PUBLIC PROCUREMENT AND DISPOSAL
OF PUBLIC ASSETS AUTHORITY
"Regulating for Results"

COMPLIANCE INSPECTION REPORT FOR SHEEMA DISTRICT LOCAL GOVERNMENT FOR THE FINANCIAL YEAR 2024/2025

JULY 2026

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ACRONYMS

BEB	Best Evaluated Bidder
ESHS	Environmental, Social, Health and Safety
FY	Financial Year
Ltd	Limited
PDE	Procuring and Disposing Entity
PDU	Procurement and Disposal Unit
PPDA Act, Cap 205	Public Procurement and Disposal of Public Assets Act Chapter 205
SIGs	Special Interest Groups
UGX	Uganda Shillings
VAT	Value Added Tax

EXECUTIVE SUMMARY

The Public Procurement and Disposal of Public Assets Authority (the Authority) carried out a compliance inspection on the procurement and disposal activities of Sheema District Local Government (the Entity) that covered a representative sample of ten procurement transactions worth Uganda Shillings (UGX) 655,078,920 in the Financial Year (FY) 2024/2025.

The overall objective of the compliance inspection was to assess and establish the degree of compliance of the Entity's procurement and disposal system and processes with the provisions of the PPDA Act, Cap. 205 and attendant Regulations, and to assess the level of procurement performance over the inspection period.

The procurement and disposal system and processes generally complied with the PPDA Act and Regulations. However, the audit identified several control and performance weaknesses that require management attention. These included splitting of procurement requirements by departments and procuring them as micro-procurements without authorization, failure to promote reservation schemes for special interest groups, delay to initiate procurements, practices that hinder maximization of competition, evaluation irregularities, irregular implementation of environmental and social mitigation measures, slow implementation of works implemented using the force account mechanism, and failure to dispose of obsolete assets.

While these weaknesses were less likely to lead to material financial loss or a risk of damaging the regulatory system or the Entity's reputation, they indicate deficiencies in the procurement system and processes that may adversely affect the effectiveness of internal controls, service delivery, compliance to regulatory requirements, and achievement of the procurement objectives.

Accordingly, the performance of the Entity for the Financial Year 2024/2025 was assessed as Moderately satisfactory with an overall weighted average risk rating of 53.3%, but requiring targeted management interventions to strengthen procurement efficiency, competition, inclusion of special interest groups, contract management, and compliance to statutory and regulatory requirements.

The Entity had the following key exceptions:

1. Section 58 of the PPDA Act, Cap. 205 states that all public procurement and disposal shall be carried out in accordance with the rules and regulations set under the Act. The Authority found that 16 procurements worth UGX 112,212,736 were implemented by the User Departments as micro procurements without delegated authority. Requirements were split to avoid using the appropriate procurement methods, standard construction contracts for works procurements were not signed, and the procurements were not reported to the Authority. This increases the risk of unfairness, discrimination and failure to achieve value for money in the procurement processes.

2. Guideline No. 11 of 2024 on Reservation Schemes to Promote the Participation of Associations of Women, Youth, and Persons with Disabilities requires a PDE to reserve at least 15% of its annual procurement budget and all procurements below UGX 10,000,000 for bidding among companies, firms, associations, or cooperative societies owned by women, youth or persons

with disabilities. The Guideline further requires the Entity to report the contracts awarded to the Authority in the monthly reports. The Entity failed to comply with this requirement in FY 2024/2025, stating that they had misunderstood SIGs to be limited to community groups whose capacity they were still developing. This deprives SIGs of the opportunity to benefit from government spending which in turn increases income inequality.

3. Contrary to Section 51 of the PPDA Act, Cap. 205 which states that "*All procurements and disposal shall be conducted in a manner which promotes economy, efficiency, and value for money.*", the Entity delayed five procurements worth UGX 352,017,810 at initiation by an average of 55 working days and six procurements worth UGX 469,672,598 at the confirmation of funding stage by an average of 79 working days. This was attributed to delayed preparation of bills of quantities for the projects. This delays service delivery and addressing of challenges in the communities that the procurements are meant to address thus compromising efficiency.

4. Section 49 of the PPDA Act, Cap.205 requires the Entity to handle procurements in a manner that maximizes competition. The Authority found practices that could be contributing to low competition in the Entity that included; posting bid invitation letters through post office instead of communicating electronically in four procurements worth UGX 285,964,632 which leads to communication lag, and using the same shortlist of providers in ten procurements worth UGX 515,882,988 even though some bidders were continuously not responding to the bid invitation. These practices affected bid competition with an average of two bids received per procurement.

5. Regulation 2(1), Regulation 5(1), Regulation 7(1) and Regulation 17(1) of the PPDA (Evaluation) Regulations, 2023, and Section 30(b) of the PPDA Act, Cap. 205, which respectively require Evaluation Committee members to possess relevant technical skills and experience, verification of the accuracy, validity and authenticity of bidder documents, evaluation strictly based on the criteria in the bidding document, correction of non-material non-conformities or omissions, and prior approval of the Evaluation Committee by the Contracts Committee. The evaluation of bids for four procurements valued at UGX 293,743,930 had irregularities that included; composition of evaluation committees without a member with appropriate technical expertise in the subject matter, non-verification of bid documents, passing of a non-compliant bid, and eliminating of one compliant bid. This compromises the evaluation process resulting in unfair treatment of bidders, potential award of contracts to unqualified suppliers, and manipulation of the process controls.

6. Regulation 3(1) of the PPDA (Disposal of Public Assets) Regulations, 2023 requires Entities to dispose of the obsolete assets in a financial year. The Entity disposed only **20%** of its disposal plan. This was attributed to inclusion of items on the disposal plan before seeking for valuations and clearances from the responsible authorities, and circumstances too halted some of the disposal process like resistance from the communities to dispose of the eucalyptus trees. This deprives government of the much-needed revenue, exposing the assets to vandalism, and further loss in value through deterioration.

7. Contrary to Regulation 6(2) of the PPDA (Force Account Mechanism) Regulations, 2014 which requires the Force Account Managers to manage the execution of the works as per the

work plan, works worth UGX 356,253,000 were implemented after the planned completion dates. This was attributed to sharing of equipment from the Ministry of Works and Transport Regional Workshop and effects of bad weather during implementation. There was no sufficient evidence to ascertain the extent to which these factors contributed to the delays which consequently limited the Entity's ability to address the causes of delayed implementation of road maintenance works.

8. Section 66 of the PPDA Act, Cap. 205 states that "*A PDE shall, for each procurement, take into account environmental protection, social inclusion, and stimulating innovation.*" The Environmental Officer produced the same generic mitigation measures for ESHS risks in five unique and different projects out of the environmental screening, and included as a lump sum of UGX 1,100,000 in the bills of quantities. For example, planting of 500 trees was provided for in the procurement for construction of two classroom blocks yet the site did not have the area where they could be planted. This resulted in to reduction in the number of trees from 500 to 25 by the Contract Manager during implementation. This indicated that the process of screening by the Environmental Officer was not value adding as it was just a formality. This increases the risk of the mitigation measures not being effective in addressing the ESHS risks.

In light of the above findings, the Entity is required to implement the following recommendations:

1. The Accounting Officer should:
   i. Prevail over the User Departments to carry out their procurements including micro procurements through the Procurement and Disposal Unit. Where justifiable conditions do not allow this, formal delegation should be granted to the User Department in accordance with Regulation 22 (2) of the PPDA (Rules and Methods for the Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023;

   ii. Instruct the District Engineer to undertake feasibility studies and project screenings in a timely manner to support the timely preparation and submission of bills of quantities to enable timely initiation of procurements to improve process efficiency in accordance with Section 51 of the PPDA Act, Cap. 205;

   iii. Address the challenges delaying the disposal process that include; fast tracking the valuations, obtaining clearance from the original title owners and cause for the disposal of these obsolete assets in accordance with Regulation 3(1) of the PPDA (Disposal of Public Assets) Regulations, 2023 and submit a disposal report to the Authority; and

   iv. Task the Environmental Officer to show cause as to why disciplinary action should not be taken against him for including generic environmental mitigation measures that were not practically possible like planting of 500 trees in the project environmental and social management plans for projects that included construction of two classroom blocks that did not have the area for planting of those trees.

2. The Contracts Committee should scrutinize the:
   i. Shortlists of providers before approval to ascertain that a fair and equal opportunity is accorded to all bidders on the prequalification list and that there is no barrier to competition

in accordance with Regulation 53(4)(a) of the PPDA (Rules and Methods for the Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023; and

ii. Composition of the Evaluation Committees to ascertain their competences before approval to minimize evaluation irregularities in accordance with Section 30(b) of the PPDA Act, Cap. 205.

3. The Procurement and Disposal Unit should reserve procurements worth at least 15% of the procurement budget and all procurements below UGX 10,000,000 on the procurement plan for participation of only enterprises (companies, firms, cooperative societies, or associations) owned by women, youth or persons with disabilities and subsequently include the awarded contracts in the monthly reports in accordance with the PPDA Guideline No. 11 of 2024 on Reservation Schemes to Promote the Participation of Associations of Women, Youth, and Persons with Disabilities;

4. The Evaluation Committee should adhere to the evaluation criteria stated in the bidding documents, do due diligence to verify the authenticity of the bidder's documents, obtain clarification from issuing authorities and bidders where necessary before completing the evaluation and recommending contract award in accordance with Regulations 19 (4) and 7(2) of the PPDA (Evaluation) Regulations 2023.

5. The Force Account Supervisors should approve the work plans after assessing the strategy for acquiring resources like personnel, materials, and equipment to ensure that it aligns with the work schedule and so as not to delay the execution of works in accordance with Regulation 5(2)(a) of the PPDA (Force Account Mechanism) Regulations, 2014.

6. The User Departments should undertake realistic project environmental screening and have the specific mitigation measures included in the bills of quantities to enable their costing by the bidders, implementation and monitoring in accordance with Regulation 34(5) of PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

CHAPTER ONE: INTRODUCTION

1.1 Background

The Public Procurement and Disposal of Public Assets Authority carried out a compliance inspection on the procurement and disposal activities of Sheema District Local Government that covered a representative sample of ten procurement transactions worth UGX 655,078,920 in the Financial Year 2024/2025. The inspection 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 and the attendant PPDA Regulations.

1.2 Objective of the Compliance Inspection

The overall objective of the procurement and disposal inspection was to assess and establish the degree of compliance of the procurement and disposal system and processes of the Entity with the provisions of the PPDA Act, Cap. 205 and the attendant PPDA Regulations.

The specific objectives of the inspection were to assess the:

1. Compliance of the Entity with the provisions of the PPDA Act, Cap. 205 and attendant PPDA Regulations with regard to the performance of the procurement structures and conduct of procurement processes;
2. Compliance of the Entity's disposal process with the provisions of the PPDA Act, Cap. 205 and attendant PPDA Regulations; and
3. Efficiency and effectiveness in contract implementation including the application of Environmental, Social, Health and Safety (ESHS) requirements in the procurement process.

1.3 Structure of the Entity

Section 28(1) of the PPDA Act, Cap. 205 gives the Accounting Officer the overall responsibility for the successful execution of procurement, disposal and contract management in the Procuring and Disposing Entity. Mr. John Patrick Nuwebigaba, the Chief Administrative Officer was designated as the Accounting Officer of the Entity during the FY 2024/2025.

a) Procurement and Disposal Unit

The composition of the PDU is shown in Table 1 below:

Table 1: Composition of the PDU

Name	Academic & Professional qualifications & certifications	Job Title	Date of Appointment
Mr. Innocent Behangana	Bachelor's Degree in Procurement and Logistics Management Post Graduate Diploma in Procurement and Supply Chain Management	Senior Procurement Officer	1st June 2025
Ms. Mellon Musimenta	Bachelors of Business Administration-Procurement	Procurement Officer	29th June 2023

b) Contracts Committee composition.

The Contracts Committee was fully constituted with five members as detailed in Table 2 below:

Table 2: List of the Contracts Committee members

No	Name	Job Title	Position	Appointment Date	Term
1.	Mr. Obed Muhangira	Senior Finance Officer	Chairperson	28th Nov 2025	2nd
2.	Mr. Collins Ainomugisha	Bio Statistician	Member	5th May 2023	2nd
3.	Mr. Erias Namanya	Senior Assistant Accountant	Secretary	16th January 2026	1st
4.	Mr. Alex Birihihi	Senior Inspector of Schools	Member	16th January 2026	1st
5.	Mr. Sandrah Nimusiima	Senior Planner	Member	5th May 2023	1st

Note: Renewal and replacement for the expired terms of office for Mr. Collins Ainomugisha and Mr. Sandrah Nimusiima were submitted to the PSST on 1st April 2026 but had not been approved as at the date of this report.

1.4 Scope of the Compliance Inspection

The Authority carried out the procurement and disposal compliance inspection from 10th to 12th March 2026. The exercise covered a sample of ten procurement transactions worth UGX 655,078,920 conducted during the FY 2024/2025, and a review of procurement structures and the procurement plan performance. The list of sampled transactions is contained under Appendix 2.

1.5 Methodology

The Entity was notified about the exercise on 2nd March 2026. A sample of ten procurement transactions was selected based on stratified risk-based sampling using the Contracts Committee minutes, the contracts register, payment registers, and quarterly procurement and disposal reports.

The exercise was conducted under the supervision of the Regional Manager. During the exercise, the team reviewed the procurement plan for the FY 2024/2025 and examined records and documents for each of the sampled procurement transaction.

On completion of data collection, members of the team met with various stakeholders such as the Accounting Officer, Contracts Committee members, PDU staff and User Department representatives to discuss and get clarifications on some of the preliminary findings.

The Authority issued a management letter to the Entity on 23rd April 2026 with a request to submit a management response by 4th May 2026, which was submitted on 6th May 2026. The response was discussed with the audit team and additional responses and evidence were submitted on 15th May 2026.

The Authority studied and considered the management response before preparing the compliance inspection report. The report presents the key findings and conclusions arising from the inspection.

1.6 Reporting

The findings are identified by exception, the level of risk and the recommendation. The procurements are rated in four categories according to the weakness identified namely; high risk, medium risk, low risk and satisfactory. The definition of the risk rating is in Appendix 1.

CHAPTER TWO: FINDINGS AND RECOMMENDATIONS OF THE AUTHORITY

2.1 COMPLIANCE WITH THE PPDA ACT, CAP. 205, AND ATTENDANT REGULATIONS REGARDING THE PERFORMANCE OF THE PROCUREMENT STRUCTURES AND THE CONDUCT OF THE PROCUREMENT PROCESSES

2.1.1 Failure to fully implement one Authority's previous audit recommendation

Section 10(1)(a) of the PPDA Act, Cap. 205 requires a Procuring and Disposing Entity to take corrective action if there is a persistent breach of the Act, regulations, or guidelines as directed by the Authority. Nine recommendations for the compliance inspection of FY 2023/2024 were issued in February 2025 to be implemented by August 2025. One recommendation representing 11% of those issued was not fully implemented as shown in Table 3 below:

Table 3: Unimplemented previous recommendation

No.	Recommended Action	Status	Finding	Management Response
1.	Conduct disposal of all the obsolete items identified by the Board of Survey following Regulations 2 and 3 of the PPDA (Disposal) 2023;	Partially implemented	The Entity disposed of only 20% of the assets earmarked for disposal.	*Management noted the audit finding however, the report from the government valuer is not yet out so that the entity can fully implement this recommendation.* **Authority's comment** The Authority noted the Entity's response but there was no evidence of following up with the Government Valuer to have the report issued.

Implication

Failure to implement audit recommendations compromises the effectiveness and efficiency of the procurement function in the Entity thus hindering continuous performance improvements and undermining value for money.

Recommendation

The Accounting Officer should establish a formal audit recommendation tracking mechanism with clear ownership and quarterly reviews and implement all recommendations, with evidence submitted to the Authority in accordance with Section 10 (2) of the PPDA Act, Cap. 205.

2.1.2 9% Procurement plan implementation variance

Section 60 of the PPDA Act, Cap. 205 requires PDEs to plan and implement procurements based on their approved budgets. A review of the procurement plan and procurements conducted in FY 2024/2025 revealed that the Entity implemented all of their planned procurements. However, there was a variance worth UGX 314,774,409 (9%) between the total planned value and the procurement spend value relating to variances between the budgeted amounts and the contracted values. The total procurement plan value was UGX 3,596,060,513, and the procurement spend was UGX.

3,281,286,104. This could have been due over budgeting of some projects. The implementation rate is detailed in Table 4 below:

Table 4:Procurement plan implementation rate

Total procurement plan value inclusive VAT (UGX)	3,596,060,513
Total procurement spend value inclusive VAT (UGX)	3,281,286,104
Procurement Plan Implementation Variance (UGX)	314,774,409
Procurement Plan Implementation Rate	91%

Implication
This is an indicator of poor estimation of costs during planning.

Management Response
The Entity shall implement the recommendation going forward.

Recommendation
The User Departments should plan their procurements in a rational manner basing the plan estimates on realistic market surveys to reduce variances between the plan and contract values in accordance with Section 60(2) of the PPDA Act, Cap. 205.

2.1.3 Irregularities in procurements undertaken by departments

Section 58 of the PPDA Act, Cap. 205 states that all public procurement and disposal shall be carried out in accordance with the rules and regulations set under the Act. The Authority found that 16 procurements worth UGX112,212,736 were implemented by the User Departments as micro procurements and the following irregularities were found;

(i) The User Departments undertook the procurements without delegated authority and justification as to why the procurements could not be carried out by the Procurement and Disposal Unit contrary to Regulation 22 (2) of the PPDA (Rules and Methods for the Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023;

(ii) Splitting of requirements. Contrary to Section 60(2) (c) of the PPDA Act, Cap. 205 that prohibits an Entity from splitting a procurement or disposal to avoid the use of an appropriate procurement method, the departments procured similar requirements under micro procurement like procurement of culverts, agricultural supplies, minor renovations, and rehabilitations that could have been consolidated or procured under frame work contracts;

(iii) The User Departments did not sign standard construction contracts for works procurements. They instead issued Local Purchase Orders that could not cover construction risk like the scope, the bills of quantities, standard contract terms like liquidated damages, retention, submission of work programs, disputes, compensation events, early warnings etc. contrary to Regulation 13(1) of the PPDA (Contracts) Regulations, 2023;

(iv) There was no evidence of comparison of at least three quotations from prequalified providers contrary to Regulation 23(3)(a) of the PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023; and

(v) The procurements were not included in the monthly reports submitted to the Authority contrary to Regulation 15 (1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

Table 5 below shows the procurements:

Table 5: Procurements implemented by user departments

No.	Subject of procurement	Planned value (UGX)
1.	Grading of Kategeta-Central business District- Nshonga-Katooma-Buringo-Rushoroza, Masheruka Girls-Katookye-Akacece up to Karusa, Kabutsye-Katojo,Katwe-Ruyonza (14.6) km Road	22,774,000
2.	Light grading of 1.5km Rweibare playground, Tibazindwa Katooma road	1,996,000
3.	Light grading of 2km Rweibare- Rukangiro- Mugumya road	2,708,385
4.	Procurement of a photocopier for Council and Planning	9,000,000
5.	Purchase and installation of culverts at Geofrey, Kashenya, Kabutsye P/S and Mutanonga II	5,520,000
6.	Purchase of Corporate staff wear	1,000,000
7.	Purchase of plastic chairs	500,000
8.	Rehabilitation of monthly market at Kagati	2,005,000
9.	Rehabilitation of one acre of banana plantation	7,150,351
10.	Rehabilitation of slaughter slab	1,500,000
11.	Renovation of production and CBS office block	9,800,000
12.	Renovation of public toilet at Kabutsye Market	1,000,000
13.	Routine mechanical maintenance of council trucks	16,000,000
14.	Supply and installation of culverts at Masheruka SS approach	6,000,000
15.	Supply of Agricultural supplies	1,000,000
16.	Supply of drugs and lab supplies	24,259,000
	Total	**112,212,736**

Implication

Conducting procurements through departments that do not have the required skills and expertise increases the risk of irregularities and failure to achieve the public procurement principles of economy, efficiency, fairness, and value for money.

Management response

Management noted the audit findings and has taken note of this to be implemented in the near future.

Recommendations

1. The Accounting Officer should prevail over the User Departments to carry out their procurements including micro procurements through the Procurement and Disposal Unit and where justifiable conditions to do not allow for this, formal delegation and guidance should be granted to the User Department in accordance with Regulation 22 (2) of the PPDA (Rules and

Methods for the Procurement of Supplies, Works, and Non-Consultancy Services) Regulations, 2023.

2. The Procurement and Disposal Unit (PDU) should make use of framework contracts wherever appropriate to provide an efficient, cost effective and flexible means to procure works, services or supplies that are required continuously or repeatedly over a set period of time to prevent the splitting of procurement requirements by User Departments in accordance with Section 60(2) (b & c) of the PPDA Act, Cap. 205;

3. The PDU or Delegated Authority should prepare:
   (i) Standard lump sum or admeasurement contracts for works procurements procured using the micro procurement method on top of the issued Local Purchase Orders to safeguard against construction risk in accordance with Regulation 13(1) of the PPDA (Contracts) Regulations, 2023; and
   (ii) Monthly reports on all micro procurements conducted for Contracts Committee consideration and have these submitted to the Authority in the monthly reports on procurements in accordance with Section 33(p) of the PPDA Act, Cap. 205 and Regulation 15(1) of the PPDA (Procuring and Disposing Entities) Regulations, 2023.

2.1.4 Failure to plan and implement reservation schemes for Special Interest Groups (SIGs)

Guideline No. 11 of 2024 on Reservation Schemes to Promote the Participation of Associations of Women, Youth, and Persons with Disabilities requires PDEs to reserve at least 15% of its annual procurement budget and all procurements below UGX 10,000,000 for bidding among SIGs and indicate them in their monthly reports submitted to the Authority. The Entity failed to comply with this requirement in FY 2024/2025. The Head Procurement and Disposal Unit stated that they had misunderstood SIGs to be limited to community groups whose capacity they were still developing.

Implication

Failure to reserve procurements for the Special Interest Groups deprives them of the opportunity to benefit from government spending which in turn increases income inequality.

Management Response

Management noted the audit finding however, we got a list of registered groups which we have verified together with the District Commercial Officer and District Community Officer, and now the entity is preparing to have a meeting with them so that they can be guided on the procurement procedures. The Entity shall implement the guidance of the Authority moving forward.

Recommendations

The Authority took note of the Entity's efforts to develop the capacity of the community-based organizations to participate in the reserved procurements and recommended that the Procurement and Disposal Unit should:

1. Reserve procurements worth at least 15% of the procurement budget and all procurements below UGX 10,000,000 on the procurement plan for participation of only enterprises (companies, firms or associations) owned by women, youth or persons with disabilities and subsequently include the awarded contracts in the monthly reports in accordance with the PPDA

Guideline No. 11 of 2024 on Reservation Schemes to Promote the Participation of Associations of Women, Youth, and Persons with Disabilities; and

2. Profile the providers on the Entity's prequalification list, the register of Community Based Organizations at the District and those on the PPDA list of Special Interest Groups to identify suitable bidders (Companies, Firms, Cooperative Societies or Community Based Organizations) that qualify for the reservation to facilitate the shortlisting of providers for procurement of items under the reservation for Special Interest Groups.

2.1.5 Delays at initiation

Contrary to Section 51 of the PPDA Act, Cap. 205 which states that "*All procurements and disposal shall be conducted in a manner which promotes economy, efficiency, and value for money.*", the following anomalies were found:

(i) Delay to initiate procurements

Five procurements worth UGX 352,017,810 were initiated late with an average delay of 55 working days past their scheduled start dates as shown in Table 6 below:

Table 6: Delayed procurements at initiation

No.	Subject of procurement	Contract value (UGX)	Planned Initiation date	Actual initiation date	Delay in working days
1.	Maintenance of two classroom blocks at Kagazi P/S in Masheruka Sub County and Rweibare Primary school in Kakindo Town Council	62,927,748	5th Aug 2024	24th Sept 2024	36
2.	Extension of piped water supply system from Nshongi - Bwehundu - Bwayegamaba in Kigarama Subcounty Sheema District	147,934,122	5th Aug 2024	5th Sept 2024	23
3.	Supply and delivery of science equipment and chemical reagents for Ryakasinga Centre for Higher Education Seed Secondary Schools	55,450,000	5th Aug 2024	10th Dec 2024	91
4.	Construction of a 2-stance classroom block at st. Jude Primary school in Masheruka Town Council	65,705,940	5th Aug 2024	24th Sept 2024	36
5.	Supply of barrow pit and its excavation for Kyarweera-Kishabya-Kihanga-Rwamamya road which include purchase of barrow area and its excavation using appropriate dry equipment	20,000,000	5th Aug 2024	10th Dec 2024	91
	Total	**352,017,810**		**Average**	**55**

(ii) Delay to confirm funding by the Accounting Officer

The Authority found that six procurements worth UGX 469,672,598 had an average delay of 79 working days between initiation and the confirmation of funding. The details on the delays are shown in Table 7 below:

Table 7: Delayed procurements at confirmation of funding

No.	Subject of Procurement	Contract value (UGX)	Initiation date	Confirmation of funding date	Delay in working days
1.	Maintenance of Kyeibanga Primary School in Kitagata Sub County and Maintenance of Nyakashoga Primary School in Rugarama Sub County	63,284,580	24th Sept 2024	7th Feb 2025	99
2.	Supply and delivery of ICT equipment for Ryakasinga Centre for Higher Education in Shuuku Town Council	163,548,000	24th Sept 2024	7th Feb 2025	99
3.	Construction of a 8 stance VIP latrine at Nyakambu Primary School and renovation of RDC's office	58,756,330	2nd Aug 2024	17th Sept 2024	20
4.	Maintenance of two classroom block at Kagazi P/S in Masheruka S/C and Rweibare P/S in Kakindo T/C	62,927,748	24th Sept 2024	7th Feb 2025	99
5.	Supply and delivery of science equipment and chemical reagents for Ryakasinga Centre for Higher Education Seed Secondary Schools	55,450,000	10th Dec 2024	7th Feb 2025	59
6.	Construction of a 2-stance classroom block at St. Jude Primary school in Masheruka Town Council	65,705,940	24th Sept 2024	7th Feb 2025	99
	Total	**469,672,598**		**Average**	**79**

Implication

Delayed procurement processes delay service delivery and addressing of challenges in the communities that the procurements are meant to address thus compromising efficiency.

Management Response

These were caused by delayed preparation of Bills of Quantities and delayed submission of requisition forms to the Chief Administrative Officer. Management noted the audit findings; however, letters have been always written to the Heads of Department to initiate procurement activities on time. In addition, this has been discussed in our senior management meetings so going forward we shall have an improvement on it.

Recommendation
The Accounting Officer should prevail over the User Departments to undertake feasibility studies and project screenings in a timely manner to support the timely preparation and submission of bills of quantities to enable timely initiation of procurements to improve process efficiency in accordance with Section 51 of the PPDA Act, Cap. 205.

2.1.6 Under budgeting

Contrary to Section 60(2)(d) of the PPDA Act, Cap. 205 which states that "*A procuring and Disposing Entity shall plan its procurement and disposal in a rational manner and, in particular shall integrate its procurement budget with its expenditure program*", the Authority noted that the Entity failed to provide for adequate budgets for two procurements worth UGX 211,218,702. This led to unplanned reduction of scope to fit within the budget as detailed in Table 8 below:

Table 8: Underbudgeted procurements

No	Subject of Procurement	Plan value UGX	BEB Price before negotiation	Variance (UGX)
1.	Maintenance of Kyeibanga Primary School in Kitagata Sub County and maintenance of Nyakashoga Primary School in Rugarama Sub County	63,714,470	71,518,620	7,804,150.
2.	Extension of piped water supply system from Nshongi - Bwehundu - Bwayegamaba in Kigarama Subcounty Sheema District	90,000,000	147,931,122	57,931,122.
	Total	**153,714,470**	**219,449,742**	**65,735,272**

Implication
Under-budgeting led to reduction of scope of requirements which compromised the overall functionality and objectives of the projects.

<u>Management Response</u>
Management noted the audit findings however; the scope of work that was prepared was much compared to the funds budgeted for. This was due to lack of proper assessment before preparing the scope of work/BOQs. Going forward, the heads/user department have been tasked to facilitate the Engineering Department early enough in order to do proper assessment before they prepare the BOQs.

Recommendation
The User Departments should base the procurement budgets on realistic estimates and project scoping to safeguard against circumstances where the best evaluated bid prices exceed the available budgets in accordance with Section 60(2)(d) of the PPDA Act, Cap. 205.

2.1.7 Failure to incorporate the operation and maintenance costs and requirements in the bidding documents

Contrary to Regulation 48(4) of the PPDA (Rules and Methods for the Procurement of Works, Supplies, and Non Consultancy Services) Regulations, 2023, which requires the financial comparison of bid prices to include an assessment of the whole life-cycle cost of equipment expected to be in use for a long time or where maintenance and operating costs form a significant proportion of the overall cost, the bidding documents for two procurements worth UGX. 179,537,600 did not incorporate maintenance and operating costs in the statements of requirements, despite these forming a significant portion of the life-cycle cost of the assets. The documents also contained inadequate evaluation criteria. The procurements are detailed in Table 9 below:

Table 9: Failure to consider providers ability to provide operational and maintenance support

No.	Subject of Procurement	Amount (UGX)	Findings	Management Response
1.	Supply and Installation of a solar system for cold chain management of vaccines at the Production Department of Sheema DLG	15,989,600	The specifications did not put into consideration the operation and maintenance aspects like the availability and cost of maintenance and servicing of the batteries, repairs, availability of spare parts, and warranties from the bidders to guarantee continuity as sustainability. Specifications were raised by Dr. Joseph Amanya the District Veterinary Officer who did not have technical knowledge on solar systems. He further did not state detailed specifications for the following components; wiring and installation of accessories, metallic battery rack, and the panel bracket.	*Management noted the audit findings however the operation and maintenance aspect of it is always to be planned in the subsequent years including this F/Y 2025-2026.* *Management has taken note of this and it will always put it into consideration when developing technical specifications.*
2.	Supply and delivery of ICT equipment for Ryakasinga Centre for Higher Education in Shuuku Town Council	163,548,000	The sustainability aspect only provided for a one-year warranty and repair from the provider and 12 months internet connectivity. The plan for operation and maintenance risks after the first 12 months were not considered.	*Management noted the audit findings and the school has a subsequent plan for the provision of operation and maintenance in its budget.*
	Total	**179,537,600**		

Implication

Failure to consider whole life costing requirements in the procurements affects continuity of service by the equipment and could lead to high overall product cost in the long run.

Authority Comment
The Authority noted that much as the maintenance budgets were in place, the Entity did not task the providers to demonstrate capacity to offer post sale services like maintenance, availability of spare parts, technical support staff, servicing and the cost implication of these life cycle costs to the total cost of the assets.

Recommendation
The Procurement and Disposal Unit should where an equipment or system is expected to be used for a long time or where the maintenance and operation costs form a significant portion of the total cost, assess the bidders' ability to provide technical support in terms of training, repairs, maintenance, local sources of replacement parts and lead times, costs for the parts, room for expansion, compatibility and copyrights to ensure sustainability in accordance with Regulation 48(4) of the PPDA(Rules and Methods for the Procurement of Works, Supplies, and Non Consultancy Services) Regulations, 2023.

2.1.8 Low bid competitiveness
Contrary to Section 49 of the PPDA Act, Cap.205 which requires the Entity to handle procurements in a manner that maximizes competition, the following practices that deter competition were found:

(i) Inefficient means of invitation of shortlisted bidders
Section 59 (1) of the PPDA Act, Cap. 205, states that "*All communication between a procuring and disposing entity, bidder, or provider, shall be in writing and may be transmitted electronically and communication of any other form shall be referred to and confirmed in writing*". The Authority found that in four procurements worth UGX 285,964,632, the Entity issued the bid invitation letters through post office on the same day as the date of bid issuance. This was inefficient since it takes some time for the invitation letters to be received at the bidders' postal addresses. An electronic transmission ought to have been more efficient. The Authority further found that an average of six bidders were shortlisted but only an average of two bids were received in these procurements as shown in the Table 10 below:

Table 10: Procurements with inefficient means of invitation of shortlisted bidders

No.	Subject of Procurement	Amount (UGX)	Number of bidders invited	Number of bids received
1.	Supply and installation of a solar system for cold chain management of vaccines at the Production Department of Sheema DLG	15,989,600	6	1
2.	Maintenance of Kyeibanga Primary School in Kitagata Sub County and maintenance of Nyakashoga Primary School in Rugarama S/C	63,284,580	7	2
3.	Extension of piped water supply system from Nshongi - Bwehundu - Bwayegamaba in Kigarama Sub County in Sheema District.	147,934,122	6	3

No.	Subject of Procurement	Amount (UGX)	Number of bidders invited	Number of bids received
4.	Construction of a 8 stance VIP latrine at Nyakambu Primary School and renovation of RDC's office.	58,756,330	6	2
	Total	**285,964,632**	**6**	**2**

Implication
This casts doubt on whether the invitations were received timely to provide the bidders ample time to bid.

Management Response
The invitation letters were issued to bidders through post office and some were picked by individuals themselves. But electronic communication shall be adopted going forward.

Recommendation.
The Accounting Officer should opt for electronic transmission of the bid invitation notices through the district official email address as an efficient means of communication and maintain the evidence of receipt of the communication in accordance with Section 59 (1) of the PPDA Act, Cap. 205.

(ii) Failure to rotate the shortlist of providers
Regulation 53(4)(a) of the PPDA (Rules and Methods for the Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023, states that "*where a PDE develops a shortlist, it shall ensure that fair and equal opportunity is afforded to all bidders and that no barriers are created to deter competition*''. However, an analysis of ten similar procurements valued at UGX 515,882,988 had shortlists developed from the Entity's prequalification list and were approved by the Contracts Committee on 27th September 2024, revealed an inequitable distribution of bidding opportunities. Out of the 54 prequalified providers for civil construction and buildings,12 firms were never shortlisted at all, 28 firms were shortlisted not more than twice, while only seven firms were shortlisted three or more times as detailed in Tables 11 to 13 below:

Table 11: Procurements sampled

No.	Procurement subject	Amount (UGX)	Provider
1.	Completion of a two-classroom block at Matsya Primary School	56,598,110	Arthur Technical Services SMC Ltd
2.	Construction of VIP Latrine at Nyakwebundiika Primary School	44,847,440	Nikar General Constructors ltd
3.	Construction of 2 classroom block at St. Jude Primary School	65,705,940	Nikar General Constructors ltd
4.	Completion of Kyabuharambo Primary School and Kyabahaija Primary School	38,983,660	Rimston and Mark Projects Limited
5.	Completion of Rutooma full gospel and Kasaana Primary School	51,007,940	Rimston and Mark Projects Limited

No.	Procurement subject	Amount (UGX)	Provider
6.	Maintenance of Kagazi Primary School	62,927,748	Dasphat General Investment Ltd
7.	Maintenance of Kyeibanga Primary School	63,284,580	Nicodin Engineering Service Limited
8.	Construction of a 8 stance latrine and renovation of RDC's office	58,756,330	MZDA engineering Investments Limited
9.	Construction of a 4 in one staff house in Bugongi	42,999,200	MZDA engineering Investments Limited
10.	Construction of a 5-stance latrine at Shuuku Town	30,772,040	Hesaka general Enterprise Ltd
	Total	**515,882,988**	

Table 12: Providers shortlisted more than two times

No	Provider	Shortlisted Times
1.	Dasphat General Investments Ltd	5
2.	Nikar General Contractors U Ltd	4
3.	Alex Contractors Ltd	3
4.	Altumu Enterprises SMC Ltd	3
5.	Green Serve Investments U Ltd	3
6.	MZDA Engineering Investments Ltd	3
7.	Rimston And Mark Projects Ltd	3
8.	Aflix Contractors Co Ltd	2
9.	Ahereza Construction and General Suppliers Ltd	2
10.	Arthur Technical Services Ltd	2
11.	Balmac Engineering Services Ltd	2
12.	GT 20 Engineering Co Ltd	2
13.	Gumisiriza Herbert Workshop Ltd	2
14.	Hard Rock Technical Services Ltd	2
15.	KAAR Arik Solutions Ltd	2
16.	Kamugira Seth Investments Ltd	2
17.	Kruger Engineering and Construction Co Ltd	2
18.	Laseta Enterprises Ltd	2
19.	Mket Technical Services Ltd	2
20.	Rokana Logistics Ltd	2
21.	Shelter Technical Services Ltd	2
22.	Werana Construction Ltd	2
23.	Bataka Contractors And Traders Ltd	1
24.	Ecicuncu Company Ltd	1
25.	Enshikwera Ltd	1
26.	Glimor Engineering Co Ltd	1
27.	Haseka General Enterprise Ltd	1

No	Provider	Shortlisted Times
28.	Jerus Technical Services Ltd	1
29.	Kakani Contractors Ltd	1
30.	Krim Entrprises Ltd	1
31.	Mark Engineers And Contractors Ltd	1
32.	Marungi Dream Co Ltd	1
33.	Mulumba And Co. Building Construction Ltd	1
34.	Nactobar Establishments Ltd	1
35.	Nicodin Engineering Co.Td	1

Table 13: Bidders that were not shortlisted at all.

No	Provider
1.	Nduhura Aron Enterprises Ltd
2.	Mk Ron Company Ltd
3.	Nagaka Contractors And Suppliers Ltd
4.	Squad Engineering Services Ltd
5.	Josnorm Electrical Services Ltd
6.	MTK Plus Establishments Ltd
7.	Kumbanet Construction Co Ltd
8.	Kirimi Enterprises Ltd
9.	Sanga Construction Ltd
10.	Dasa Root Supplies Estates Ltd
11.	PAK Establishment (U) Ltd
12.	Nuwados Contractors Ltd

Implication

Failure to rotate prequalified providers abets bid collusion where a few firms dominate contracts, this excludes other competent bidders which undermines competition in the procurement process.

Management Response

Management has taken note of this and promises to improve in the near future.

Recommendation

The Contracts Committee should scrutinize the shortlists of providers before approval to ascertain that a fair and equal opportunity is afforded to all bidders on the prequalification list and that there is no barrier to competition in accordance with Regulation 53(4)(a) of the PPDA (Rules and Methods for the Procurement of Works, Supplies and Non-Consultancy Services) Regulations, 2023.

2.1.9 Failure to rotate the Evaluation Committee members

Section 39(4) of the PPDA Act, Cap. 205 states that "*An Evaluation Committee shall be set up depending on the value and complexity of the procurement requirement.*" The Authority found that, despite having various qualified staff in the Works and Education departments, the PDU nominated the same individuals across multiple committees. Specifically, Mr. Abahena Markwell, the Assistant Engineering Officer, served as the technical person in all ten procurements stated in Table 11 above, while Ms. Kenyangi Evelyne served as the representative of the User Department for all Education Department projects, and Mr. Innocent Behangana represented the PDU. This resulted in similar evaluation committee compositions for seven out of the ten procurements mentioned. An analysis of the composition distribution is shown in Table 14 below:

Table 14: List of Evaluation Committee and Number of times appointed

Name	Title	No. of times appointed
Abahena Markwell	Asst. Engineering Officer	10
Behangana Innocent	Senior Procurement Officer	8
Kenyangi Evelyne	District Education Officer	7
Musiimenta Mellon	Ag. Procurement Officer	3
Akakwansa Johnson	District Health Officer	2
Namanya Erasi	Senior Assistant Accountant	1
Nkwasibwe Abiaz	Civil Engineer	1
Tuhairwe Doreen	District Planner	1

Implication
Failure to rotate Evaluation Committees poses a familiarity threat which increase the risk of bid collusion and unethical tendencies as evaluation leading to award of contracts to non-responsive firms.

Management Response
Management noted the audit findings and it has taken note of it. This will be improved in the near future.

Recommendation
The Procurement and Disposal Unit should rotate the composition of the Evaluation Committees depending on the value, complexity and procurement risks involved to minimize the risk of collusion in accordance with Section 39(4) of the PPDA Act, Cap. 205.

2.1.10 Evaluation Irregularities
Contrary to Regulation 2(1), Regulation 5(1), Regulation 7(1) and Regulation 17(1) of the PPDA (Evaluation) Regulations, 2023, and Section 30(b) of the PPDA Act, Cap. 205, which respectively require Evaluation Committee members to possess relevant technical skills and experience, verification of the accuracy, validity and authenticity of bidder documents, evaluation strictly based on the criteria in the bidding document, correction of non-material non-conformities or omissions, and prior approval of the Evaluation Committee by the Contracts Committee, the Authority found that the Evaluation Committees for four procurements valued at UGX 293,743,930 were improperly constituted and conducted. Specifically, the committees lacked members with relevant skills and experience, failed to verify the authenticity of submitted documents, eliminated a compliant bid, passed a non-compliant bid, and deviated from criteria set in the bidding document, as detailed in Table 15 below:

Table 15: Procurement processes with evaluation anomalies

No.	Subject of procurement	Amount (UGX)	PPDA Findings	Management Response
1.	Supply and installation of a solar system for cold chain management of vaccines at the Production Department of Sheema DLG Best Evaluated Bidder TAD Electrical Centre Limited	15,989,600	1) **Evaluation Committee composition without a member with technical skills and experience relevant to the procurement requirement.** Contrary to Regulation 2(1) of the PPDA (Evaluation) Regulations, 2023 that requires the Evaluation Committee members to possess the technical skills and experience relevant for the evaluation of the procurement requirement. The Committee did not have a person with pre requisite skills in solar systems. Consisted of Dr. Amanya Joseph the District Veterinary Officer, Ms. Mellon Musiimenta the Procurement Officer, and Ms. Mackline Kamalika the Asst. Senior Accountant 2) **Failure to verify forged documents**. Contrary to Regulation 17(1) of the PPDA (Evaluation) Regulations, 2023 that requires the Evaluation Committee to verify the accuracy, validity and authenticity of the documents submitted by a bidder, TAD Electrical Centre Limited submitted a Transactional Tax Clearance Certificate Ref MB0225067102999 which upon verification from the URA verification portal indicated that it had not been issued by the Uganda Revenue Authority. The bid further did not have a bid submission sheet. 3) **Passing a non-compliant bid**. Contrary to Regulation 5(1) of the PPDA (Evaluation) Regulation, 2023 that requires the Evaluation Committee to evaluate bids based on criteria set in the bidding document, TAD Electrical Centre Limited was evaluated as compliant against the following requirements yet they were missing documents in their bid; a bid securing declaration, a letter of beneficial	*Management noted the audit finding and promises to improve in the near future* *Management noted the audit finding and a letter for suspension of TAD Electrical Center Limited is submitted.* *Management noted the audit finding and promises to improve in the near future*

No.	Subject of procurement	Amount (UGX)	PPDA Findings	Management Response
			ownership, the bid did not have a bid submission sheet.	
2.	Supply and delivery of ICT equipment for Ryakasinga Centre for Higher Education in Shuuku Town Council	163,548,000	**Elimination of a bidder over immaterial deviation**. Contrary to Regulation 7(1) of the PPDA (Evaluation) Regulations, 2023 which provides the Evaluation Committee with the powers to correct a non-conformity or an omission in a bid that does not constitute a material deviation. MFI Documents Solutions Limited that had a bid price of UGX 149,797,790 was eliminated on immaterial grounds as detailed below: That the recommendation letters submitted had no addressee yet the requirement under Clause 3.2 (k) of the Evaluation Methodology was not specific that the recommendation had to be addressed to the Entity; and That the bidder declared in the bid submission sheet that their nationality was from Uganda, Kenya, and India yet the beneficial ownership form indicated that the shareholders were of Kenyan nationality. This was however irregular since Clause I of the bid submission sheet did not limit nationality to only the shareholders, but also extended the requirement to any sub-contractors, providers, employees or associates.	*No response*
3.	Construction of a 8 stance VIP latrine at Nyakambu Primary School and renovation of RDC's office	58,756,330	**Change of evaluation criteria**. Contrary to Regulation 5(1) of the PPDA (Evaluation) Regulation, 2023 which requires the Evaluation Committee to evaluate bids based on criteria set in the bidding document, the Authority noted that even though this did not affect the results of the evaluation, the Committee changed the criteria set in the bidding document from a Site Engineer higher Diploma in Civil Engineering to a B.Sc. Civil Engineering and the Equipment from a	*Management noted the audit finding.*

No.	Subject of procurement	Amount (UGX)	PPDA Findings	Management Response
			7-10 tipper trucker to a 10-20 dump truck.	
4.	Supply and delivery of science equipment and chemical reagents for Ryakasinga Centre for Higher Education Seed Secondary Schools	55,450,000	**Evaluation Committee composition without a member with technical skills and experience relevant to the procurement requirement**. Contrary to Regulation 2(1) of the PPDA (Evaluation) Regulations, 2023 that requires the Evaluation Committee members to possess the technical skills and experience relevant for the evaluation of the procurement requirement. The Committee did not have a person with prerequisite skills in science laboratory equipment and chemical reagents. Consisted of Mr. Louis Muhereza the Senior Information Technology Officer, Ms. Mellon Musiimenta the Procurement Officer, and Ms. Mackline Kamalika the Asst. Senior Accountant.	*Management noted the audit finding and promises to improve in the near future.*
Total		**293,743,930**		

Implication

There is a risk that the integrity and fairness of the evaluation process was compromised resulting in unfair treatment of bidders, potential award of contracts to unqualified suppliers, and manipulation of the process controls.

Recommendations

1. The PDU should always include a member with the technical skills and experience relevant to the procurement requirement on the Evaluation Committee Compositions in accordance with Regulation 2(1) of the PPDA (Evaluation) Regulations, 2023.
2. The Contracts Committee should scrutinize the composition of the Evaluation Committees to ascertain their competences and integrity before approval to minimize evaluation irregularities in accordance with Section 30(b) of the PPDA Act, Cap. 205; and
3. The Evaluation Committee should:
   (i) Adhere to the evaluation criteria stated in the bidding documents in accordance with Regulation 19 (4) of the PPDA (Evaluation) Regulations 2023; and
   (ii) Verify the authenticity and validity of the bidder's documents and obtain clarification from issuing authorities and bidders where necessary before completing the evaluation and recommending a contract for award in accordance with Regulation 7 (2) (a) of the PPDA (Evaluation) Regulations, 2023.
4. The Authority shall institute suspension hearings into a case of submission of a forged Transactional Tax Clearance Certificate Ref MB0225067102999 by TAD Electrical Centre

Limited in the procurement for installation of a solar system for cold chain management of vaccines at the Production Department in accordance with Section 128 of the PPDA Act, Cap. 205.

2.1.11 Irregularities at contracting

Contrary to Regulation 9(1)(a) of the PPDA (Contracts) Regulations, 2023 that requires the Entity to clearly identify the obligations of each party in the contract, the following anomalies were found in five procurements worth UGX 406,744,850:

(i) Clause 34.1 of the Special Conditions of the Contract (SCC) was silent on the procedure for settling disputes;
(ii) Clause 58.1 was silent on the maximum value of liquidated damages to be charged;
(iii) Clause 67.1 of SCC did not state the date for submission of as-built drawings; and
(iv) Clause 69.1 of SCC did not state the maximum percentage to apply to the value of works not completed.

The procurements are shown in Table 16 below.

Table 16: Irregularities at contracting

No	Subject of procurement	Contract value (UGX)
1.	Maintenance of Kyeibanga Primary School in Kitagata Sub County and Nyakashoga Primary School in Rugarama Sub County	63,284,580
2.	Supply and delivery of ICT equipment for Ryakasinga Centre for Higher Education in Shuuku Town Council	163,548,000
3.	Construction of an 8 stance VIP latrine at Nyakambu Primary School and renovation of RDC's office	58,756,330
4.	Supply and delivery of science equipment and chemical reagents for Ryakasinga Centre for Higher Education Seed Secondary Schools	55,450,000
5.	Construction of a 2-stance classroom block at St. Jude Primary school in Masheruka Town Council	65,705,940
	Total	**406,744,850**

Implication

These anomalies undermine transparency and fairness in the procurement process and increase the risk of contract misinterpretation, contract disputes and poor contract management.

Management response

Management noted the audit findings and shall implement the recommendations moving forward.

Recommendation

The Procurement and Disposal Unit should quality assure the contract documents to ascertain that all-relevant clauses in the Special Conditions of the Contract are filled with the necessary information to protect the Entity against contract risk in accordance with Regulation 9(1)(a) of the PPDA (Contracts) Regulations, 2023.

2.2 COMPLIANCE OF THE ENTITY'S DISPOSAL PROCESSES WITH THE PROVISIONS OF THE PPDA ACT, CAP. 205 AND PPDA (DISPOSAL OF PUBLIC ASSETS) REGULATIONS, 2023

2.2.1 Failure to fully implement the disposal plan

Regulation 3(1) of the PPDA (Disposal of Public Assets) Regulations, 2023 requires Entities to dispose of the obsolete assets in a financial year. The Entity planned to dispose of assets worth UGX 44,440,000 for the FY 2024-2025. However, by the end of the financial year, only assets 20% of the planned assets had been disposed. This was attributed to inclusion of items on the disposal plan before seeking for valuations and clearances from the responsible authorities, and adamancy of the User Departments to initiate the disposal processes. The details are in Table 17 and Figure 1 below:

Table 17: Procurement items not disposed of

No.	Description	Planned (UGX)	Disposal Value realsied (UGX)	Audit Comment
1.	Disposal of old motorcycles	600,000	Nil	Waiting for valuation
2.	Disposal of old vehicles	8,000,000	Nil	Sought for Authority from Bushenyi DLG to dispose of LG0162-06 and MAAIF for UAA153N on 3rd January 2026
3.	Disposal of milling machine	2,800,000	Nil	Waiting for valuation
4.	Disposal of scraps	3,000,000	1,482,600	Implemented
5.	Disposal of eucalyptus trees at Rukaragwe in Bugonogi T/C	8,000,000	Nil	User Department changed the need for disposal due to community uprising
6.	Disposal of cows at Rubaare farm	16,300,000	7,100,000	Partially disposed
7.	Disposal of old computers and typewriter	670,000	Nil	Did not dispose
8.	Leasing of Rwananama land	5,070,000	Nil	Did not dispose
9.	Leasing of land at Nyanga-Kakunyu	-	Nil	Did not dispose
10.	Disposal of old tyres		270,000	Not on the plan
	Total	**44,440,000**	**8,852,600**	
	Percentage Implemented	**20%**		

Figure 1: Obsolete assets lying in the District Compound as at 13th March 2026

Implication

Failure to timely dispose of obsolete assets deprives Government of the much-needed revenue, which exposes the assets to vandalism, and further loss in value through deterioration.

Management response

1. *The following items were valued by the Government Valuer and the report is yet to be out. old motor vehicle, old motor cycles, and Milling machine.*

2. *Disposal of eucalyptus trees at Rukaragwe in Bugonogi T/C, the user department changed the plan due to community uprising.*

3. *Four cows were disposed of instead of 16 cows as earlier planned. The entity promises to always update disposal plan in time.*

4. *Leasing of Rwananama land in Bugongi T/C and leasing of land at Nyanga-Kakunyu in Kabwohe Division-Sheema Municipality, the process stopped at award stage pending clearance from parliament.*

Authority's Comment

The Authority acknowledged the Entity's responses and noted that specific and deliberate actions were required to be taken by the Accounting Officer in order to have the identified issues delaying the disposal process resolved.

Recommendation

The Accounting Officer should address the challenges delaying the disposal process that include; fast tracking the valuations, obtaining clearance from the original title owners and cause for the disposal of these obsolete assets in accordance with Regulation 3(1) of the PPDA (Disposal of Public Assets) Regulations, 2023 and submit a disposal report to the Authority. Similarly, the District Community Development Officer should sensitize the community in Rukaragwe in Bugonogi T/C about the eucalyptus trees for disposal so that the Entity obtains buy in.

2.3 EFFICIENCY AND EFFECTIVENESS IN CONTRACT IMPLEMENTATION INCLUDING THE APPLICATION OF ENVIRONMENTAL, SOCIAL, HEALTH AND SAFETY REQUIREMENTS IN THE PROCUREMENT PROCESS

2.3.1 Implementation of Road Works under the Works and Transport Road Maintenance Grant

In a bid to reduce a back log for road maintenance and rehabilitation, the Government of Uganda allocated an additional one billion Ugandan shillings to each of the districts to supplement the existing road maintenance support for the FY 2024/2025.

The Authority analyzed the Force Account work plans, road progress reports, and the internal audit reports and found that the district implemented road works worth UGX 805,253,000 undertaken using the Road Rehabilitation Grant for the FY 2024/2025. The works had been completed as per the work plan as at the audit field date of 13th March 2026.

Contrary to Regulation 6(2) of the PPDA (Force Account Mechanism) Regulations, 2014 which require the Force Account Managers to manage the execution of the works as per the work plan, the Authority found that works worth UGX 356,253,000 were implemented after the planned completion date of 30th June 2025. This was attributed to sharing of equipment from the Ministry of Works and Transport Regional Workshop and effects of bad weather during implementation. The Entity's efforts to engage the Ministry of Works and Transport on an optimized work plan for shared equipment and to document the daily impact of bad weather on the works were not properly recorded. Consequently, there was no sufficient evidence to ascertain the extent to which these factors contributed to the delays. The details of the projects are shown in Table 18 below:

Table 18: Works without completion reports

No	Description	Amount (UGX)	Completion status
1.	Completion of maintenance of Migina-Nyakwebundika-Rwengiri –Buringo 10Km road	200,000,000	In time
2.	Maintenance of Nyakambu-Nyabwiina-Kabutsye 15Km road	125,000,000	In time
3.	Buraro -Kanuka 5km road	50,000,000	In time
4.	Kamurinda- Kakindo-Ryamasa-Karyango 14.7km road	74,000,000	In time
5.	Completion of Maintenance of Nyakarama-Bigona-Irashangye 13Km Ring Road	90,000,000	Installation of gravel completed after 30th June 2025.
6.	Filling and installation of concrete culverts on Orujeebe 250M swamp along Kyeibanga-Nyakabirizi road	100,000,000	The installation of culverts and the gravel swamp filling completed after 30th June 2025
7.	Maintenance of Kagati-Kihara-Buraro 7Km Rord	66,253,000	The shaping and grading completed after 30th June 2025
8.	Opening of Kasaana Seed School access road 500m road and maintenance of Kyarwera-Kishabya- Bagashe-Rwamamya-Butagatsi 14Km road	100,000,000	The rocky section at Kyarwera, and the two swamp sections of Rwamuneena and Koranamaani

No	Description	Amount (UGX)	Completion status
			were completed after 30th June 2025.
	Total	**805,253,000**	

Implication

The lack of proper documentation on the causes of delays, makes it difficult to ascertain the extent to which the cited factors contributed to the delays which consequently limits the Entity's ability to address the causes of delayed implementation of road maintenance works.

Management Response

Management noted the audit findings however, +we share one unit of equipment between the district, 5 Town Councils, 6 sub counties and Sheema Municipality. Also, bad weather led to late completion of some projects. However, during a technical planning committee meeting, Lower Local Government entities have been advised to start hiring equipment so that we can always be able to complete the works on time.

Authority comment

The Entity's efforts to engage the Ministry of Works and Transport on an optimized work plan for shared equipment and to document the daily impact of bad weather on the works were not properly recorded. Consequently, there was no sufficient evidence to ascertain the extent to which these factors contributed to the delays.

Recommendations

The Force Account Supervisors should approve the work plans after assessing the strategy for acquiring resources like personnel, materials, and equipment to ensure it aligns with the work schedule and not delay the execution of works in accordance with Regulation 5(2)(a) of the PPDA (Force Account Mechanism) Regulations, 2014.

2.3.2 Non implementation of Environmental, Social, Health and Safety requirements

Section 66 of the PPDA Act, Cap. 205 states that "*A PDE shall, for each procurement, take into account environmental protection, social inclusion, and stimulate innovation.*" In 15 projects with different locations, size, demographic, topographic and climatic characteristics, the Entity produced the same generic mitigation measures for ESHS risks. Some of the measures like planting of 500 trees were not tenable. These were included as a lump sum of UGX 1,100,000 in the bills of quantities. Much as these were to be implemented by the providers, the Entity did not provide them with an opportunity to quote their own prices. The generic measures and the projects are stated in the Tables 19 and 20 below:

Table 19: Generic ESHS mitigation measures

No	Impact / Issue of Concern	Mitigation measures	Quantity	Unit Cost	Total Cost
1.	Possible loss of building structure to strong wind	Planting environmentally friendly species to control wind and for provision of shade (Mahogany,	500	1,000	500,000

No	Impact / Issue of Concern	Mitigation measures	Quantity	Unit Cost	Total Cost
		Mangoes, Grevillea and avocados)			
2.	Occupational health and safety hazards	Supervision and monitoring of environmental and social safeguards compliance	4	100,000	400,000
3.	Increased soil erosion	Control of soil erosion through the planting of grass and flowers	1	200,000	200,000
4.	Heavy rains disrupting work and truck movement	Should time construction to take place in dry season.	-	-	-
	Total				**1,100,000**

Table 20: Procurements with Generic ESHS mitigation measures

No.	Project Description
1.	Completion of 2 classroom block at Kasaana Primary School in Kasaana sub-county
2.	Completion of 2 classroom block at Kashekuro Primary School in Kitagata Sub-County
3.	Completion of 2 classroom block at Nyakanyinya Primary School in Kitagata Sub-County
4.	Completion of 2 classroom block at Matsya P/S in Bugongi Town Council
5.	Completion of 2 classroom block at Rutooma Full Gospel PS in Bugongi Town Council
6.	Completion of 2 classroom block at Kyabahajja Primary School in Kakindo Town Council
7.	Completion of 2 classroom block at Kyabuharambo Primary Schoolin Masheruka Subcounty
8.	Completion of 2 classroom block at Rwengiri Primary School in Kigarama Sub-county
9.	Maintenance of Kagazi Primary School in Masheruka Sub-County
10.	Maintenance of Bunura Primary School in Kigarama sub-county
11.	Maintenance of Nyakashoga Primary School in Rugarama Sub- County
12.	Maintenance of Rweibare Primary School in Kakindo Town Council
13.	Maintenance of Kyeibanga Integrated Primary Schoolin Kitagata Sub-County
14.	Construction of a raised stance VIP latrine at Nyakwebundika P/S in Kigarama Sub-county
15.	Construction of two classroom blocks at St Jude P/S in Masheruka Town Council

Implication

Failure to put in place Environmental and Social mitigation measures puts the site occupants, project beneficiaries, and communities where the projects are located at risk of harmful effects arising from the projects such as environmental degradation, climate change, destruction of eco systems, air pollution, depletion of natural resources, diseases such as HIV and Aids and accidents among others.

Management Response

Management noted the audit findings and the trees for all projects were collected and acknowledges the generic requirements in the screening reports. Since this was a provisional sum in the BOQs, the Contract Managers assessed the viability and cost allocated and resorted to have 25 trees per project with evidence included in the environmental monitoring reports.

Recommendations

1. The Accounting Officer should task the Environmental Officer to show cause as to why disciplinary action should not be taken against him for including generic environmental mitigation measures that were not practically possible like planting of 500 trees in the project environmental and social management plans for projects that included construction of 2 classroom blocks that did not have the area for planting of those trees.

2. The Environmental Officer should undertake realistic project environmental screening and have the specific mitigation measures included in the bills of quantities to enable their costing by the bidders, implementation and monitoring in accordance with Regulation 34(5) of PPDA (Rules and Methods for the Procurement of Supplies, Works and Non-Consultancy Services) Regulations, 2023.

3. The Contract Managers should implement and report ESHSs implemented in the progress reports to achieve sustainability in accordance with Section 66 of the PPDA Act, Cap 205.

CHAPTER THREE: OVERVIEW OF THE PERFORMANCE OF THE ENTITY

3.1 Overall compliance inspection conclusion

The performance of Sheema District Local Government for the Financial Year 2024/2025 was **Moderately Satisfactory** with an overall weighted average risk rating of **53.3%**.

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 21 below:

Table 21: Entity Performance

Risk Rating	No.	% No.	Value (UGX)	% Value	Weights	Total Weighted Score	
						By No.	By Value
High	2	20	179,537,600	27.4	0.6	12	16
Medium	5	50	395,302,390	60.3	0.3	15	18
Low	2	20	78,756,330	12.0	0.1	2	1
Satisfactory	1	10	1,482,600	0.2	0.0		-
Total	**10**	**100**	**655,078,920**	**100**	**1**	**29**	**35**

Weighted Average (By No.) = $\frac{\text{Sum of Weighted Score}}{60} \times 100 = \frac{29}{60} \times 100 = 48.3\%$

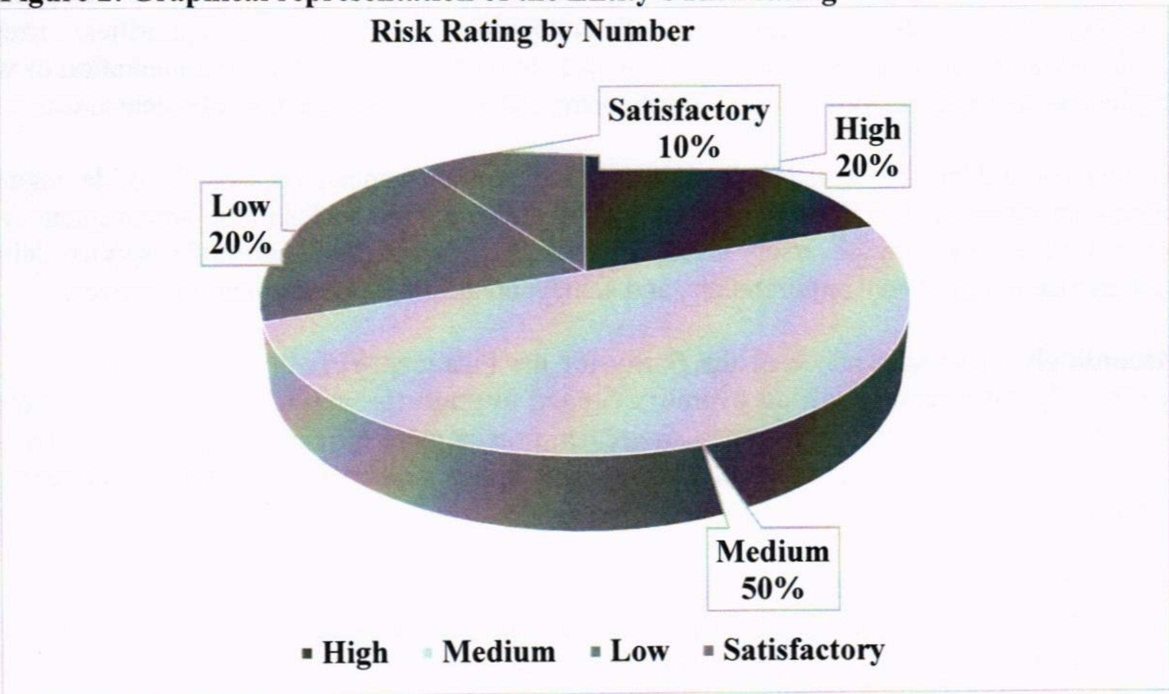
Weighted Average (By Value) = $\frac{\text{Sum of Weighted Score}}{60} \times 100 = \frac{35}{60} \times 100 = 58.3\%$

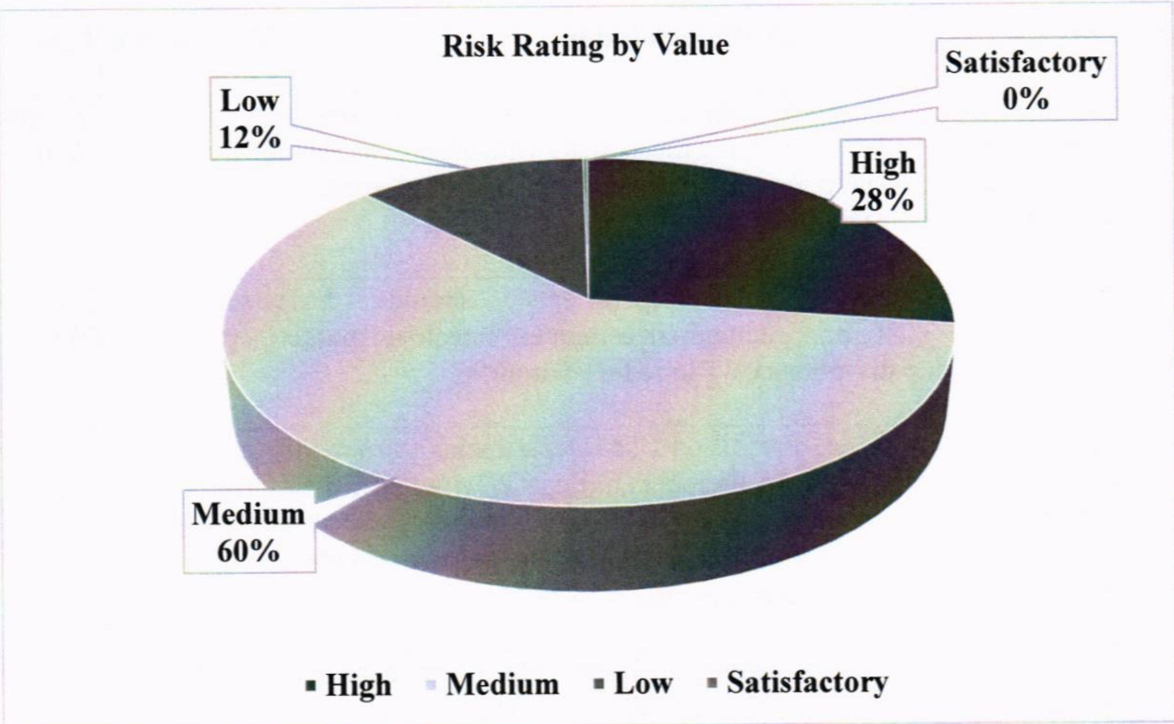
Overall Weighted Average Risk Rating = $\frac{58.3 + 48.3}{2} = 53.3\%$

Table 22: Risk Rating

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

Figure 2: Graphical representation of the Entity's Risk rating





3.3 Inspection Opinion/Conclusion

The procurement and disposal system and processes of the Entity generally complied with the PPDA Act and Regulations. However, the audit identified several control and performance weaknesses that require management attention. These included splitting of procurement requirements by departments and procuring them as micro-procurements without authorization, failure to promote reservation schemes for special interest groups, delay to initiate procurements, practices that hinder maximization of competition, evaluation irregularities, irregular implementation of environmental and social mitigation measures, slow implementation of works implemented using the force account mechanism, and failure to dispose of obsolete assets.

While these weaknesses were less likely to lead to material financial loss or a risk of damaging the regulatory system or the Entity's reputation, they indicate deficiencies in the procurement system and processes that may adversely affect the effectiveness of internal controls, service delivery, compliance to regulatory requirements, and achievement of the procurement objectives.

Accordingly, the performance of the Entity for the Financial Year 2024/2025 was assessed as Moderately satisfactory with an overall weighted average risk rating of **53.3%**, but requiring targeted management interventions to strengthen procurement efficiency, competition, inclusion of special interest groups, contract management and compliance to statutory and regulatory requirements.

3.4 Recommended Action Plan

The Entity should implement the following recommendations in Table 23 below within the timeframe given in order to improve its performance.

Table 23: Recommended Action Plan

No.	Finding	Recommendation	Responsible Officer	Timeline
1.	Failure to fully implement previous audit recommendation on disposal of obsolete assets	Establish a formal audit recommendation tracking mechanism with clear ownership and quarterly reviews and implement all recommendations	Accounting Officer	December 2026
2.	9% variance between procurement plan and actual spend due to poor cost estimation.	User Departments should base procurement estimates on realistic market surveys to reduce variances	User Departments	December 2026
3.	Irregular micro-procurements by User Departments (no delegation, splitting, no standard contracts, not reported)	Prevail on User Departments to route all procurements through PDU; grant formal delegation where necessary; use framework contracts; prepare standard contracts and monthly reports	Accounting Officer & PDU	December 2026
4.	Non-compliance with special interest groups Reservation Scheme.	Reserve at least 15% of procurement budget and all procurements below UGX 10 million for SIGs and report awarded contracts in the monthly reports	PDU	December 2026
5.	Significant delays in procurement initiation (avg. 55 days) and	Instruct User Departments to undertake timely feasibility studies, project screening and BOQ preparation	Accounting Officer	December 2026

No.	Finding	Recommendation	Responsible Officer	Timeline
	funding confirmation (avg. 79 days)			
6.	Under-budgeting leading to scope reduction	Base procurement budgets on realistic estimates and proper project scoping	User Departments	December 2026
7.	Failure to consider whole life-cycle costs and post-sale support in bidding documents	Assess bidders' capacity for maintenance, spare parts, technical support, and warranties in bidding documents	PDU	December 2026
8.	Low competition – use of postal invitations and repeated use of same shortlists	Use electronic communication for bid invitations; scrutinize shortlists to ensure fair rotation of providers	Accounting Officer & Contracts Committee	December 2026
9.	Failure to rotate Evaluation Committee members	Rotate Evaluation Committee members depending on value and complexity	PDU	December 2026
10.	Evaluation irregularities (improper committee composition, non-verification of documents, deviation from criteria)	Ensure committees have relevant technical expertise; verify bidder documents; adhere strictly to evaluation criteria	Contracts Committee & Evaluation Committee	December 2026
11.	Incomplete contract documents (missing key clauses on disputes, liquidated damages, as-built drawings etc.)	Quality assure all contract documents to include all required clauses in Special Conditions of Contract	PDU	December 2026
12.	Poor implementation of disposal plan (only 20% achieved)	Fast-track valuations, obtain clearances and sensitize communities to complete disposal of obsolete assets	Accounting Officer	December 2026
13.	Delays in Force Account works implementation	Approve work plans after proper assessment of resource requirements (personnel, equipment, materials)	Force Account Supervisors / User Departments	December 2026
14.	Use of generic, non-practical ESHS mitigation measures	Undertake realistic, site-specific environmental screening and include practical mitigation measures in BOQs	Environmental Officer & User Departments	December 2026

Appendix 1: Risk Rating Criteria

RISK	DESCRIPTION	AREA	IMPLICATION
HIGH	Such procurements were considered to have serious weaknesses, which could cause material financial loss or carry 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 standards will normally be rated "high".	**Planning:** Lack of or failure to procure within the approved plan	This implies emergencies and 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 use of less competitive methods which affects transparency, accountability and value for money.
		Evaluation: Use of inappropriate evaluation methodologies or failure to conduct evaluation.	This implies financial loss caused by awarding contracts at higher prices or 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 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	**Planning:** Lack of initiation of procurements and confirmation of funds.	This implies committing the Entity without funds thereby causing domestic arrears.

RISK	DESCRIPTION	AREA	IMPLICATION
	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 control and oversight" at an appropriate level of seniority.	**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 lack of efficiency, standardisation and avoiding competition.
		Procurement Structures: Lack of procurement structures	This implies lack of independence of functions and powers and interference in the procurement process.
		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	

RISK	DESCRIPTION	AREA	IMPLICATION
		safety 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 practice. Deviations from laid down detailed procedures would normally be graded "low" provided that there is sufficient evidence of management action to put in place and monitor compliance with detailed procedures.	**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 conflict of interest and lack of transparency.

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.

Appendix 2: Sample List and Risk Rating

No.	Procurement subject	Procurement method	Provider	Contract Amount (UGX)	Risk rating	Basis For Risk Rating
1.	Supply and Installation of a solar system for cold chain management of vaccines at the Production Department of Sheema DLG	Quotation Method	TAD Electrical Centre Ltd	15,989,600	High Risk	• The Evaluation Committee lacked a person from the user department. • The provider submitted a falsified URA Tax Clearance Certificate • BEB was evaluated as compliant despite missing bid submission sheet, bid securing declaration, and letter of beneficial ownership. • Low bidder Participation. Only one bid received • Display of BEB notice with one bid received • Appointment of Contract Manager the District Veterinary Officer without prerequisite skills to supervise a solar system installation. Even though he was supported by the District Engineer during supervision.
2.	Maintenance of Kyeibanga Primary School in Kitagata Sub County and Maintenance of Nyakashoga Primary School in Rugarama Sub County	Quotation Method	Nicodin Engineering service Limited	63,284,580	Medium Risk	• Delayed confirmation of funding by 99 working days • Under budgeting • Generic ESHS Screening • Low bidder participation and non-competitive shortlisting of providers. • Poorly drafted contract document that was silent about procedure for settling disputes and maximum value for liquidated damages
3.	Supply and delivery of ICT equipment for Ryakasinga Centre for Higher Education in Shuuku Town Council	Open bidding	St. Mary's Computer Technologies Limited	163,548,000	High Risk	• Delayed confirmation of funding by 99 working • Failure to consider sustainability aspects like availability of maintenance and operational support by the provider locally. • Elimination of MFI Documents Solutions Limited that had a lower bid price of UGX 149,797,790 over non

No.	Procurement subject	Procurement method	Provider	Contract Amount (UGX)	Risk rating	Basis For Risk Rating
						material deviations of not specifying the addressee of the recommendation letters even though this was not specified in the bidding document and stating that the nationality of the bidder was from more than one country which was not a non-conformity to the requirements. • Poorly drafted contract document that was silent about procedure for settling disputes and maximum value for liquidated damages
4.	Construction of a 8 stance VIP latrine at Nyakambu Primary School and renovation of RDC's office	Quotation Method	MZDA Engineering Investments Limited	58,756,330	Low risk	• Delayed confirmation of funding by 20 working days • Change of criteria from that set in the bidding document even though it had no effect on the results of evaluation. • Incomplete contract terms under the Special Conditions of the Contract even though the contract risk did not materialize.
5.	Maintenance of two classroom block at Kagazi P/S in Masheruka S/C and Rweibare P/S in Kakindo T/C	Quotation Method	Dasphat General Investment Ltd	62,927,748	Medium Risk	• Delayed confirmation of funding by 99 working days • Generic ESHS screening and requirements • Failure to rotate providers and receiving only two bids
6.	Extension of piped water supply system from Nshongi - Bwehundu - Bwayegamaba in Kigarama Subcounty Sheema District	Quotation Method	Daikam Technologies Ltd	147,934,122	Medium Risk	• Under budgeting by UGX 57,931,122 that led to reduction of scope of works and affecting the full functionality of the system and target service areas. • Delayed initiation by 36 working days.

No.	Procurement subject	Procurement method	Provider	Contract Amount (UGX)	Risk rating	Basis For Risk Rating
7.	Supply and delivery of science equipment and chemical reagents for Ryakasinga Centre for Higher Education Seed Secondary Schools	Open Domestic Bidding	Ndere Investments Ltd	55,450,000	Medium Risk	• Late initiation by 99 working days • Delayed confirmation of funding by 59 working days • Evaluation Committee lacked member with technical skills and experience • Failure to provide complete terms on liquidated damages, operation and maintenance manuals, percentage to apply on incomplete deliveries.
8.	Construction of a 2-stance classroom block at st. Jude Primary school in Masheruka Town Council	Quotation Method	Nikar General Constructors ltd	65,705,940	Medium Risk	• Late initiation by 36 working works • Delayed confirmation of funding by 99 working days • Generic ESHS screening and requirements • Failure to provide complete terms on liquidated damages, as built drawings, insurance for works, percentage to apply on incomplete works.
9.	Supply of barrow pit and its excavation for Kyarweera-Kishabya-Kihanga-Rwamamya road which include purchase of barrow area and its excavation using appropriate dry equipment	Open Bidding	Nepa investments Limited	20,000,000	Low Risk	Delayed initiation of the procurement
10.	Disposal of scrap	Open Bidding	Kakooza Ibrahim	1,482,600	Satisfactory	• No exceptions
				655,078,920		