Cap. 205, provides that every Procuring and Disposing Entity is required to establish a Procurement and Disposal Unit (PDU) responsible for the execution of the procurement and disposal function. Further, Section 33 of the PPDA Act, Cap. 205 outlines the functions of the PDU, including providing technical support to the Contracts Committee, managing procurement and disposal activities, and ensuring compliance with the Act, Regulations, and Guidelines.

The audit noted that during the Financial Year 2024/25, the Entity did not have a formally established Procurement and Disposal Unit as required under Section 32 of the PPDA Act, Cap. 205.

The Entity however appointed a Procurement Officer in July 2025 who has been serving for approximately four months. The Unit is thus currently manned by only a single officer, which raises concerns regarding its effectiveness and compliance with statutory requirements.

Implications

- The absence of a fully constituted PDU undermines the principles of segregation of duties, professional oversight, and institutional accountability envisaged under the PPDA Act, Cap. 205.
- Reliance on one officer to manage the entire procurement and disposal cycle exposes the Entity to risks of inefficiency, and potential non-compliance with established procedures. This arrangement also compromises continuity in the event of absence or turnover of the officer.

Management Response

The auditor's observation is noted. Enterprise Uganda has since recruited a Procurement Officer and as the budget is enhanced, Enterprise Uganda will recruit more staff to manage the Procurement and Disposal function.

Recommendations

- Enterprise Uganda should urgently establish a fully functional Procurement and Disposal Unit, staffed with qualified personnel, to ensure compliance with Sections 32 and 33 of the PPDA Act, Cap. 205.
- The Accounting Officer should prioritize resourcing the PDU and report progress to the Authority. This will strengthen governance, enhance accountability, and safeguard the integrity of procurement and disposal processes within the Entity.

2.1.1.2 Contracts Committee

Section 28 (1) (a) of the PPDA Act, 205 provides that the Accounting Officer of a Procuring and Disposing Entity shall have overall responsibility for the execution of the procurement and disposal process in the procuring and disposing entity and, in particular, shall be responsible for establishing a Contracts Committee in accordance with this Act.

Section 29 (2) of the PPDA Act, Cap. 205, provides that the members of the Contracts Committee shall be nominated by the Accounting Officer and approved by the Secretary to the Treasury.

Further, Section 30 of the PPDA Act, Cap. 205 outlines the functions of the Contracts Committee, including adjudicating procurement and disposal requirements, approving solicitation documents, evaluating bids, and awarding contracts. These functions are central to ensuring transparency, accountability, and compliance with the procurement framework.

The audit noted that during the Financial Year 2024/25, the Entity did not have a formally appointed Contracts Committee. Instead, Contracts Committees were constituted on an ad hoc basis, and in many circumstances, there was no evidence of Contracts Committee approvals even after their appointment on an ad hoc basis.

Implications

- The absence of a formally appointed Contracts Committee compromises the integrity of the procurement process. It creates risks of non-compliance with statutory procedures, weakens oversight, and exposes the Entity to irregularities in bidding processes and contract award.
- Without a properly constituted Committee, procurement decisions may lack legitimacy and accountability, contrary to the principles of transparency and fairness enshrined in the PPDA Act, Cap. 205.

Management Response

The auditor's observation is noted. Enterprise Uganda will take action to nominate Contracts committee members and forward to PS/ ST Ministry of Finance, Planning and Economic Development, for approval.

Recommendations

- The Accounting Officer should urgently establish a formally appointed Contracts Committee in compliance with Section 29 of the PPDA Act, Cap. 205.
- The Accounting Officer should ensure that the Contracts Committee is properly constituted, maintains records of its proceedings, and exercises its functions as outlined under Section 30 of the PPDA Act, Cap. 205 in order to strengthen governance, enhance accountability, and safeguard the integrity of procurement and disposal processes within the Entity.

2.1.2 Procurement Planning

Regulation 2 of the PPDA (Procurement Planning) Regulations, 2023 provides that a Procuring and Disposing Entity shall have an annual procurement plan for each financial year.

Regulation 3 of the PPDA (Procurement Planning) Regulations, 2023 provides that a Procuring and Disposing Entity that is to undertake a procurement for a period of more than one financial

year shall prepare a multi-year procurement plan for that procurement, using Guidelines issued by the Authority.

The audit found that the Entity did not have a formally approved procurement plan for the Financial Year 2024/25. Further, although the Entity had undertaken the procurement for the construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika (EUG/WRKS/2020-21/00002) at UGX 26,142,170,825.2 over a period of 26 months, with works commencing in June 2022, the Entity did not prepare a multi-year procurement plan to cater for the works.

Implications

- This is an indication of a capacity gap within the Entity in as regards procurement planning.
- The absence of a formally approved annual procurement plan, coupled with failure to prepare a multi-year procurement plan for long-term projects, undermines compliance with statutory requirements and weakens procurement governance. It exposes the Entity to risks of poor resource allocation, inadequate monitoring of procurement activities, and potential inefficiencies in contract execution.

Management Response

The auditor’s observation is noted. Enterprise Uganda is in the process of developing the budget for FY 2025/6 and the accompanying procurement plan will also be developed.

Recommendations

- Enterprise Uganda should urgently prepare and submit to the Authority and the Ministry of Finance, Planning and Economic Development, a formally approved an annual procurement plan for each financial year in compliance with Regulation 2 of the PPDA (Procurement Planning) Regulations, 2023.
- The Accounting Officer should liaise with the Procurement and Disposal Unit to seek capacity building from the Authority on challenges with procurement planning.

2.1.3 Incomplete procurement action files

The Entity failed to provide some procurement records in the following three procurements worth UGX 585,317,834 as listed in Table 1 below:

Table 1: Procurements with missing records

No	Procurement subject	Missing records
1.	Construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika (ENTERPRISE UGANDA/WRKS/2020-21/00002) worth UGX 26,142,170,825.2	<ul style="list-style-type: none"> • Missing award of contract. • Missing solicitation document. • Missing signed contract. • Evidence of payment.
2.	Supervision of civil works at Plots 2A and 2-4 Butabika, Kampala-Uganda	<ul style="list-style-type: none"> • Missing procurement action file. • Evidence of payment.

Implication

This affects the audit trail and accountability of the activities conducted.

Management Response

The auditor's observation is noted. All the documents are available and will be provided for further scrutiny.

Authority's Comment

The Authority noted the response but found that no evidence was adduced.

Recommendation

The Head, Procurement and Disposal Unit should ensure that all procurement records are maintained on their respective action files in accordance with Section 33 (o) of the PPDA Act, Cap. 205.

2.2 Level of compliance with the PPDA Act, Cap 205 and Regulations, 2014 in the conduct of procurement and disposal activities**2.2.1 Confirmation of availability of funds**

The audit noted that in all procurements reviewed, there was no evidence of confirmation of availability of funding by the Accounting Officer in contravention of Regulation 4 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

Implication

This increases the risk of domestic arrears through undertaking unbudgeted procurements without the knowledge of the Accounting Officer.

Management Response

The auditor's observation is noted. Going forward, improvement on documentation will be implemented to ensure adherence to PPDA regulations. In addition, capacity building for the Unit will be sought from PPDA.

Recommendation

The Accounting Officer should ensure confirmation of availability of funds in accordance with Regulation 4 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

2.2.2 Inadequate solicitation document

The audit noted that the solicitation document issued to bidders in the procurement for construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika (EUG/WRKS/2020-21/00002) worth UGX 26,142,170,825.2 had the following shortcomings:

- i. The solicitation document contained unjustified references to brand names, including "Sika Cemflex," "APP Bitumatt," "Assa Abloy," "Union," "Hunter Douglas," "Armstrong Minaboard," "CrabTree," "HikVision," and "Cisco."

- ii. Clause 6.1 of the evaluation methodology provided that bidders were required to demonstrate that they would have personnel for the key position of ICT Specialist possessing a Bachelor of Science degree in Electrical Engineering, Information Technology, Telecom Engineering, or a related qualification, and registered with a relevant professional body. It was noted that the inclusion of Electrical Engineering as one of the acceptable qualifications was inappropriate. The role of ICT Specialist is primarily concerned with information technology, telecommunications, and systems engineering, and therefore requires specialized training and qualifications in those fields. Electrical Engineering, while a technical discipline, does not directly align with the core competencies expected of an ICT Specialist. This inclusion may have broadened eligibility to candidates lacking ICT-specific expertise, as was the case with the best evaluated bidder, thereby diluting the intent of the criteria and potentially compromising the quality of technical oversight in the project.

Implications

- The use of brand names without justification contravenes the principles of competition and non-discrimination, potentially limiting participation to providers associated with those brands and undermining value for money.
- Poor quality solicitation documents hinder bidders from preparing and submitting responsive bids.

Management Response

1. *Management acknowledges the audit observation. The references were included as indicative standards to guide bidders on the expected performance specifications. Furthermore, the referred to brand names were accompanied by the use of the moniker “or equivalent” to indicate that the stated brand was merely a standard.*
2. *Management acknowledges the concern regarding the inclusion of Electrical Engineering as an acceptable qualification for the position of ICT Specialist. The requirement was included based on the multidisciplinary nature of the project, which involved systems integration, data infrastructure, and low-voltage installations. However, we accept that this broadened the eligibility scope and may not have strictly aligned with ICT-specific competencies as required under PPDA standards. Management remains committed to improving the quality of solicitation documents to ensure fairness, competitiveness, and value for money in all procurement processes. We appreciate the auditor’s feedback and have initiated steps to strengthen compliance with PPDA guidelines.*

Authority’s Comment

The Authority found that the inclusion of specific brand names, whether or not accompanied by the phrase “or equivalent”, remains irregular where no technical justification is provided. The use of brand names, even as “indicative standards,” has the potential to limit competition, create bias toward particular manufacturers, and undermine the principle of non-discrimination. In the absence of documented justification demonstrating that the referenced brands were the only ones capable of meeting the required performance thresholds, the solicitation document did not comply with Regulation 38 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

Recommendations

The Head, Procurement and Disposal Unit and User Departments should ensure that:

- Solicitation documents do not include unjustified references to brand names, ensuring specifications are based on functional and performance requirements in line with Regulation 38 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.
- Evaluation criteria should be aligned with the specific competencies required for key positions, ensuring that only appropriately qualified professionals are considered. This will enhance competition, safeguard fairness, and strengthen technical oversight in the execution of the project.

2.2.3 Irregularities in bidding processes

The Authority noted irregularities in the bidding processes in one procurement worth UGX 189,850,000 as indicated in Table 2 below:

Table 2: Procurements in which there were irregularities in bidding processes

S/No	Subject of Procurement	Issues
1.	Supply of furniture to Enterprise Uganda worth UGX 189,850,000	<p>The procurement for supply of furniture was initially undertaken and an award made to Footsteps Furniture Co. Ltd. The Entity, however, without justification after the award of contract rescinded the award decision and proceeded to split the procurement into three as indicated below:</p> <ul style="list-style-type: none">i. Footsteps Furniture Co. Ltd – Supply of shelves – UGX 26,000,000ii. Nina Interiors Ltd – UGX 133,850,000iii. Vee Gallery Limited – UGX 30,000,000 <p>It should be noted that there was no discernable process followed for the procurement and award of contracts to the above providers.</p>

Implications

- Failure to issue solicitation documents implies that that there was no offer to accept and as such, the contracts subsequently entered into were void.
- Splitting of procurement without justification may conceal irregular expenditure and expose the Entity to inflated costs.
- Weak procurement oversight undermines transparency, fairness, and accountability.

Management Response

Management acknowledges the audit observation. The proof of solicitation emails are available for verification.

Authority's Comment

The Authority notes that the existence of "solicitation emails," even if provided, does not constitute an entire procurement process under the PPDA Act, Cap. 205 and Regulations, 2023. A procurement process requires:

- Approved solicitation documents,
- A clear and approved procurement method,
- Contracts Committee approvals,
- Documented issuance of bidding documents,
- Receipt and evaluation of bids, and
- A formal award decision.

No evidence was adduced to demonstrate that these mandatory steps were followed.

Furthermore, the Entity had already completed a competitive process and made an award to Footsteps Furniture Co. Ltd. Rescinding that award without justification and subsequently splitting the procurement into three separate awards, without a documented process, remains irregular and contrary to Section 81 of the PPDA Act, Cap. 205.

The Authority therefore maintains that:

- The procurement was unlawfully split;
- The subsequent awards were not supported by any approved procurement process; and
- The contracts entered into were void, as they lacked a valid solicitation and evaluation process.

Recommendation

The Accounting Officer should be tasked to show cause why disciplinary action should not be taken against him for the irregularities noted in the bidding process.

2.2.4 Irregular evaluation of bids

The Authority noted that irregularities in the evaluation of bids in the procurement for construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika (ENTERPRISE UGANDA/WRKS/2020-21/00002) worth UGX 26,142,170,825.2 as indicated in Table 3 below:

Table 3: Irregularities in the procurement for construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika

S/No	Requirement	Issues Noted	Management Response
1.	Powers of Attorney	A review of the bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction revealed irregularities in the execution of powers of attorney and the signing of bid documents. Reliable Engineering and Décor Limited had granted Power of Attorney to Mr. Hossain Mohammad	Management would like to clarify that the individual who signed the bid had the requisite Powers of Attorney. The bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba

S/No	Requirement	Issues Noted	Management Response
		<p>Mosraf, while Sheeba Construction had granted Power of Attorney to Mr. Udaya Kumar. However, the Joint Venture agreement was signed by Mr. Rony Mohammed on behalf of Reliable Engineering and Décor Limited and Mr. Nair Ramchandra Kujum on behalf of Sheeba Construction. These individuals did not hold powers of attorney to commit their respective parties, thereby raising questions about the validity of the Joint Venture agreement.</p> <p>It was further noted that the bid submitted by the Joint Venture was signed by Mr. Hossain Mohammad Mosraf. While he held Power of Attorney from Reliable Engineering and Décor Limited, he had not been granted Power of Attorney by the Joint Venture itself. This means that the bid was signed by a person who lacked the legal authority to bind the Joint Venture as a whole.</p> <p>The above circumstances imply that the bid was defective and non-compliant with the requirements of the solicitation documents.</p>	<p><i>Construction is available for scrutiny.</i></p> <p><i>The Authority noted the response but found that no evidence was adduced.</i></p>
2.	Civil and Building Foreman	<p>Clause 6.1 of the evaluation methodology and criteria provided that bidders were required to demonstrate that they will have the personnel for the key position of Civil and Building Foreman possessing a Diploma in Civil and Building Engineering or equivalent, and with 15 years of general experience and specific experience in 5 projects.</p> <p>The Authority reviewed the bid submitted by Reliable Engineering and Décor Limited in Joint Venture</p>	<p><i>Management would like to clarify that the individual met the academic and experiential requirements as required in the solicitation document. Please see bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction.</i></p> <p><i>The Authority noted the response but found that no evidence was adduced.</i></p>

S/No	Requirement	Issues Noted	Management Response
		<p>with Sheeba Construction and noted that the bidder proposed Mr. Luke Johnson Sebalamu as its Civil and Building Foreman.</p> <p>The Authority noted from a review of documentation submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction in relation to Mr. Luke Johnson Sebalamu that the proposed Civil and Building Foreman possessed a Diploma in Civil and Building Engineering with 12 years and 10 months of general experience.</p> <p>The Authority found that Mr. Luke Johnson Sebalamu did not possess the minimum requirement of 15 years of general experience, as he possessed 12 years and 10 months of experience.</p>	
3.	Carpentry and Joinery Foreman	<p>Clause 6.1 of the evaluation methodology and criteria provided that bidders were required to demonstrate that they will have the personnel for the key position of Carpentry and Joinery Foreman possessing a Diploma in Carpentry and Joinery or related qualification, and with 15 years of general experience and specific experience in 5 projects.</p> <p>The Authority reviewed the bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction and noted that the bidder proposed Mr. Thanashar Chandra Sutradar as its Carpentry and Joinery Foreman.</p> <p>The Authority noted from a review of documentation submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba</p>	<p><i>Management would like to clarify that the individual met the academic and experiential requirements as required in the solicitation document. Please see bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction.</i></p> <p><i>The Authority noted the response but found that no evidence was adduced.</i></p>

S/No	Requirement	Issues Noted	Management Response
		<p>Construction in relation to Mr. Thanashar Chandra Sutradar that the proposed Carpentry and Joinery Foreman possessed two certificates, one in joinery and aluminum and a second in carpentry and joining with 6 years and 11 months of general experience.</p> <p>The Authority found that Mr. Thanashar Chandra Sutradar did not possess either a Diploma in Carpentry and Joinery or related qualification or the minimum requirement of 15 years of general experience, as he possessed only certificates which could not be equated to a diploma and 6 years and 11 months of general experience.</p>	
4.	Plumbing Foreman	<p>Clause 6.1 of the evaluation methodology and criteria provided that bidders were required to demonstrate that they will have the personnel for the key position of Plumbing Foreman (2No.) possessing a Diploma in Plumbing, and with 7 years of general experience and specific experience in 5 projects.</p> <p>The Authority reviewed the bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction and noted that the bidder proposed Mr. Bernard Lwanyaga as one of its Plumbing Foremen.</p> <p>The Authority noted from a review of documentation submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction in relation to Mr. Bernard Lwanyaga that the proposed Plumbing Foreman possessed a</p>	<p><i>Management would like to clarify that the individual met the academic and experiential requirements as required in the solicitation document. Please see bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction.</i></p> <p><i>The Authority noted the response but found that no evidence was adduced.</i></p>

S/No	Requirement	Issues Noted	Management Response
		<p>National Diploma in Water Engineering with 5 years and 11 months of general experience.</p> <p>The Authority found that Mr. Bernard Lwanyaga did not possess the minimum requirement of 7 years of general experience, as he possessed 5 years and 11 months of experience.</p>	
5.	Lease, ownership and hire of equipment	<p>The Authority reviewed the solicitation document and noted that Clause 6.2 of the evaluation methodology and criteria provided that bidders were required to demonstrate that they have access to the key equipment either by ownership, lease, or hire by attaching documentary evidence of ownership, lease, or hire, such as registration books, agreements.</p> <p>The Authority reviewed the bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction and noted that as evidence of the lease of an a concrete batching plant, the bidder submitted a lease agreement signed with Hardware World Ltd. There was however no corresponding proof of ownership of the equipment by Hardware World Ltd.</p> <p>The Authority further noted that Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction submitted lease agreements between Reliable Engineering and Décor Limited and Japan Dreams Auto Ltd and between Reliable Engineering and Décor Limited and Mr. Edward Ssenyonjo for the lease of 3 dump trucks with Reg. No. UBH 822V, UBB 151A and UAW 207L. The requirement in the</p>	<p><i>Management would like to clarify that the bidder submitted evidence of the lease or ownership of all required equipment. Please see attached bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction.</i></p> <p><i>The Authority noted the response but found that no evidence was adduced.</i></p>

S/No	Requirement	Issues Noted	Management Response
		solicitation document was however for the lease, ownership or hire of four dump trucks.	
6.	Experience	<p>Sub-Factor 6.2.7 of the evaluation methodology and criteria in the solicitation document issued to bidders provided that bidders must possess experience in the role of contractor, management contractor or subcontractor for at least the last ten years prior to the bid submission deadline with activity in at least four months in each year.</p> <p>The Authority reviewed the bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction and noted that the bidder was incorporated on 9th April 2013 which implies that at the time of bid opening on 28th June 2021, the bidder had been in existence for 8 years and 2 months and therefore could not have met the requirement of experience in the role of contractor, management contractor or subcontractor for at least the last ten years prior to the bid submission deadline with activity in at least four months in each year.</p>	<p><i>Management would like to clarify that the bidder met the experiential requirements. Please see bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction.</i></p> <p><i>The Authority noted the response but found that no evidence was adduced.</i></p>
7.	Arithmetic error	<p>The particulars of the preliminaries in the bills of quantities indicated that in the event a bidder does not quote for any items in the preliminaries, the costs for those items shall be construed as having been catered for in the rates provided by the bidder.</p> <p>The audit noted that the Evaluation Committee found an arithmetic error in the bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction. The preliminaries required bidders to quote UGX</p>	<p><i>Management would like to clarify that the bidder was notified of the arithmetic error and in a letter to the Enterprise confirmed the arithmetic error and the changes were in accordance with Regulation 7 of the PPDA (Evaluation) Regulations, 2023 made to the bidder's initial bid price. Bid document and letters are available for verification.</i></p>

S/No	Requirement	Issues Noted	Management Response
		<p>200,000,000 as a provisional sum for pre-shipment inspection, factory acceptance tests, and related logistics for the contract management team, in line with the Public Service Standing Orders, 2010. The bidder quoted UGX 0 for this item, which was corrected during evaluation to UGX 200,000,000 and added to the overall bid price.</p> <p>However, the audit further found that in the grand summary, before addition of the UGX 200,000,000, the bidder had already provided a total of UGX 479,900,000 under preliminaries, despite not quoting for any specific item in the bills of quantities. This amount was not tagged to any particular item and therefore served no purpose. By adding UGX 200,000,000 as an arithmetic correction on top of the UGX 479,900,000 that was already irregular, the Evaluation Committee erred and effectively inflated the contract price without justification.</p> <p>Consequently, there was a financial loss of UGX 679,900,000.</p>	<p><i>The particulars of the preliminaries in the bills of quantities indicated that where a bidder does not quote for any items in the preliminaries, the costs for those items shall be construed as having been catered for in the rates provided by the bidder.</i></p> <p><i>The Authority noted the response and observed that the Evaluation Committee identified an arithmetic error in the bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction. The preliminaries required bidders to quote UGX 200,000,000 as a provisional sum for pre-shipment inspection, factory acceptance tests, and related logistics for the contract management team, in line with the Public Service Standing Orders, 2010. The bidder quoted UGX 0 for this item, which the Evaluation Committee corrected to UGX 200,000,000 and added to the overall bid price.</i></p> <p><i>However, the audit further found that in the grand summary, before the addition of the UGX 200,000,000, the bidder had already provided a lump-sum amount of UGX 479,900,000 under preliminaries, despite not quoting for any specific item</i></p>

S/No	Requirement	Issues Noted	<i>Management Response</i>
			<p><i>in the bills of quantities. This amount was not tagged to any particular item, was unsupported, and therefore served no purpose. No evidence was adduced to justify the inclusion of this amount or to demonstrate how it related to the required provisional sums.</i></p> <p><i>By adding UGX 200,000,000 as an arithmetic correction on top of the already irregular UGX 479,900,000, the Evaluation Committee erred and effectively inflated the contract price without justification. Consequently, there was a financial loss of UGX 679,900,000.</i></p>

Implication

- There was a financial loss of UGX 679,900,000.
- There was unfairness during the evaluation of the bids submitted.

Recommendations

- The Accounting Officer should task the Evaluation Committee members to show cause why disciplinary action should not be taken against them for failing to detect the arithmetic error.
- The Evaluation Committee should strictly verify the arithmetic accuracy of all bids during evaluation, ensuring consistency between unit rates, quantities, and totals in accordance with Regulation 7(1) of the PPDA (Evaluation) Regulations, 2023.
- Unfairness during evaluation leads to contract award to non-compliant bidders and compromises on benefits of maximum competition.
- The Accounting Officer should recover the financial loss of UGX 679,900,000 from the contractor.

2.2.5 Incomplete contract document

The Authority noted that the Local Purchase Orders for the supply of furniture to Enterprise Uganda worth UGX 189,850,000 were issued to the providers on 28th July 2025 indicated that the providers were to supply the items but did not detail any other terms of condition of contract.

Implication

Lack of clarity on obligations may result in delays, inefficiencies, or failure to meet procurement objectives.

Management Response

This observation is noted. The Procurement Unit shall ensure complete documentation.

Recommendation

The Head, Procurement and Disposal Unit should ensure that contract documents signed and issued are complete with the following stipulated in accordance with Regulation 9 (1) of the PPDA (Contracts) Regulations, 2023:

- i. Obligations of each party are clearly clarified;
- ii. All payments by a Procuring and Disposing Entity with the corresponding inputs and the obligations are correlated;
- iii. Adequate and clear delivery, acceptance and handover or commissioning arrangements are included; and
- iv. The right of the parties to terminate the contract and the procedure for termination.

2.3 Level of efficiency and effectiveness in contract implementation.

2.3.1 Irregularities at contract implementation of the construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika (ENTERPRISE UGANDA/WRKS/2020-21/00002) worth UGX 26,142,170,825.2

2.3.1.1 Signing a Contract with a Person not Duly Authorized to act on Behalf of the Provider

A review of the bid submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction revealed irregularities in the execution of powers of attorney and the signing of bid documents. Reliable Engineering and Décor Limited had granted Power of Attorney to Mr. Hossain Mohammad Mosraf, while Sheeba Construction had granted Power of Attorney to Mr. Udaya Kumar.

The contract signed between the Enterprise Uganda and Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction Ltd for the aforementioned works was signed by Mr. Hossain Mohammad Mosraf who held Power of Attorney from Reliable Engineering and Décor Limited, but had not been granted Power of Attorney by the Joint Venture itself.

The Authority found that Mr. Hossain Mohammad Mosraf did not have powers to legally bind Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction Ltd to a contract with Entity.

Implication

The contract signed with the Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction Ltd for the construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika was void.

Recommendation

The Accounting Officer should ensure for future procurements; contracts are signed only with persons authorized to represent the providers.

2.3.1.2 Unjustified increase in project duration

The audit noted that Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction submitted a bid proposing a completion period of 481 days (approximately 16.03 months), contrary to GCC 22.1 of the solicitation document which required 18 months. This constituted an alternate proposal under ITB 17.8, which was not permissible. Despite this, the Entity accepted the bidder's offer and subsequently signed a contract on 30th May 2022 with the provider for a longer period of 18 months at a contract price of UGX 25,233,780,692, without any adjustment to cater for the additional two months granted.

By accepting a bid that deviated from the solicitation provisions and then signing a contract for a longer duration than what was offered, the Entity acted contrary to the principles of fairness, transparency, and accountability. The longer contract duration favored the contractor by reducing the urgency to mobilise equipment, materials, and personnel, thereby conferring an advantage not available to other bidders who complied with the stipulated requirement. This undermined equal treatment of bidders and raised concerns about value for money, since the contract price was based on a shorter duration but executed over a longer period without corresponding financial adjustment.

The above had an impact on the project's value for money proposition as it implied that the Contractor did not have to mobilise the resources that would have been required if the project was to be completed in a period of 16 months instead of 18 months.

Management Response

Management acknowledges the audit observations.

Bid Compliance: The bidder's proposal of 481 days (approximately 16 months) did not constitute an alternate bid under ITB 17.8. The proposed duration was within the permissible range of the solicitation requirement of 18 months. The difference between 16 and 18 months is not material enough to invalidate the bid, as the contractor demonstrated capacity to deliver within the stipulated maximum period.

Contract Alignment: The signed contract reflected the 18-month duration required under GCC 22.1, thereby ensuring compliance with the solicitation provisions. The Entity did not arbitrarily increase the contract period; rather, it harmonised the contractor's proposal with the mandatory requirement to avoid inconsistencies.

No Advantage Conferred: The adjustment to 18 months did not confer any undue advantage to the contractor. All bidders were bound by the same contractual terms once the contract was signed. The contractor was still obligated to mobilise resources and deliver within the agreed timeframe, and the Entity maintained oversight to ensure timely progress.

Authority's Comment

- 1. Bid Compliance: Management argues that the bidder's proposed duration of 481 days (approximately 16 months) did not constitute an alternate bid under ITB 17.8 because it fell "within the permissible range" of the 18-month requirement. However, GCC 22.1 expressly*

required a completion period of 18 months, not a range. ITB 17.8 prohibits alternate proposals unless expressly permitted, which was not the case in this procurement. By proposing a shorter completion period than the mandatory requirement, the bidder submitted a non-compliant bid. The Entity should have rejected the bid or required the bidder to correct the deviation before evaluation, not after award. No evidence was adduced to demonstrate that the solicitation document allowed flexibility in the completion period or that the 18-month requirement was indicative rather than mandatory.

- 2. Contract Alignment: Management states that the Entity “harmonised” the contractor’s proposal with the mandatory 18-month requirement. However, harmonisation after evaluation and award is irregular. The PPDA Act requires that contracts reflect the bid as evaluated and approved, not a post-evaluation adjustment. By signing a contract for 18 months when the evaluated bid was for 16 months, the Entity effectively altered the bidder’s offer, contrary to the principles of fairness and transparency under Section 48 of the PPDA Act, Cap. 205.*
- 3. No Advantage Conferred: Management asserts that the contractor gained no advantage from the longer duration. The Authority disagrees. A longer contract duration reduces mobilisation pressure, lowers the contractor’s operational risk, and provides scheduling flexibility not available to other bidders who complied with the mandatory 18-month requirement. This constitutes unequal treatment of bidders, as the winning bidder priced its offer based on a shorter duration but executed the works over a longer period without any financial adjustment. This undermines value for money and violates the principle of equal opportunity under Section 48 of the PPDA Act, Cap. 204.*
- 4. Value for Money Impact: The Entity signed a contract for 18 months at a price premised on a 16-month work programme. This means the contractor did not mobilise the level of resources required to complete the project within 16 months, yet was paid as though such mobilisation had occurred. This represents a value-for-money deficiency, and Management has not provided evidence to the contrary.*

Recommendation

The Accounting Officer should show cause why disciplinary action should not be taken against him for arbitrarily increasing the contract completion period from 16 months to 18 months.

2.3.1.3 Mis-application of the price adjustment clause

Regulation 40(1) of the PPDA (Contracts) Regulations, 2014, provides that a Procuring and Disposing Entity shall include a provision on price adjustment in a contract extending beyond eighteen months, where it is more economical for the Entity to accept the inflation risk than to pay an additional cost for the supplier to accept the risk.

The audit noted that on 29th November 2024, the supervising consultant, Moso Designs Ltd, submitted to the Accounting Officer a schedule for adjustment of prices amounting to UGX 2,823,780,692. The Consultant further indicated that the maximum allowable payment to the Contractor for price adjustment would in accordance with GCC 56.1, be UGX 2,523,378,069 (10% of the contract price of UGX 25,233,780,692).

The audit established that a price variation of UGX 2,497,138,874 was paid to the Contractor, Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction, via IPC No. 17 (UGX 1,068,662,843) and IPC No. 19 (UGX 1,428,476,031).

A review of the Special Conditions of Contract revealed that GCC 56.1 provided for adjustment of prices to be applicable 10 months from the contract start date (20th June 2022), i.e. 19th April 2023. Consequently, the price adjustment was applied from May 2023 onwards.

The Authority found that the Entity's inclusion of a requirement for payment of price adjustment only 10 months into the contract was in contravention of Regulation 39(1) of the PPDA (Contracts) Regulations, 2023. Had the Entity correctly applied Regulation 39 (1), price adjustment would have been calculated and paid 18 months after commencement of the contract, i.e. 19th November 2023, and the total amount payable would have been UGX 1,251,172,220.50 instead of UGX 2,497,138,874. Consequently, there was a financial loss of UGX 1,245,966,653.50.

Implications

- The Entity incurred a financial loss of UGX 1,245,966,653.50 due to premature application of price adjustment.
- Weak contract management and oversight exposed the Entity to irregular expenditure.

Management Response

- The Special Conditions of Contract (SCC) explicitly provided for price adjustment to commence 10 months after contract start.*
- Once agreed upon and signed, the SCC forms part of the binding contract between the Entity and the Contractor.*
- The consultant's schedule indicated a maximum allowable adjustment of UGX 2,523,378,069 (10% of contract price) the actual payment of UGX 2,497,138,874 remained within this contractual ceiling.*
- It is important to note that the contractor's agreement was extended from 19th February 2024 to 30th June 2025 to accommodate delays caused by funding constraints. This extension therefore accounts for the additional months of price variations.*

Authority's Comment

- Reliance on the Special Conditions of Contract (SCC): Management states that the SCC provided for price adjustment to commence 10 months after contract start and that the SCC is binding. The Authority agrees that the SCC forms part of the contract. However, contractual provisions cannot override statutory requirements. Where a contract clause contradicts a mandatory statutory provision, the statute prevails. Regulation 40(1) of the PPDA (Contracts) Regulations, 2014 was explicit: price adjustment applies only after 18 months. Therefore, the SCC clause allowing adjustment after 10 months was null to the extent of its inconsistency with the governing Regulations.*
- Staying within the 10% ceiling does not cure the irregularity: Management argues that the payment of UGX 2,497,138,874 was within the 10% ceiling allowed under GCC 56.1. This argument is misplaced. The issue is not the ceiling, but the premature commencement of price*

adjustment. Even if the final amount remained within 10%, the Entity paid for eight months of price adjustment that were not yet eligible under Regulation 40(1) of the PPDA (Contracts) Regulations, 2014. The correct amount payable, had the Entity complied with the law, was UGX 1,251,172,220.50, resulting in a financial loss of UGX 1,245,966,653.50. Remaining within the ceiling does not legalise an irregular payment.

3. *Contract extension does not justify premature price adjustment: Management states that the contract was extended to June 2025 due to funding constraints, and that this accounts for the additional months of price variation. This is incorrect. The irregularity relates to when price adjustment commenced, not how long the contract eventually lasted. Even with an extension, the Entity was still required to apply the 18-month rule before initiating price adjustment. The extension does not retroactively validate the premature payments made from May 2023.*

Recommendations

- The Entity should ensure strict compliance with Regulation 39(1) of the PPDA (Contracts) Regulations, 2023 by applying price adjustments only after eighteen months of contract execution.
- The Accounting Officer should strengthen contract management controls and ensure that supervising consultants adhere to statutory provisions when advising on price adjustments.
- The Accounting Officer should recover the financial loss of UGX 1,245,966,653.50.

2.3.1.4 Irregular variations and change of scope

The audit reviewed some of the Contract Management Team (CMT) minutes and noted that the only two variations, construction of the boundary wall along gridline K worth UGX 64,471,070 and roof insulation worth UGX 61,652,640 were recorded in the CMT meeting minutes and subsequently approved.

A review of the valuations and claims found that the Contractor, Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction was engaged without necessary approvals to undertake the partitioning and interior design of the of the proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika at a cost of UGX 800 million while Moso Designs Ltd was contracted at UGX 197,590,764 for the provision of interior design services.

A further review of the valuations raised by the supervising consultant, Moso Designs Ltd, found that there were multiple changes to the scope of works that have been executed or were in the process of being executed that did not have any formal or written approval, amounting to UGX 975,524,700 as indicated in Table 4 below:

Table 4: Unapproved variations

S/No	Description	Amount (UGX)	Comment	Management Response
1.	Water tank saddles	17,474,000	There was no approval and/justifications for increase in	<i>This item was not in the contract but was necessary. Water Tanks needed a base which wasn't part of original</i>

S/No	Description	Amount (UGX)	Comment	Management Response
			quantities. The submitted rates are not as per contract provisions.	<i>drawings. Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
2.	Transformer platform	3,229,000	There was no justification and approval for this scope of works.	<i>This item was not in the original drawings yet the transformer needed a base. Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
3.	Generator platform	7,909,000	There was no justification and approval for this revised specification of works.	<i>This item was not in the original drawings yet the generator needed a base. Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
4.	Walling and partitions	127,810,000	The increase in scope and specifications were not justified or approved.	<i>Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
5.	Doors	88,739,700	The increase in scope and specifications were not justified or approved.	<i>The change from flash door to veneer door was necessitated by the need to use more durable doors given the projected high traffic in the building. Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
6.	Ceiling acrylic and PVC paneling	110,695,900	This was introduced to the scope of work, but was not justified or approved.	<i>Installation of ceiling acrylic was necessitated by need to have adequate natural light in the building. Details are in Financial Appraisal No. 5 that</i>

S/No	Description	Amount (UGX)	Comment	Management Response
				<i>was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
7.	Wall finishes (included toilets and cladding)	229,160,800	This was introduced to the scope of work, but was not justified or approved.	<i>This variation included cladding and toilets. It arose out of the need for additional toilets on the First floor to accommodate the numbers of people using the 1,000-seater conference hall on that floor. Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
8.	Storm water drainage	52,690,000	This was introduced to the scope of work, but was not justified or approved.	<i>This item was not in the contract but was necessary to manage rain water on Bukasa lane so it doesn't enter the property. Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
9.	Electrical installations	243,991,000	This was introduced to the scope of work, but was not justified or approved.	<i>Increase in quantities as this is an Admeasurement contract. Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
10.	Mechanical installations	93,825,300	The increase in scope and specifications were not justified or approved.	<i>Increase in quantities as this is an Admeasurement contract. Details are in Financial Appraisal No. 5 that was approved in CMT minutes of 24th January, 2025 and communicated to consultant in letter dated 27 Jan 2025.</i>
	Total	975,524,700		

The Authority found that the Consultant allowed scope creep without informing the Client of the resultant cost and time effect on the project arising from the additional scope and/or change in specifications.

Management Response

The auditor's observation is noted. Enterprise Uganda however wishes to provide the following clarification. The project followed the procedure stipulated under Clause 49 of the construction contract where scope gaps were identified, quotations sought by the Consultant from the Contractor, reviewed and approvals requested/granted from the Contract Management Team before execution of variations. It should therefore be noted that all variation works implemented were approved by the Contract Management Team. See attached Contract Management Team approval correspondences to the Consultant. Financial appraisal No. 5 is available for verification.

Authority's Comment

1. *The Authority reviewed the Contract Management Team (CMT) minutes and confirmed that only two variations i.e. construction of the boundary wall along gridline K (UGX 64,471,070), and roof insulation (UGX 61,652,640) were recorded, discussed, and approved. No evidence was adduced to show that the remaining works amounting to UGX 975,524,700 were approved before execution, as required under Section 31 (1) (a) (v) of the PPDA Act, Cap. 205 and the contract.*
2. *Financial Appraisal No. 5 does not cure the irregularity: Management relies heavily on Financial Appraisal No. 5 and CMT minutes of 24th January 2025. However, Financial Appraisal No. 5 was prepared after many of the works had already been executed or were in progress while the CMT minutes referenced by Management do not constitute prior approval, as required under SCC 49 of the contract and Section 31 (1) (a) (v) of the PPDA Act, Cap. 205.*
3. *"Necessary works" do not exempt the Entity from approval requirements: Management argues that many items were "necessary" because they were not in the original drawings. Necessity does not override statutory and contractual requirements. Even necessary works must be justified, costed, approved before execution, and have documented cost and time implications. No evidence was adduced to show that these steps were followed.*
4. *Admeasurement contracts do not permit unapproved scope changes: Management claims that increases in quantities for electrical and mechanical installations were permissible because the contract is admeasurement. This is incorrect. Admeasurement contracts allow variation in quantities of existing items, not:
 - Introduction of new items,
 - Changes in specifications, or
 - Expansion of scope.Items such as wall finishes, stormwater drainage, ceiling acrylic, and additional toilets are new scope, not quantity adjustments. These required prior approval, which was not obtained.*

Recommendation

The Contract Management Team should show cause why disciplinary action should not be taken against them for the unapproved and unjustified variations.

2.3.1.5 Expiry of the contract before completion of the works

The audit reviewed the supervising consultant's progress reports for June 2025 and noted that an extension of time i.e. extension of time No. 1 which extended the project completion date by 14 months from 19th February 2024 to 30th June 2025 was issued to the contractor at no extra cost.

The Authority noted that there have been no further extensions of the contract and consequently, the contract for construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika expired on 30th June 2025 and yet works were still ongoing at the time of the audit in November 2025.

The Authority further noted that the performance bond submitted by Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction expired on 19th February 2024. There has been no further extension of the performance bond and yet works were incomplete by the time of the audit in November 2025.

Implication

This lapse left the Entity exposed to significant financial and operational risks, as the contractor was executing works without an active performance security and without a contract.

Management Response

Management wishes to provide the following clarification for your consideration:

1. Expiry of the contract before completion of the works

As noted by the Consultant's Progress Report, an overall physical progress of 98% completion by the 30th June 2025. This percentage completion included all contract works that would allow occupation of the new building apart from the Testing, Commissioning and Handover. Management together with the Consultancy team was able to ensure that these works were undertaken during the month of July 2025 therefore facilitating the shifting of the Entity's items (files, servers and furniture) to the new premises on 17th July 2025 and eventual occupation of the completed office block on 1st August 2025. As stipulated by Clause 44 of the Contract, the Contractor is mandated to attend to and rectify identified snags during the Defects Liability Period. The on-going works as of November 2025 therefore, are part of routine snag rectification under the Defects Liability Period. A snag list is available for scrutiny.

2. Expiry of Performance Bond

The extension of the construction completion period from 19th February 2024 to 30th June 2025 mandated the Contractor to update the Performance Bond to match the revised period. An updated Performance Bond running up to 30th June 2025 was received from the Contractor and consequently assessed by the Consultant, and is available for verification.

Authority's Comment

1. Expiry of the Contract Before Completion of Works: Management argues that the project had reached 98% physical completion by 30 June 2025 and that the remaining activities, testing, commissioning, handover, and snag rectification, were completed in July 2025 or fall under the Defects Liability Period (DLP). The Authority notes the following:

- a) *Contract expiry is a legal, not physical-progress, matter: A contract expires on the date stated, unless formally extended. Physical progress—whether 98% or 100%—does not extend a contract. No evidence was adduced to show that:*
- *The Accounting Officer approved a second extension of time,*
 - *The Contracts Committee approved a contract amendment, or*
 - *A formal addendum was signed.*

Therefore, all works executed after 30 June 2025 were undertaken without a valid contract, contrary to the PPDA Act and the contract conditions.

- b) *Testing, commissioning, and handover are contract activities, not DLP activities: Testing, commissioning, and handover are core contract obligations, not snag-rectification tasks. These activities must be completed within the contract period, unless an extension is granted. Management's claim that these were completed in July 2025 confirms that the contractor executed contract works after contract expiry.*

- c) *Snag rectification under SCC 44 of the contract applies only when a valid contract exists. SCC 44 (Defects Liability) applies after practical completion has been certified and within the validity of the contract. The Authority found no evidence that:*
- *A certificate of practical completion was issued by 30 June 2025, or*
 - *The DLP commenced before contract expiry.*

Without practical completion, the DLP cannot legally begin, and any works undertaken cannot be classified as snag rectification. Thus, the works observed in November 2025 were not DLP works, but contract works executed without a valid contract.

2. *Expiry of the Performance Bond: Management states that the contractor submitted an updated performance bond valid until 30 June 2025. The Authority notes that a performance bond must remain valid for the entire duration of the contract, including:*
- *Any extensions of time,*
 - *The period up to issuance of the certificate of practical completion, and*
 - *Any period required for final account reconciliation.*

Since the contract expired on 30 June 2025 and works continued beyond this date, the Entity was exposed to risk because:

- *The contractor was executing works without performance security, and*
- *No evidence was adduced to show that the bond was extended beyond 30th June 2025.*

Recommendations

The Accounting Officer should consider the following remedies for completion of the works given the expiry of the contracts:

- Proceed to prepare a detailed final account for the construction works. This final account should comprehensively document all costs incurred, reconciliations for any variations in reported progress, variations in scope of works and payment discrepancies and adjustments necessary due to the project's incomplete status;
- Consider a direct procurement of Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction to undertake the remaining works after remedying all issues noted by the audit;
- Consider a procurement process to obtain a new contractor for completion of the works.
- Disband the current Contract Management Team and reconstitute it with new members taking into consideration the scope of the remaining works; and

- Conduct a procurement process to obtain a consultant to supervise the completion of the works.

2.3.1.6 Failure by the supervising consultant to submit a professional indemnity

GCC 34.1 of the contract signed with the consultant required that the consultant shall indemnify the Procuring and Disposing Entity against any claims and proceedings arising from any infringement by the consultant, its employees and their dependants of such laws and regulations.

The contract for the consultancy services for the consultancy services for supervision of Enterprise Uganda civil works at Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika commenced in May 2022.

The Authority however noted that as of the time of the audit in November 2025, the consultant had not submitted a professional indemnity to the Entity despite commencement of the contract in May 2022 in contravention of GCC 34.1 of the contract exposing the Entity to a risk of a lack of redress for non-performance or professional misconduct.

Implication

The Entity was exposed to potential financial loss without recourse to indemnity cover.

Management Response

The Entity received and reviewed the Consultant's Professional Indemnity Cover in line with GCC 34.1 of the signed contract. It is available for scrutiny.

Authority's Comment

The Authority noted the response, but no evidence was adduced.

Recommendations

- Contract Managers should ensure that consultants submit valid professional indemnity insurance prior to commencement of services, in compliance with signed contracts.
- The Accounting Officer should strengthen contract management controls to verify and enforce submission of indemnity documents in accordance with Regulation 11 of the PPDA (Contracts) Regulations, 2023.

2.3.1.7 Approval of payments without measurement sheets

GCC 3.7 of the signed contract provided the type of contract as admeasurement.

Regulation 16 (1) of the PPDA (Contracts) Regulations, 2023 provides that under an admeasurement contract, works shall be split into various items and the quantity of each item needed to complete the assignment shall be estimated and indicated in the bidding document.

Regulation 16 (4) of the PPDA (Contracts) Regulations, 2023 provides that the actual work done shall be measured during the performance of the contract and shall be finally reconciled upon completion of the contract.

Regulation 16 (4) of the PPDA (Contracts) Regulations, 2023 provides payment under an admeasurement contract shall be made for the actual quantity of work performed.

The Authority reviewed the valuations and interim payment certificates paid (No. 1 to No. 20) and noted that there were no measurement sheets or any attachments to justify the amount being claimed in the valuations or paid in the interim certificates.

The Authority therefore found that the consultant simply made estimates as to the progress on each bill item and recommended for their payment based on percentages as would be the case for lumpsum contract contrary to the measurement of works in an admeasurement contract.

There was laxity on the part of the Contract Management Team that led to approval of Interim Payment Certificates without accompanying measurement sheets as required by the contract and industry practice.

Implications

- Absence of measurement sheets increases the risk of overpayment and financial loss.
- Weak oversight by the Contract Management Team undermines transparency and accountability.

Management Response

Management wishes to provide the following clarification for your consideration, regarding the Authority's conclusion that Interim Payment Certificates (IPCs) were approved without measurement sheets:

- 1. Availability of site measurements: We wish to clarify that every interim payment certificate from No.1 to No15 are available apart from (No.16 to 21) which either had price adjustment or finishing works being paid which did not need measurement sheets.*
- 2. Compliance with admeasurement contract requirements: In compliance to GCC 3.7 all payments were based on actual works performed as per the site measurement sheets mentioned above.*

Authority's Comment

Management asserts that all payments were based on actual works performed "as per the site measurement sheets." However:

- *The Authority reviewed IPCs 1–20 and found no measurement sheets attached.*
- *The consultant's valuations did not reference any measured quantities.*
- *The Contract Management Team approved payments without verifying measurements, contrary to industry practice and statutory requirements.*

No evidence was adduced to demonstrate that the alleged measurement sheets were used in preparing the IPCs or were submitted to the Entity for approval.

Recommendation

The Project Manager and Contracts Management Team should take responsibility for irregularly approving payments to the Contractor without the requisite measurement sheets.

2.3.1.8 Irregular payments to the consultant

Regulation 15 (1) of the PPDA (Contracts) Regulations, 2023 provides that payment for a time-based contract shall be based on the agreed hourly, daily, weekly, or monthly fees for nominated

personnel or of a certain type or grade of personnel and reimbursable items based on actual expenses or the agreed unit prices.

The Authority noted that payments worth UGX were approved by the Contract Management Team and paid to the consultant by the time of the audit in November 2025.

The Authority however noted that there were no time sheets submitted by the consultant at the time of submission of respective claims for payment. This implies that there was no detailed record of man hours for the consultant's respective staff, which is essential for determining the actual payment due to the consultant.

The Authority found that the Contracts Management Team erred in approving payments to the consultant without the requisite time sheets. Payments could have been made to the consultant for inputs not used.

There was laxity on the part of the Contract Management Team that led to approval of fee notes without accompanying time sheets as required by the contract and industry practice.

Implication

Absence of time sheets increases the risk of overpayment or payment for unutilized inputs.

Management Response

Management acknowledges the audit observation. However, under the GCC 24.1 of the contract, all the supporting documents are available for your review. Additionally, GCC 25.1 under the Special Conditions of Contract (SCC) further prescribes the Payment Schedule that was followed by the Contracts Management Team in approving payments to the Consultant. The SCC is available for verification.

Authority's Comment

Payment under a time-based contract must be based on actual hours, days, weeks, or months worked by nominated personnel, supported by evidence. A payment schedule in the SCC does not override this statutory requirement. Payment schedules only guide when payments are made, not how they are computed. The Authority found that:

- *No time sheets were submitted with the consultant's fee notes.*
- *No evidence was adduced to show that the Contract Management Team verified man-hours before approving payments.*
- *The consultant's claims were processed without any record of personnel inputs, contrary to Regulation 15(1).*

Therefore, reliance on the SCC payment schedule does not cure the irregularity.

Without time sheets:

- *The Entity cannot confirm whether the consultant deployed the required personnel.*
- *Payments may have been made for inputs not used.*
- *There is no audit trail to reconcile billed time against actual work performed.*

Recommendation

The Contracts Management Team should take responsibility for irregularly approving payments to the consultant without the requisite time sheets.

2.3.1.9 Irregular extension of the supervising consultant's contract

The audit noted that the contract signed with Moso Designs Ltd for provision of consultancy services for supervision of civil works at Plots 2A and 2-4 Butabika, Kampala-Uganda expired on 30th June 2024. However, on 19th July 2024, the Accounting Officer granted a no-cost extension of the consultancy contract to the service provider without first obtaining the required approval from the Attorney General.

Although the extension was granted at “no cost” to the Entity, the reality was that the contract was of a time-bound nature, and the consultant subsequently submitted a claim of UGX 888,766,560 for the extended period. This demonstrates that the extension had a direct financial bearing on the Entity, contrary to the assertion of no-cost extension.

Implications

- The Entity incurred additional costs of UGX 888,766,560 despite the extension being termed “no-cost.”
- Extension of contract without Attorney General approval contravenes statutory requirements.

Management Response

1. *The extension was granted in accordance with the requirements of the PPDA Act, CAP 205, SI No. 105, Regulation 53(d). It arose from the extension of the contractor's contract and was necessitated by the lump-sum nature of the supervision contract.*
2. *CMT sought for approval from the Solicitor general on this matter. The Solicitor General Approval is available for scrutiny.*

Authority's Comment

Management's response does not address the core issue:

- *The consultant submitted a claim of UGX 888,766,560 for the extended period.*
- *This confirms that the extension had a direct financial implication, contrary to the assertion of “no-cost.”*

Given the financial impact of the extension, the approval of the Attorney General should have been sought before execution. The evidence adduced indicated that the Entity sought such approval after granting the extension.

Recommendations

- The Accounting Officer should take responsibility for the irregular extension of the supervising consultant's contract.
- Contract Managers should ensure that all contract extensions, variations, or amendments are undertaken strictly in compliance with the PPDA Act, Cap. 205 and Regulations, 2023 with prior approval from the Attorney General where required.

2.3.1.10 Irregular negotiations with the supervising consultant

Section 80 (1) of the PPDA Act, Cap 205 provides that negotiations may be carried out between a Procuring and Disposing Entity and the bidder with the best evaluated bid as may be prescribed by Regulations made under this Act.

Section 30 (c) of the PPDA Act, Cap 205 provides that a Contracts Committee shall be responsible for approving negotiation teams.

The contract signed with Moso Designs Ltd for provision of consultancy services for supervision of civil works at Plots 2A and 2-4 Butabika, Kampala-Uganda expired on 30th June 2024.

The Contract Management Team at its meeting on 16th August 2024, under Minute 4/002/16/08/24-25, recommended for use of the direct procurement method to procure Moso Designs Ltd to enable continuity of services.

On 20th August 2024, negotiations were held between a team representing the Entity and Moso Designs Ltd. The purpose of the negotiations was to agree on the cost of the supervision costs for the remaining civil works period of 18.33 months inclusive of defects liability period. It was agreed during negotiations that the cost of the services would be UGX 1,206,833,200.

The audit found that holding negotiations by the Contract Management Team with Moso Designs Ltd before initiation of the procurement, receipt of a proposal, evaluation of a proposal or Contracts Committee approval implies that the negotiations committee usurped the Powers of the Accounting Officer, Procurement and Disposal Unit and Contracts Committee. Further, the negotiations were undertaken without a basis as negotiations can only be held with a best evaluated bidder and after Contracts Committee approval. The negotiations were therefore in contravention of Sections 30 (c) and 80 (1) of the PPDA Act, Cap 205 and were thus not binding.

Further, a review of the negotiated costs as per the schedule provided in the record of negotiations indicated that the cost of the services to be provided would in reality be UGX 1,394,760,920.40 instead of the negotiated price of instead of the agreed price of UGX 1,206,833,200. Further, the corrected negotiated price of UGX 1,394,760,920.40 was higher than the initial cost of UGX 1,357,590,920 proposed by Consultant by UGX 37,170,000.40. This raises concerns as to whether the renegotiated costs will benefit the Entity.

Additionally, the corrected negotiated cost of UGX 1,394,760,920.40 was 96.5% of the original contract cost and yet the original contract duration was 24 months while the proposed contract duration for the completion of the civil works is 18 months. This implies that value for money may not be achieved if a contract was placed for completion of the services at the current rates.

Implication

The corrected negotiated cost exceeded the consultant's initial proposal and may not deliver value for money

Management Response

The negotiation was conducted primarily to evaluate the cost implications of aligning the consultant’s contract with the extended contractor’s contract. These discussions were exploratory in nature and did not constitute a binding agreement.

Authority’s Comment

1. The negotiations resulted in a documented cost figure, which contradicts the claim of “exploratory” talks. Management states that the discussions were exploratory. However, the Authority reviewed the negotiation records and found that:

- A specific cost of UGX 1,206,833,200 was agreed during the meeting.
- A detailed schedule of negotiated costs was prepared.
- The consultant’s corrected cost was UGX 1,394,760,920.40, higher than both the negotiated figure and the consultant’s initial proposal.

These outcomes demonstrate that the meeting was substantive, not exploratory. Exploratory discussions do not produce:

- Agreed figures,
- Cost schedules, or
- Revised totals.

The Entity therefore, engaged in actual negotiations, contrary to Management’s assertion.

2. The PPDA Act, Cap. 205 does not distinguish between “exploratory” and “formal” negotiations. Any engagement that involves discussing scope, duration, or cost constitutes negotiation within the meaning of the Act. No evidence was adduced to show that:

- A procurement process had been initiated,
- A proposal had been received,
- An evaluation had been conducted, or
- The Contracts Committee had approved a negotiation team.

Therefore, the discussions held on 20 August 2024 were irregular negotiations under the PPDA Act.

Recommendation

The Contract Management Team should take responsibility for the irregular negotiations held with the supervising consultant.

2.3.2 Irregularities at contract implementation of other reviewed procurements

The audit noted that there were irregularities in the implementation of two procurements worth UGX 189,850,000 and USD 249,767 as indicated in Table 5 below:

Table 5: Procurements in which there were irregularities in the implementation of contracts

S/No	Subject of Procurement	Issues Noted
1.	Supply of furniture to Enterprise Uganda worth UGX 189,850,000	• Payment was made to Nina Interiors on 7 th August 2025 but there was no evidence of deduction of withholding tax worth UGX 6,805,932.203.

S/No	Subject of Procurement	Issues Noted
		<ul style="list-style-type: none"> Delayed payment of Footsteps Furniture Co. Ltd on 30th October 2025 after submission of the invoice on 15th August 2025.
2.	Supply of two motor vehicles (EUG/SUPLS/2024-25/00001) worth USD 249,767	<ul style="list-style-type: none"> Missing contract management report. No evidence of appointment of a contract manager.

Implication

- Financial loss of UGX 6,805,932.20.
- The Entity was exposed to risk from unsecured advance payment in the case of contractual failure on the part of the provider.

Management Response

1. *Supply of 2 Motor vehicles: The auditors' findings are noted. Harold Oceanz SMC limited was engaged to Supply two Motor Vehicles under a Contract arrangement under specific terms and Conditions of supply including deliveries, payment advances and unforeseen risks and breach of contract that should be avoided. A copy of the contract and contract management report is available for verification.*
2. *Supply of furniture: Management observes the findings. However, Nina Interiors is WHT exempted (certificate is available for review). Footsteps Limited was paid during October 2026. The delay in payment was due to some final installations of the shelves.*

Authority's Comment

The Authority noted the response but no evidence was adduced.

Recommendation

- The Accounting Officer should ensure timely payment is made to providers in accordance with Regulation 49 of the PPDA (Contracts) Regulations, 2023.
- The Accounting Officer should recover the financial loss of UGX 6,805,932.20.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

This section will present graphically the scores per area assessed under different audit questions.

3.1. Overall Compliance Audit Conclusion

The performance of Enterprise Uganda for the Financial Year 2023/24 was **Unsatisfactory** with overall weighted average risk rating of **100%**.

Table 6: Risk Rating Categorisation

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

3.2. Entity's Performance

The risk rating was weighted to determine the overall risk level of the Entity. The weighting was derived using the average weighted index as shown in Table 7 below:

Table 7: Risk Score

Risk Rating	%No	%Value	Weights	Total Weighted Score	
				By No.	By Value
High	100	100	0.6	60	60
Medium	0	0	0.3	0	0
Low	0	0	0.1	0	0
Satisfactory	0	0	0	0	0
Total	100	100	1	60	60

$$\text{Performance by Number} = \frac{60 \times 100}{60} = 100\%$$

$$\text{Performance by Value} = \frac{60 \times 100}{60} = 100\%$$

$$\text{The average weighted risk rating} = \frac{100 + 100}{2} = 100\%$$

Figure 1: Performance by Value of Contracts

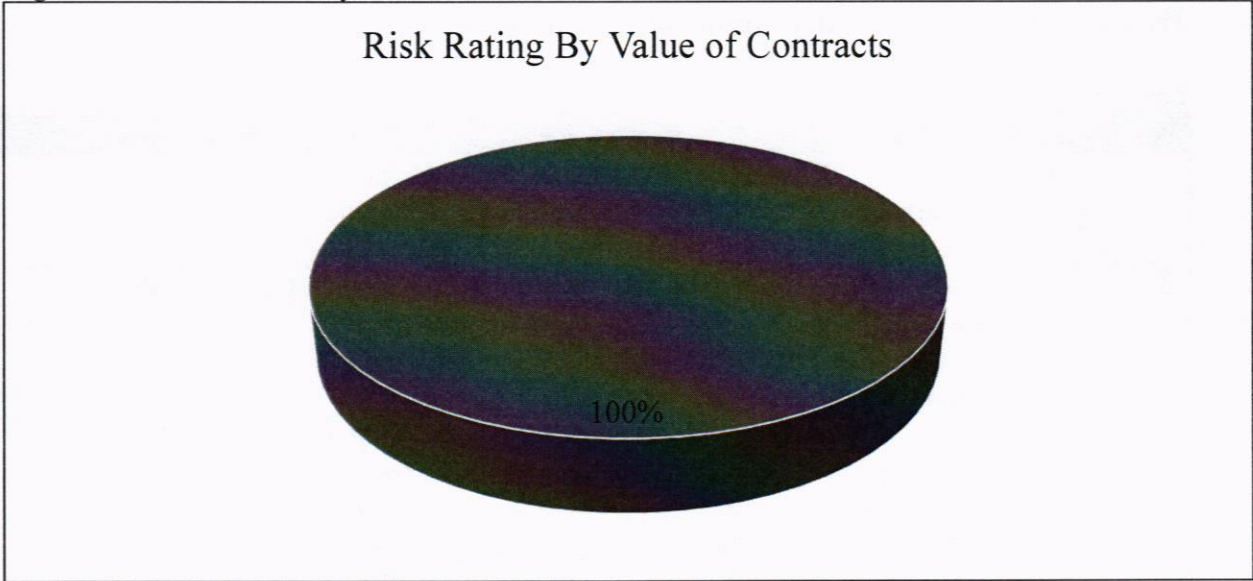
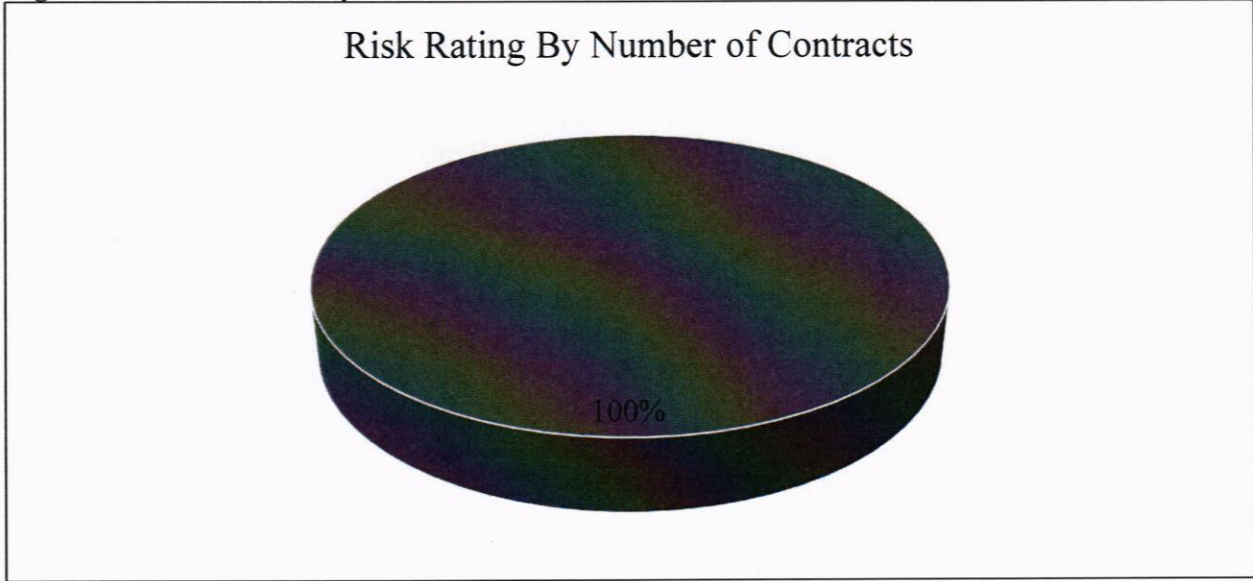


Figure 2: Performance by Number of Contracts



3.3 Recommendation Action Plan

The Entity should implement the recommendations below:

Table 8: Action Plan

No	Recommendation	Time Frame
1.	The Accounting Officer should ensure that all audit recommendations are implemented so as to improve the Entity's performance.	Continuously
2.	The Accounting Officer should ensure that the procurement plan is amended to reflect the realities in releases to the Entity in accordance with Regulation 4 of the PPDA (Procurement Planning) Regulations, 2023.	Continuously
3.	The Contracts Committee, the Head, Procurement and Disposal Unit and responsible Heads of User Departments should ensure that solicitation documents include objective and unbiased evaluation criteria and terms of reference in accordance with Regulations 27 and 37 of the PPDA (Rules and Methods for Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.	Immediately
4.	The Head, Procurement and Disposal Unit should ensure that Evaluation Committee members strictly adhere to the criteria set out in the solicitation document in accordance with Regulation 5 of the PPDA (Evaluation) Regulations, 2023.	Continuously
5.	Contract Managers should, where delays in implementation of contracts are anticipated, issue change orders to providers, in accordance with the contracts, requiring the providers to make changes within the general scope of the contracts in the time of performance or duration of the contract in accordance with Regulation 53 (1) of the PPDA (Contracts) Regulations, 2023.	Continuously
6.	Contract Managers should, where delays in implementation of contracts are realized, charge liquidated damages against payments to the providers in accordance with the terms of the signed contracts.	Continuously

Appendix 1: Sample list of for Enterprise Uganda for FY 2024-25

S/No	Reference No	Subject of Procurement/Disposal	Procurement Method	Provider	Value
1.	EUG/WRKS/2020-21/00002	Construction of a proposed office building for Enterprise Uganda on Plots 92A Butabika Road and 2-4 Bukasa Lane in Butabika	Open Domestic Bidding	Reliable Engineering and Décor Limited in Joint Venture with Sheeba Construction	UGX 26,142,170,825.2
2.	EUG/NCONS/2020-21/00001	Supervision of civil works at Plots 2A and 2-4 Butabika, Kampala-Uganda	Request for Proposals	Moso Designs Ltd	
3.	N/A	Supply of furniture to Enterprise Uganda	N/A	Footsteps Furniture Co. Ltd Nina Interiors Ltd Vee Gallery Limited	UGX 26,000,000 UGX 133,850,000 UGX 30,000,000
4.	EUG/SUPLS/2024-25/00001	Supply of two motor vehicles	N/A	Harold Oceanz SMC Ltd	USD 249,767

Appendix 2: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry a risk for the regulatory system or the entity's reputation. Such cases warrant immediate attention by senior management. Significant deviations from established policies and principles and/or generally accepted industry	Planning: Lack of or failure to procure within the approved plan	This implies emergencies and the use of the direct procurement method which affects competition and value for money.
		Bidding Process: Use of wrong/inappropriate procurement methods, failure to seek Contracts Committee approvals, and usurping the powers of the PDU.	This implies the use of less competitive methods which affects transparency, accountability, and value for money.
		Evaluation: Use of inappropriate evaluation	This implies financial loss caused by awarding contracts at higher prices or

RISK	DESCRIPTION	AREA	IMPLICATION
	standards will normally be rated “high”.	methodologies or failure to conduct an evaluation.	shoddy work caused by failure to recommend award to a responsive bidder.
		Record Keeping: Missing procurement files and missing key records on the files namely; solicitation document, submitted bids, evaluation report and contract.	This implies that one cannot ascertain the audit trail namely; whether there was competition and fairness in the procurement process.
		Fraud/forgery: Falsification of Documents	This implies a lack of transparency and value for money.
		Contract Management: Payment for shoddy work or work not delivered.	This implies financial loss since there has been no value for money for the funds spent and the services have not been received by the intended beneficiaries
MEDIUM	Procurements that were considered to have weaknesses which, although less likely to lead to material financial loss or to risk damaging the regulatory system or the entity’s reputation, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls is put in place. Such procurements would normally be graded “medium” provided that there is sufficient evidence of “hands on management	Planning: Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.
		Bidding Process: Deviations from standard procedures namely bidding periods, standard formats, use of PP Forms and records of issue and receipts of bids, usage of non-pre-qualified firms, and splitting procurement requirements.	This implies a lack of efficiency, standardization, and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies a lack of independence of functions and powers and interference in the procurement process.

RISK	DESCRIPTION	AREA	IMPLICATION
	control and oversight” at an appropriate level of seniority.	Record Keeping: Missing Contracts Committee records and incomplete contract management records.	This implies that one cannot ascertain the audit trail namely; whether the necessary approvals were obtained in a procurement process.
		Contract and Contract Management: Failure to appoint Contract Supervisors, failure to seek the Solicitor General’s approval for contracts above UGX. 200 million and lack of notices of Best Evaluated Bidders.	This leads to unjustified contract amendment and variations which lead to unjustified delayed contract completion and lack of value for money. Bidders are not given the right of appeal.
		Failure by the Entity to incorporate in the solicitation document aspects of gender, social inclusion, environment, health and safety. Aspects of gender, social inclusion, environment, health, and safety are not covered by the contractor during contract implementation.	
LOW	Procurements with weaknesses where resolution within the normal management framework is considered desirable to improve efficiency or to ensure that the business matches current market best practices. Deviations from laid down detailed procedures would	Planning: Lack of procurement reference numbers.	This leads to failure to track the procurements which leads to poor record-keeping.
		Bidding Process: Not signing the Ethical Code of Conduct	This leads to failure to declare a conflict of interest and a lack of transparency.

RISK	DESCRIPTION	AREA	IMPLICATION
	normally be graded “low” provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.		
SATISFACTORY	Relates to following laid down procurement procedures and guidelines and no significant deviation is identified during the conduct of the procurement process based on the records available at the time.		